



Foundation Board Meeting

General Session: 3:00 p.m.

Wednesday – September 25, 2014

Meeting Location(See map)

Cravens Student Services Multi-Purpose Room

BOARD PACKETS ARE REQUIRED AT EVERY MEETING.
Please bring yours.

Our Mission:

The mission of the Foundation is to enhance the quality of education by advancing the College of the Desert through building relationships, securing philanthropic support and stewarding assets.

Our Vision:

To positively impact the lives of students who are striving to achieve a purposeful education and to enhance the communities of the Coachella Valley and the region.

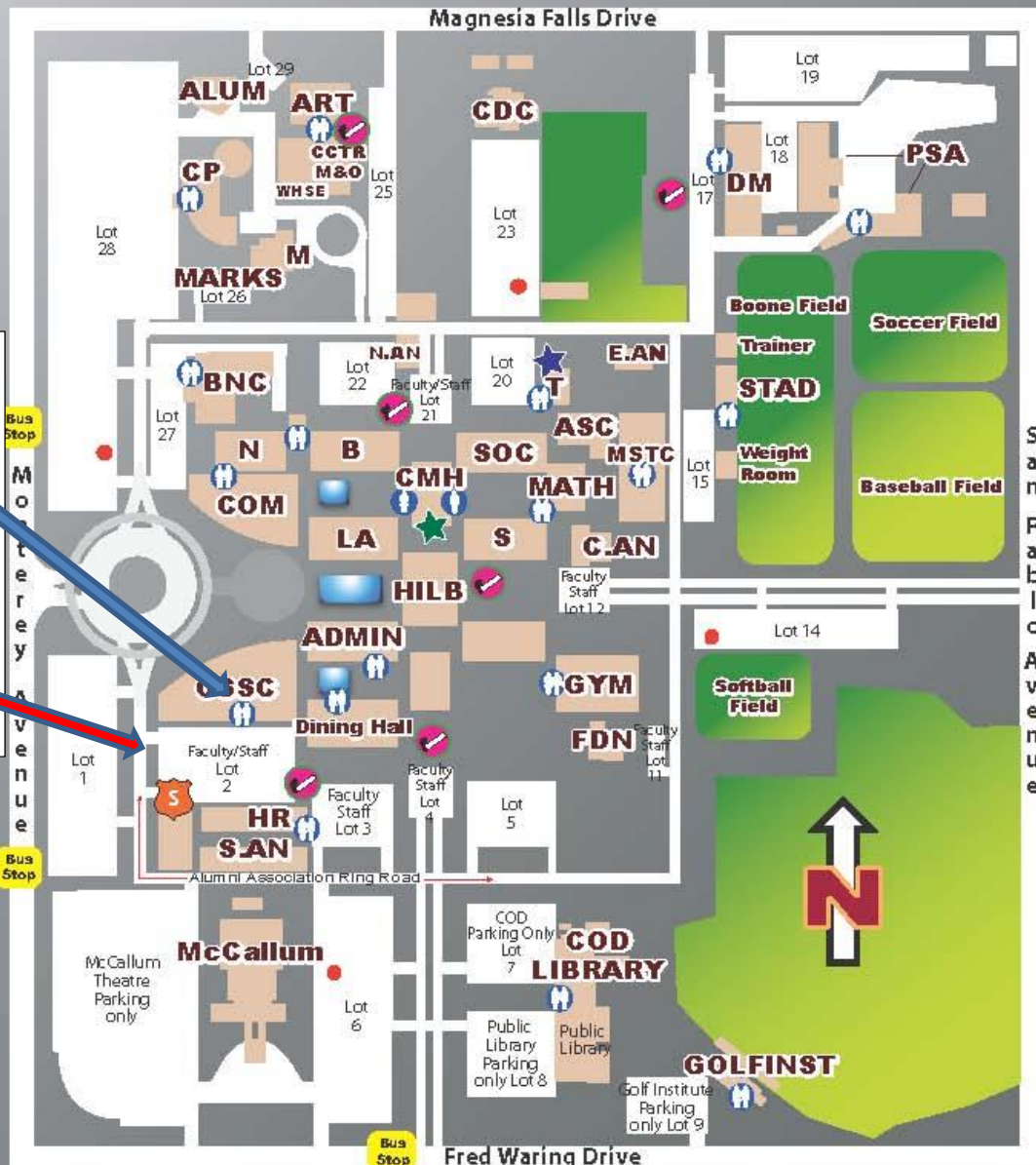
Core Values:

