

ORANGE COAST COLLEGE FOUNDATION

AUDITED FINANCIAL STATEMENTS

**For the Year Ended June 30, 2015
with Comparative Totals for the Year Ended June 30, 2014
and
Independent Auditor's Report**

ORANGE COAST COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange Coast College Foundation
2701 Fairview Road
Costa Mesa, California 92626

We have audited the financial statements of Orange Coast College Foundation (the Foundation), a Component Unit of Coast Community College District, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Orange Coast College Foundation

Opinion

In our opinion, the financial statements referred to in this letter present fairly, in all material respects, the financial position of Orange Coast College Foundation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Vicenti, Lloyd & Stutzman, LLP
VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 7, 2015

ORANGE COAST COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2015

With Comparative Totals at June 30, 2014

ASSETS	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current Assets		
Cash and cash equivalents	\$ 256,292	\$ 1,418,613
Accounts receivable	60,672	100,000
Pledges receivable	150,000	150,000
Prepaid expense		4,650
Other assets	<u>25,000</u>	<u>25,000</u>
Total current assets	<u>491,964</u>	<u>1,698,263</u>
Non-Current Assets		
Pledges receivable, net of discount	130,900	282,650
Contributions receivable from split-interest agreement		36,136
Investments, at fair value	14,773,370	14,641,738
Assets held for sale	78,838	53,713
Property and equipment, net	<u>4,008,427</u>	<u>3,721,999</u>
Total non-current assets	<u>18,991,535</u>	<u>18,736,236</u>
Total assets	<u>\$ 19,483,499</u>	<u>\$ 20,434,499</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 30,477	\$ 204,175
Charter deposits	110,000	110,000
Due to Coast Community College District	<u>21,204</u>	<u>33,305</u>
Total current liabilities	<u>161,681</u>	<u>347,480</u>
Net Assets		
Unrestricted	928,290	1,017,993
Temporarily restricted	<u>18,393,528</u>	<u>19,069,026</u>
Total net assets	<u>19,321,818</u>	<u>20,087,019</u>
Total liabilities and net assets	<u>\$ 19,483,499</u>	<u>\$ 20,434,499</u>

See the accompanying notes to the financial statements.

ORANGE COAST COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

With Comparative Totals for the Year Ended June 30, 2014

	June 30, 2015			June 30, 2014
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES				
Support and revenue				
Contributions	\$ 28,415	\$ 1,354,613	\$ 1,383,028	\$ 4,633,150
Special events	4,332		4,332	2,505
Sales		87,025	87,025	50,017
Management fees	53,759		53,759	66,073
Miscellaneous revenue	19,152	44,895	64,047	52,801
Donated property and equipment		1,665,742	1,665,742	679,200
Donated services	476,557		476,557	418,039
Donated facilities	1,658		1,658	1,658
Total support	<u>583,873</u>	<u>3,152,275</u>	<u>3,736,148</u>	<u>5,903,443</u>
Other income, gains and losses				
Charter fees		76,500	76,500	330,775
Loss on sale of donated assets		(217,931)	(217,931)	(107,946)
Gain on sale of fixed assets		9,202	9,202	
Investment income, net of expense	18,683	297,296	315,979	696,922
Realized gain (loss) on investments	(12,666)	34,169	21,503	86,060
Unrealized gain (loss) on investments		(229,220)	(229,220)	1,088,855
Loss on maturity of split interest agreements	<u>(28,663)</u>		<u>(28,663)</u>	
Total other income, gains and losses	<u>(22,646)</u>	<u>(29,984)</u>	<u>(52,630)</u>	<u>2,094,666</u>
Total revenues before net assets released from restrictions	561,227	3,122,291	3,683,518	7,998,109
Net assets released from restrictions	<u>3,797,789</u>	<u>(3,797,789)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,359,016</u>	<u>(675,498)</u>	<u>3,683,518</u>	<u>7,998,109</u>
EXPENSES				
Program services	3,985,899		3,985,899	3,937,794
Supporting services:				
Management and general	358,373		358,373	298,286
Fundraising	104,447		104,447	90,293
Total expenses	<u>4,448,719</u>	<u>-</u>	<u>4,448,719</u>	<u>4,326,373</u>
Change in net assets	(89,703)	(675,498)	(765,201)	3,671,736
NET ASSETS				
Beginning of year	<u>1,017,993</u>	<u>19,069,026</u>	<u>20,087,019</u>	<u>16,415,283</u>
End of year	<u>\$ 928,290</u>	<u>\$ 18,393,528</u>	<u>\$ 19,321,818</u>	<u>\$ 20,087,019</u>

See the accompanying notes to the financial statements.