- ✓ Accountability
- ✓ Integrity
- ✓ Service Excellence
- ✓ Trust



COLLEGE
of the
DESERT

Campus Guide



Self Serve One-Day Permit Dispenser

Security

Designated Smoking Areas

Pollock Theatre

Theatre Too

(Board action required)**

- I. Call to Order
- II. Public Invitation to speak as per the Brown Act
- III. Approval of meeting minutes
 - A. ****Approval of January 29, 2014 Exec. & Board Meeting Minutes.....** Page: 1
 - B. ****Approval of June 25, 2014 Board Meeting Minutes.....** Page: 5
- IV. Financials Review – George Holliday
 - A. ****Approval of Financials June 30, 2014** Page: 8
 - B. ****Approval of Financials July 31, 2014** Page: 15
 - C. ****Approval of Financials August 30, 2014** Page: 20
- V. Foundation Board Committee Reports
 - A. Standing Committees
 - 1. ***Finance & Investment Committee – Suz Hunt.....*** Page: 27
 - 2. ***Resource & Development Committee – Jane Saltonstall***
 - 3. ***Audit Committee – Larry Spicer.....*** Page: 28
 - 4. ***Academic Angels – Jan Harnik***
 - B. Ad Hoc Committees
 - 1. ***President’s Circle – Kate Spates***
 - 2. ***Planned Giving – Penny Mason/Peter Sturgeon.....*** Page: 50
 - 3. ***Stepping Out for COD – Gershowitz & McGrath***
 - 4. ***Marketing – Kate Spates/Jim Hummer***
 - 5. ***Stewardship Committee Discussion – Jim Hummer***
- VI. Foundation Staff Summary of Summer Projects Jim Hummer
 - A. Chart of Net Assets
 - B. Scholarships
 - C. Year-end Summary of Revenues-30/30 Status
 - D. Completion of draft Audit
 - E. Internal Policy Manual and Board Policy Manual
 - F. Calendar of Events and Activities
 - G. Outreach to Faculty to Faculty and Staff – Flex activities
- VII. Information Items:
 - A. College of the Desert President – Joel Kinnamon
 - B. Academic Senate President – Doug Redman
 - C. COD Trustee – Michael O’Neill
 - D. Foundation Board President – Donna Jean Darby
 - E. Response to Community Involvement Requests
- VIII. New Business
- IX. Adjournment



**Executive Committee Meeting
Wednesday, January 29, 2014 – 2:00p.m.
Cravens Multi-Purpose Room**

MINUTES

Due to the cancellation of the January Finance meeting the Finance committee members were invited to join the Executive to review Financials for recommendation to the Board.

Present:

Bob Archer, Joan Busick, Jean Carrus, Peggy Cravens, Donna Jean Darby, Diane Gershowitz, Lisa Howell, Susan Hunt, Dr. Joel Kinnamon, Mary Latta, Donna MacMillan, Penny Mason, Dr. Chuck Monell, Michael O'Neill, Kate Spates, Larry Spicer, Marcia Stein

Absent:

Mark Nickerson, Russ Russell, Sally Simonds, Jane Saltonstall

Staff/Guests

Jim Hummer, Jan Hawkins, George Holliday, Peter Sturgeon, Kippy Laflame

Call to Order

Donna Jean Darby called the meeting to order at 2:00p.m.

Brown Act Invitation for Public Comment

None

Financial Review – George Holliday and Suz Hunt

The October, November and December 2013 financials and key results were discussed as well as the need for an acceptable variance on the operating budget report.

M/S/C Marcia Stein/Bob Archer to adjourn the meeting

Adjourned 2:55 pm

Minutes taken by Kippy Laflame Executive Assistant



~~Executive Committee~~**Board of Directors** Meeting
Wednesday, January 29, 2014 – 2:00p.m.
~~Desert Willows Resort~~**Cravens Multi-Purpose Room**

MINUTES

Present:

Carol Ammon, Bob Archer, Joan Busick, Jean Carrus, Peggy Cravens, Donna Jean Darby, Diane Gershowitz, Lisa Howell, Susan Hunt, Dr. Joel Kinnamon, Mary Latta, Donna MacMillan, Gene Marchu, Penny Mason, JoAnn McGrath, Dr. Chuck Monell, Mark Nickerson, Michael O'Neill, Doug Redman, Jane Saltonstall, Dominique Shwe, Sally Simonds, Kate Spates, Larry Spicer, Marcia Stein

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Absent:

John J. Benoit, James Carona, Brian Holcombe, Bill Kroonen, Mark Nickerson, Doug Redman, Russ Russell, Sally Simonds,

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Members Present:

Carol Ammon, Bob Archer, Joan Busick, Jean Carrus, Norma Castaneda, Peggy Cravens, Donna Jean Darby, Diane Gershowitz, Brian Holcombe, Lisa Howell, Suz Hunt, Dr. Joel Kinnamon, Donna MacMillan, Dr. Chuck Monell, Mark Nickerson, Michael O'Neill, Douglas Redman, Jane Saltonstall, Sally Simonds, Kate Spates, Larry Spicer, Marcia Stein.

Members Absent:

Jan Harnik

Staff/Guests

Hal Gershowitz, Jim Hummer, Jan Hawkins, George Holliday, Peter Sturgeon, Aurora Wilson, Kippy Laflame

Call to Order

Donna Jean Darby called the meeting to order at 32:0360p.m.

Brown Act Invitation for Public Comment

NoneCurtis Elliott

Student presentation

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Curtis Elliott the FDN student worker told his story to the Board members.

Approval of Minutes as distributed

It was M/S/C Suz Hunt/Bob Archer to approve the November, 2013 Board Meeting Minutes.

Financial Review – George Holliday and Suz Hunt

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The ~~March-October, November and December 2013 financials~~ financials and key results as well as the Proposed Operating Budget and consolidation of unrestricted funds were discussed. . :

Approval of Financials as distributed

It was M/S/C Marcia Stein/Larry Spicer to approve the October, 2013 Financials.

It was M/S/C Jean Carrus/Suz Hunt to approve the November, 2013 Financials.

It was M/S/C Jane Saltonstall/Diane Gerhsowitz to approve the December 2013 Financials.

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Foundation Report

30/30 board commitment form was handed out and discussed. The Foundation has received its first 30/30 commitment from the Academic Angles of \$30K. City of Palm Desert has committed \$30K to the campaign as well as \$10K for the naming of the Indio campus conference room from the Franz Tatum Wealth Management company. Jan Hawkins presented the 3030 letter from BOD members to introduce the campaign and open doors for the FDN Development staff to approach. The College will be giving the FDN a full list of what the specific needs are.

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Resignations

Both John Marman and Elizabeth Sealey resigned due to health reasons.

It was M/S/C Jean Carrus/Marcia Stein to accept both resignations

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Nominating Committee report – Mark Nickerson

The Committee will be calling each individual to ascertain their level of commitment and interest in continuing on the board. They will meet first week of March.

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Chili Cook-Off 3 report – Mary Latta

The CCO3 event was a sell-out with much fun, good food and celebrity chefs. The Coeta Barker event is scheduled for April 16th with a possible venue being the Ritz.

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Stepping Out for COD report – Diane Gershowitz

Diane made an appeal to all the Board members to step up with a sponsorship. Currently only 60% of the board members have made commitments to the event.

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President's Circle – Marcia Stein

Marcia and Peggy spoke of the possibility of having Michael Childress exhibit his work at our Fall Kick-Off.

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College of the Desert President – Dr. Kinnamon

Acknowledged the underwriting of the FDN for the Flex dinner as well as thanking Donna Jean for attending. Lots of positive feedback was recieved from the attendees. The Indio campus is opening

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February 24th all members were encouraged to attend. Over 3K students will be attending. Dr. Kinnamon will be providing a list of needs to Jim for the 3030 Campaign.

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Foundation Executive Director – Jim Hummer

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The Stepping Out for Cod 2015 entertainer will be Brian Stokes Mitchell. Jim is going to ask Brian to come in a day early to give the COD students a Master Class.

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COD Trustee report – Michael O'Neill

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Michael agreed to work with Trustees to drive the 3030 campaign as well as suggesting that it was time to approach the staff to do payroll deductions towards the campaign.

Alumni report – Gene Marchu

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Pathways scholarship field trip was highlighted as well as the Nursing and PSA pinning ceremony which is underwritten by the Alumni.