ORANGE COAST COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

With Comparative Totals for the Year Ended June 30, 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash flows from operating activities		
Contributions and special events	\$ 1,507,720	\$ 4,673,735
Interest	315,979	696,922
Operations	227,572	543,593
Payments to/on behalf of employees	(395,781)	(396,077)
Payments to suppliers	(2,408,841)	(2,171,634)
Payments to/on behalf of students for scholarships	<u>(733,914)</u>	<u>(706,695)</u>
Net cash provided/(used) by operating activities	<u>(1,487,265)</u>	<u>2,639,844</u>
Cash flows from investing activities		
Proceeds from sale of boats and equipment	101,562	485,237
Acquisitions of boats and equipment	(31,920)	(493,946)
Purchase of investments	(2,306,993)	(4,125,475)
Proceeds from sale of investments	<u>2,562,295</u>	<u>1,907,604</u>
Net cash provided/(used) by investing activities	<u>324,944</u>	<u>(2,226,580)</u>
Net increase in cash and cash equivalents	(1,162,321)	413,264
Cash and cash equivalents, beginning of year	<u>1,418,613</u>	<u>1,005,349</u>
Cash and cash equivalents, ending of year	<u>\$ 256,292</u>	<u>\$ 1,418,613</u>
Reconciliation of change in net assets to cash provided/ (used) by operating activities		
Change in net assets	\$ (765,201)	\$ 3,671,736
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation expense	452,504	440,061
Realized and unrealized (gain) loss on investments	207,717	(1,174,915)
Non-cash contributions received	(1,665,742)	(679,200)
Loss on sale of donated items	217,931	107,946
Gain on sale of fixed assets	(9,202)	
Loss on maturity of split interest agreements	28,663	
Changes in assets - (increase)/decrease:		
Accounts receivable	39,328	(100,000)
Pledge receivable	151,750	138,080
Contribution receivable from split-interest agreements	36,136	
Prepaid expenses	4,650	(2,471)
Other assets		3,750
Changes in liabilities - increase/(decrease):		
Accounts payable	(173,698)	128,627
Due to Coast CCD	(12,101)	(3,770)
Charter deposits		<u>110,000</u>
Net cash provided/(used) by operating activities	<u>\$ (1,487,265)</u>	<u>\$ 2,639,844</u>

Non-cash investments and financing activities in fiscal year 2014-15 consists of stock donations of \$60,044, donated property of \$1,498,902 and equipment of \$106,796.

See the accompanying notes to the financial statements.

ORANGE COAST COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

With Comparative Totals for the Year Ended June 30, 2014

	June 30, 2015				June 30, 2014
	Program Services	Management and General	Fundraising	Total	Total
Donated services	\$ 171,581	\$ 204,945	\$ 100,089	\$ 476,615	\$ 418,039
Donated facilities		1,658		1,658	1,658
Donated equipment	106,796			106,796	-
Scholarships and grants	733,914			733,914	706,695
Salaries and benefits	383,680			383,680	392,307
Services - broker fees	2,138			2,138	2,526
Advertising and promotion	345			345	1,323
Office expenses	62,840	13,909		76,749	52,379
Occupancy - moorage	55,740			55,740	63,764
Travel	39,696	1,736		41,432	24,859
Conferences and meetings	3,591	3,037		6,628	5,380
Depreciation	452,504			452,504	440,061
Insurance		9,349		9,349	10,244
Equipment	673,361	27,777		701,138	885,558
Hospitality	28,859	17,501		46,360	48,591
Management fees	51,481	2,278		53,759	66,073
Bank charges and fees	10,745			10,745	74,539
Contract services	11,598			11,598	81,509
Special events			3,000	3,000	2,505
Program expenses	1,066,980			1,066,980	726,816
Other expenses	130,050	76,183	1,358	207,591	321,547
Total	\$ 3,985,899	\$ 358,373	\$ 104,447	\$ 4,448,719	\$ 4,326,373

See the accompanying notes to the financial statements.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 1 - ORGANIZATION:

The Orange Coast College Foundation (the Foundation) is a non-profit public benefit corporation organized under the Non-profit Public Corporation Law of the State of California. The Foundation was incorporated on August 7, 1984 with the express purpose of promoting and assisting the educational programs of Orange Coast College (the College) in accordance with the mission, policies and priorities of the College as administered by its President. The Foundation conducts its operations in conformity with general regulations established by the Coast Community College District (the District) as required by the Education Code Section 72672(c). The members of the Foundation's Board of Directors are composed of members from the local community. The Foundation maintains boats, many of which were donated, to use in the educational programs at the College.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Classification of Net Assets - The Foundation reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are restricted for scholarship and educational program funds.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Currently, the Foundation has no permanently restricted net assets.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Cash and Cash Equivalents - Cash and cash equivalents are considered to be all cash available for immediate use and cash held for investment. Cash and cash equivalents consist of cash in interest bearing bank accounts and money market funds.

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are greater than \$50,000 and due in more than one year are recognized at fair value using present value techniques at the U.S. Treasury Bill discount rate. Amortization of the discount is included in contribution revenue.

Management has reviewed the collectability of these pledges and determines the balances to be fully collectable. A plan to regularly evaluate pledges receivable and the potential collectability is in place and reviewed throughout the year.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investment income (interest and dividends) is included in the change in net assets from operations unless the income or loss is restricted by donor or law.

Split-Interest Agreements - The Foundation had a charitable remainder trust that matured in 2015. The terms and discount rates for these agreements are based on the life expectancy of the donor(s) and present value tables provided by the Internal Revenue Service for determining the amount of the charitable contribution. The charitable remainder trusts are administered by a third-party. Assets associated with the split-interest agreements were recognized at fair market value in 2014.

Property and Equipment - Property and equipment are stated at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. The Foundation maintains a capitalization threshold of \$500. The costs of normal maintenance and repairs that do not add to the value of an asset or significantly extend an asset's life are not capitalized.

Depreciation is computed on the straight-line basis over the estimated useful life of the assets. The estimated useful life for property and equipment is 5-10 years.

Accounts Payable - Accounts payable consists of amounts due to vendors, but not yet disbursed during the fiscal year.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions - Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donations, other than cash are recorded at estimated fair value at the time of the donation.

Management Fee - The Foundation serves the Orange Coast College campus clubs, departments, and organizations by managing funds for scholarships and other purposes to promote education. These funds are assessed an annual management fee to cover the stewardship and administrative expenses. This fee is recognized as unrestricted income.

Comparative Totals - The financial statements and notes include certain prior-year summarized comparative information in total, but not by net assets class. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014.

Reclassifications - Certain reclassifications to the summarized comparative information have been made to conform with the current year presentation.

Donated property and equipment - Donated property and equipment are reflected as contributions in the accompanying statements at their estimated value at date of donation. For donated items with estimated values of \$5,000 or higher an appraisal is provided by the donor. This appraised value is the basis for the value recognized for the in-kind contribution.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Income Taxes - The Foundation qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code 23701d.

The Foundation has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Foundation's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Foundation files informational returns in the U.S. federal jurisdiction, and the state of California. With few exceptions, the Foundation is no longer subject to U.S. federal and state examinations for generally three and four years, respectively.

Subsequent Events - The Foundation has evaluated subsequent events through December 7, 2015, which is the date these financial statements were available to be issued. There were no subsequent events requiring disclosure as of June 30, 2015.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation occasionally has a need to maintain cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2015 and 2014, none of the Foundation's bank balance was exposed to an uninsured credit risk.

Investments - Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values. As of June 30, 2015 and 2014 the Foundation had investments in excess of the SIPC insurance amount; however the Foundation believes it is not exposed to any significant credit risk on its cash balances.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 4 – PLEDGES RECEIVABLE:

Unconditional promises to give are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Receivable - less than one year	\$ 150,000	\$ 150,000
Receivable - one to five years	<u>150,000</u>	<u>300,000</u>
Gross unconditional pledges	300,000	450,000
Less: discount	<u>(19,100)</u>	<u>(17,350)</u>
Net pledges receivable	<u>\$ 280,900</u>	<u>\$ 432,650</u>

Pledges receivable have been discounted to present value using a discount rate of 2.5%.

NOTE 5 - INVESTMENTS:

Investments are recorded at cost at date of acquisition or fair value at date of donation. As of June 30, 2015 and 2014 the investments are reported at fair value. Cost and fair values at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Level 1</u>				
Money market	\$ 305,810	\$ 305,810	\$ 287,052	\$ 287,052
Fixed income	5,126,499	4,993,667	4,496,341	4,435,824
Marketable equity	7,414,590	8,435,935	7,494,443	8,748,355
<u>Level 3</u>				
Real estate	240,848	259,149	228,500	253,869
Venture capital/partnerships	172,450	177,975	101,250	95,610
Commodities			289,930	259,653
Hedge Fund	<u>500,000</u>	<u>600,834</u>	<u>500,000</u>	<u>561,375</u>
Total	<u>\$ 13,760,197</u>	<u>\$ 14,773,370</u>	<u>\$ 13,397,516</u>	<u>\$ 14,641,738</u>