Development report – Peter Sturgeon

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Campus tour continues to be an excellent way to engage public. Over 28 tours this past year. The Donor Scholarships event will be February 10th; as many of our endowed scholarship donors have passed away all board members are encouraged to attend. It is important for the students to be able to thank someone and Board members could fill the gap.

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Adjourned ~~4:50~~ 3:08 pm

Minutes taken by Kippy Laflame Executive Assistant

COLLEGE OF THE DESERT FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR TWELVE MONTHS ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

YEAR TO DATE

	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Totals (Memorandum Only)	
				2014	2013
REVENUE AND SUPPORT					
1 Interest	\$ 148,588	\$ 535,039	\$ 14,154	\$ 697,781	\$ 561,767
2 In-kind Donations	74,296	-	-	74,296	74,296
3 Donations	607,501	2,478,425	129,449	3,215,375	138,886
4 Annual Fund	17,510	-	-	17,510	9,775
5 Academic Angels Donations	19,025	4,805	-	23,830	14,015
6 COD Alumni donations	-	-	-	-	54,460
7 Grants	14,000	128,951	67,311	210,262	189,289
8 Estate Gifts	213,417	-	206	213,623	446
9 Capital Campaign	50	10,000	43,457	53,507	(12,383)
# Management Services	334,268	-	-	334,268	332,208
# Membership	7,500	1,000	-	8,500	2,000
# Other Income	4,888	390	-	5,278	2,927
# President's Circle	102,218	-	-	102,218	105,088
# Scholarship Donations	1,620	438,243	72,121	511,984	2,153,808
# Special Events (net)	266,768	10,600	-	277,368	332,736
# TOTAL REVENUE AND SUPPORT	1,811,649	3,607,453	326,698	5,745,800	3,959,318
EXPENDITURES					
# Contributions to College	260,321	338,080	-	598,401	805,309
# Interfund transfers	209	13,860	(14,069)	-	-
# Operating expenses	1,352,227	367,199	11,329	1,730,755	1,467,047
# Refunds	(80)	(341,190)	-	(341,270)	75,787
# Scholarships	-	453,211	-	453,211	524,775
# TOTAL EXPENDITURES	1,612,677	831,160	(2,740)	2,441,097	2,872,918
EXCESS OF REVENUE AND SUPPORT OVER EXPENDITURES BEFORE					
# OTHER INCOME AND EXPENSES	198,972	2,776,293	329,438	3,304,703	1,086,400
OTHER INCOME AND EXPENSES					
# Investment gain/(loss), net of investment expenses	363,882	1,880,416	53,620	2,297,918	433,343
# INCREASE (DECREASE) IN NET ASSETS	\$ 562,854	\$ 4,656,709	\$ 383,058	\$ 5,602,621	\$ 1,519,743

Key Financial Information

	<u>July 2014</u>	<u>July 2013</u>
Total Net Assets:	\$ 30,033,085	\$ 24,354,312
Total Revenue Received July 1, 2014-July 31, 2014:		<u>\$ 163,830</u>
Permanently Restricted:		\$ 400
Temporarily Restricted:		\$ 28,579
Unrestricted:		\$ 134,851
Total Revenue received in July 2014:	\$ 163,830	
Total Funds transferred to College for Use:		
July 1, 2014 – July 31, 2014:		<u>\$ 13,298</u>
Scholarships:		\$ 3,675
Programs:		\$ 9,623
Total Funds in endowments: July 2014:	<u>\$ 18,546,663</u>	
Total Funds in Unrestricted Funds:		\$ 1,608,971
Carry over from July 2014---balance as of July 2014:		\$ 1,108,971
Board Reserve		\$ 500,000
Ackerman Fund (Unrestricted) Balance: July 2014:		\$ 75,834