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 5 - INVESTMENTS: (continued)

Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

- Level 1 - quoted prices in an active market for identical assets.
- Level 2 - quoted prices for similar assets and market-corroborated inputs.
- Level 3 - the organization's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

Investment return for the years ended June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Investment income, net of expense	\$ 315,979	\$ 696,922
Net realized gain	21,503	86,060
Net unrealized gain	<u>(229,220)</u>	<u>1,088,855</u>
Total	<u>\$ 108,262</u>	<u>\$ 1,871,837</u>

The fair value of the Foundation's investments in certain real estate, venture capital/partnerships, commodities and hedge funds have been reported using the exchange rates or local market prices as reported by the management of the respective alternative investment. Therefore, the amounts reported by the alternative investment fund are classified as Level 3.

The table below presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

	<u>Real Estate</u>	<u>Venture Capital/ Partnerships</u>	<u>Commodities</u>	<u>Hedge Fund</u>	<u>Total</u>
Balance at July 1, 2014	\$ 253,869	\$ 95,610	\$ 259,653	\$ 561,375	\$ 1,170,507
Total gains or losses for the period	(7,068)	11,165	30,277	39,459	73,833
Purchases and sales					
Purchases	20,752	81,250	10,700		112,702
Sales	(8,404)	(10,050)			(18,454)
Transfer to level 1			<u>(300,630)</u>		<u>(300,630)</u>
Balance at June 30, 2015	<u>\$ 259,149</u>	<u>\$ 177,975</u>	<u>\$ -</u>	<u>\$ 600,834</u>	<u>\$ 1,037,958</u>
Gains and losses for the period included in the change in unrestricted net assets	\$ 618	\$	\$ (69,571)	\$	\$ (68,953)
Change in unrealized gains and losses for the period included in the change in net assets, for assets held at the end of the reporting period	<u>(7,686)</u>	<u>11,165</u>	<u>99,848</u>	<u>39,459</u>	<u>142,786</u>
Total gains or losses for the period	<u>\$ (7,068)</u>	<u>\$ 11,165</u>	<u>\$ 30,277</u>	<u>\$ 39,459</u>	<u>\$ 73,833</u>

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 6 – INVESTMENT WITH FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES (FCCC):

The Foundation has entered into a partnership arrangement with the California Community Colleges Scholarship Endowment (CCCSE) through the Foundation for California Community Colleges (FCCC). The FCCC has an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the CCCSE's assets.

The Foundation has transferred a total of \$22,486 to the FCCC. These funds are invested in a pooled investment fund held by the FCCC. At June 30, 2015 the fair value of this investment was \$24,558, which consisted of cash of \$1,500, equity securities of \$17,410 and fixed income instruments of \$5,648 measured at quoted prices in active markets for identical assets (Level 1). This investment and change in value has not been reflected in the financial statements.

Changes in FCCC net assets for the year ended June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>			<u>June 30, 2014</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Investments with FCCC, beginning of year	\$ 3,247	\$ 22,486	\$ 25,733	\$ 23,443
Investment return:				
Investment income, net of expenses	531		531	356
Net appreciation (realized and unrealized)	(373)		(373)	3,267
Total investment return	158	-	158	3,623
Disbursements				
Fund distributions	(1,333)		(1,333)	(1,333)
Total disbursements	(1,333)	-	(1,333)	(1,333)
Change in value, FCCC investments	(1,175)	-	(1,175)	2,290
Investments with FCCC, end of year	<u>\$ 2,072</u>	<u>\$ 22,486</u>	<u>\$ 24,558</u>	<u>\$ 25,733</u>

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 6 – INVESTMENT WITH FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES (FCCC): (continued)

The CCCSE was set up to provide matching scholarships funds for California community colleges. The CCCSE was formed through a generous \$50 million matching commitment from the Osher Foundation and an initial contribution of \$25 million. The CCCSE began to distribute scholarship funding from the initial \$25 million gift to each participating community college in the 2009-10 year. The allocation is based on each college's full time equivalent students (FTES) and each scholarship will be valued at \$1,000 for a school year. The Foundation received \$20,000, including \$1,333 in fund distributions from investment returns, from the Osher Foundation during the year ended June 30, 2015 for scholarships.