COLLEGE OF THE DESERT FOUNDATION

FINANCIAL SUMMARY

August 31, 2014

Key Financial Information

	<u>August 2014</u>	<u>August 2013</u>
Total Net Assets:	\$ 30,203,836	\$ 24,290,791
Total Revenue Received August 1, 2014-August 31, 2014:		<u>\$ 402,844</u>
Permanently Restricted:		\$ 11,428
Temporarily Restricted:		\$ 189,384
Unrestricted:		\$ 202,032
Total Revenue received in August 2014:	\$ 524,468	
Total Funds transferred to College for Use:		
August 1, 2014 – August 31, 2014:		<u>\$ 35,516</u>
Scholarships:		\$ 32,301
Programs:		\$ 3,215
Total Funds in endowments: August 2014:	<u>\$ 18,553,241</u>	
Total Funds in Unrestricted Funds:		\$ 1,854,480
Carry over from June 2014---balance as of August 2014:		\$ 1,161,317
Board Reserve		\$ 500,000
Ackerman Fund (Unrestricted) Balance: August 2014:		\$ 73,834

COLLEGE OF THE DESERT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2014
WITH COMPARATIVE TOTALS FOR AUGUST 31, 2013

	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Totals (Memorandum Only)	
				2014	2013
ASSETS					
1 Cash and cash equivalents	\$ 1,101,299	\$ -	\$ -	1,101,299	\$ 1,426,930
2 Investments	766,724	7,438,566	17,370,932	25,576,222	21,001,894
3 Pledges receivable	-	1,729,819	840,596	2,570,415	948,791
4 Accrued interest receivable	18,839	30,086	5,164	54,089	47,940
5 Property and equipment, net	8,453	-	-	8,453	3,513
6 FCCC - Scholarship Endowment	-	54,175	336,549	390,724	368,715
7 Split interest agreements	-	543,469	-	543,469	531,649
TOTAL ASSETS	\$ 1,895,315	\$ 9,796,115	#####	#####	#####
LIABILITIES					
8 Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 8,615
9 Accrued expenses	40,835	-	-	40,835	30,026
TOTAL LIABILITIES	40,835	-	-	40,835	38,641
NET ASSETS	1,854,480	9,796,115	18,553,241	30,203,836	24,290,791
Unrestricted:					
10 Undesignated	1,354,480	-	-	1,354,480	337,064
11 Board designated	500,000	-	-	500,000	600,000
12 Temporarily restricted	-	9,796,115	-	9,796,115	5,149,101
13 Permanently restricted	-	-	18,553,241	18,553,241	18,204,626
NET ASSETS	1,854,480	9,796,115	18,553,241	30,203,836	24,290,791
TOTAL LIABILITIES AND NET ASSETS	\$ 1,895,315	\$ 9,796,115	#####	#####	#####

COLLEGE OF THE DESERT FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR CURRENT MONTH ENDED AUGUST 31, 2014
WITH COMPARATIVE TOTALS FOR AUGUST 31, 2013

CURRENT MONTH

	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Totals (Memorandum Only)	
				2014	2013
REVENUE AND SUPPORT					
1 Interest	\$ 8,491	\$ 27,364	\$ 809	\$ 36,664	\$ -
2 Donations	347	-	-	347	804
3 Annual Fund	-	-	-	-	-
4 Academic Angels Donations	8,250	-	-	8,250	-
5 COD Alumni Donations	-	-	-	-	3,750
6 Capital Campaign	-	-	-	-	150
7 Marketing Reimbursement	-	-	-	-	-
8 Management Services	-	-	-	-	-
9 Estate Gifts	-	-	-	-	-
# Grants	-	-	-	-	1,800
# President's Circle	-	-	-	-	3,155
# Scholarship Donations	250	18,419	7,145	25,814	38,016
# Special Events (net)	3,532	-	-	3,532	8,470
TOTAL REVENUE AND SUPPORT	20,870	45,783	7,954	74,607	56,145
EXPENDITURES					
# Contributions to college	-	-	-	-	-
# Interfund transfers	(68,213)	68,213	-	-	-
# Operating expenses	80,957	-	-	80,957	37,699
# Refunds	-	-	-	-	-
# Scholarships	-	28,626	-	28,626	121,429
TOTAL EXPENDITURES	12,744	96,839	-	109,583	159,128
EXCESS OF REVENUE AND SUPPORT OVER EXPENDITURES BEFORE					
# OTHER INCOME AND EXPENSES	8,126	(51,056)	7,954	(34,976)	(102,983)
OTHER INCOME AND EXPENSES					
# Investment gain/(loss), net of investment expenses	103,701	336,216	9,944	449,861	-
INCREASE (DECREASE) IN NET ASSETS	\$ 111,827	\$ 285,160	\$ 17,898	\$ 414,885	\$ (102,983)