NOTE 7 – PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2015 and 2014 consisted of the following:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets				
Non-depreciable:				
Land	\$ 10,000	\$	\$	\$ 10,000
Depreciable:				
Equipment	838,139	51,424	(506,850)	382,713
Boats	<u>4,408,912</u>	<u>1,424,397</u>	<u>(378,446)</u>	<u>5,454,863</u>
Total cost and donated assets	<u>5,257,051</u>	<u>1,475,821</u>	<u>(885,296)</u>	<u>5,847,576</u>
Accumulated depreciation				
Equipment	(84,736)	(16,161)	45,151	(55,746)
Boats	<u>(1,450,316)</u>	<u>(436,343)</u>	<u>103,256</u>	<u>(1,783,403)</u>
Total accumulated depreciation	<u>(1,535,052)</u>	<u>(452,504)</u>	<u>148,407</u>	<u>(1,839,149)</u>
Net property and equipment	<u>\$ 3,721,999</u>	<u>\$ 1,023,317</u>	<u>\$ (736,889)</u>	<u>\$ 4,008,427</u>

The costs of certain California Department of Boating and Waterways (DBW) owned boats, which are used by the Foundation in connection with the College's educational programs, are not reflected in the statement of financial position because asset titles remain with the DBW.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 8 – ASSETS HELD FOR SALE:

The Foundation accepts boats and marine equipment to support the College's School of Sailing and Seamanship (the School). Gifts made to the Foundation support 30% of the School's budget. Boats and marine equipment not used in the program are held for sale. As of June 30, 2015 and 2014, the fair value is \$78,838 and \$53,173, respectively.

Level 3 has been assigned to the fair value of these assets. The fair value measurement for Level 3 is determined by the organization's own assumptions about market participation, including assumptions about risk, which are developed based on the best information available in the circumstances. Management has chosen to recognize the change in value when realized due to economic uncertainties.

NOTE 9 - SALE OF DONATED ASSETS:

The Foundation records donated assets at their fair value on the date of the donation. For donated items used for instructional purposes, these items are recognized as property and equipment and depreciated as described in Note 2. Upon the disposal or sale of the property and equipment, the Foundation recognizes either a gain or loss from the disposal or sale of the donated assets. Sale of donated assets of boats and marine equipment for the year ended June 30, 2015 included the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Net proceeds from sale	\$ 101,562	\$ 485,237
Less net value*	<u>(319,493)</u>	<u>(593,183)</u>
Net gain (loss) on sale	<u>\$ (217,931)</u>	<u>\$ (107,946)</u>

*Net value is the original donated value less accumulated depreciation.

NOTE 10 – CHARTER FEES:

Certain boats donated to the Foundation may be leased for a period of approximately two years, with an option to purchase. Income is recognized in the year received. During the fiscal year 2014-15, charter fees and depreciation expenses were \$76,500 and \$118,900, respectively. During the fiscal year 2013-14, charter fees and depreciation expenses were \$330,775 and \$90,200, respectively.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 11 - RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES:

Temporary restricted net assets consist of the following at June 30, 2015 and 2014:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Scholarships and grants	\$ 4,326,304	\$ 4,258,496
College and student assistance	11,883,492	12,722,344
Charitable gift annuity held by trustee		36,136
Capital projects:		
Art pavilion	54,924	10,824
Recycling center	302,207	270,634
Planetarium	382,570	80,326
Sailing center expansion	<u>1,444,031</u>	<u>1,690,266</u>
Total	<u>\$ 18,393,528</u>	<u>\$ 19,069,026</u>

NOTE 12 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$3,797,789 were released from temporary donor restrictions during the fiscal year 2014-15. The Foundation met donor imposed restrictions by incurring qualified expenses.

NOTE 13 – OTHER TRUSTS:

Greenleaf Educational Fund – In 1975, the Foundation became a beneficiary of a one-half interest in the estate of Hazel Cubbon Greenleaf. The will established the Hazel Cubbon Greenleaf Educational Fund (the trust) with one-half of the assets in the estate. During 2014-15 and 2014-13, the Foundation received investment income of approximately \$36,000 from this trust for both years. At June 30, 2015, the Foundation's share of the trust's fair value was approximately \$462,000. The Foundation will not receive its share of the trust assets until the last heir to the estate passes away. The donation will be recognized at that time.

ORANGE COAST COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 14 - RELATED PARTIES:

The Foundation provides various levels of monetary support and service to the Coast Community College District. The transactions are recorded within the financial statements as distributions, student programs, and scholarship expense.

The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the College. The Foundation receives gifts, property and funds to be used for the benefit of the College, its programs, and any person or organization having an official relationship with the College.

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the executive director, administrative assistants and accountants. In addition, working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated services and facilities for the fiscal year 2014-15 were valued at \$476,557 and \$1,658, and for the fiscal year 2013-14 were valued at \$418,039 and \$1,658, respectively, and have been reflected in the financial statements as donated services and facilities.