COLLEGE OF THE DESERT FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR TWO MONTHS ENDED AUGUST 31, 2014
WITH COMPARATIVE TOTALS FOR AUGUST 31, 2013

CURRENT MONTH

		Temporarily Permanently			Totals	
		Unrestricted	Restricted	Restricted	(Memorandum Only)	
		Fund	Fund	Fund	2014	2013
REVENUE AND SUPPORT						
1	Interest	\$ 17,161	\$ 59,904	\$ 1,825	\$ 78,890	\$ -
2	Donations	31,097	97	-	31,194	21,116
3	Annual Fund	100	-	-	100	-
4	Academic Angels Donations	10,250	-	-	10,250	11,500
5	COD Alumni Donations	-	-	-	-	-
6	Capital Campaign	-	-	100	100	-
7	Marketing Reimbursement	100,000	-	-	100,000	-
8	Management Services	-	-	-	-	-
9	Estate Gifts	-	-	-	-	-
#	Grants	-	15,000	-	15,000	17,951
#	President's Circle	2,000	-	-	2,000	9,331
#	Scholarship Donations	250	31,901	7,445	39,596	73,921
#	Special Events (net)	3,532	-	-	3,532	245
TOTAL REVENUE AND SUPPORT		164,390	106,902	9,370	280,662	134,064
EXPENDITURES						
#	Contributions to college	1,000	2,215	-	3,215	322
#	Interfund transfers	(68,213)	68,213	-	-	-
#	Operating expenses	161,441	2,000	-	163,441	66,081
#	Refunds	-	-	-	-	-
#	Scholarships	-	32,301	-	32,301	121,429
TOTAL EXPENDITURES		94,228	104,729	-	198,957	187,832
EXCESS OF REVENUE AND SUPPORT OVER EXPENDITURES BEFORE						
#	OTHER INCOME AND EXPENSES	70,162	2,173	9,370	81,705	(53,768)
OTHER INCOME AND EXPENSES						
#	Investment gain/(loss), net of investment expenses	37,642	82,482	2,058	122,182	-
INCREASE (DECREASE) IN NET ASSETS		\$ 107,804	\$ 84,655	\$ 11,428	\$ 203,887	\$ (53,768)

COLLEGE OF THE DESERT FOUNDATION
SUMMARY REPORT
FOR CURRENT MONTH ENDED 08/31/2014
WITH COMPARATIVE TOTALS FOR YTD 08/31/2013

		One Month Actual	YTD Actual	Total Annual Budget	Variance %	Budget Remaining	8/31/2013
	Revenue						
1	Academic Angel Special Events (net)	710	710	100,000	0.7%	99,290	(775)
2	Academic Angel/Membership	8,250	10,250	25,000	41.0%	14,750	11,500
3	Annual fund/Direct Mail	-	100	100,000	0.1%	99,900	-
4	Grants - Direct Revenue	-	-	125,000	0.0%	125,000	-
5	Individual Gifts/Planned gifts	597	31,347	200,000	15.7%	168,653	5,372
6	Interest	8,491	17,161	125,000	13.7%	107,839	-
7	Management Services	-	-	300,000	0.0%	300,000	-
8	Marketing Reimbursment	-	100,000	100,000	100.0%	-	-
	McCallum Events (net)						
10	Stepping Out for COD	2,822	2,822	225,000	1.3%	222,178	7,230
11	Other	-	-	10,000	0.0%	10,000	-
12	Other Income	-	-	-	0.0%	-	-
13	President's Circle	-	2,000	140,000	0.0%	138,000	9,331
	Total Revenue	20,870	164,390	1,450,000	11.3%	1,285,610	32,658
	Expenditures						
15	Academic Angel/Membership	-	-	10,000	0.0%	10,000	-
16	Auditor	-	10,800	20,000	54.0%	9,200	2,500
17	Bank Charges	244	395	5,000	7.9%	4,605	512
18	Board/Staff Training	-	1,350	5,000	27.0%	3,650	1,189
19	Campus Tours	-	-	5,000	0.0%	5,000	-
20	Donor Development	5,000	7,090	50,000	14.2%	42,910	(15,610)
21	Donor/Scholarship Reception	-	-	5,000	0.0%	5,000	25
22	Equipment Lease	353	353	6,000	5.9%	5,647	336
23	Insurance D & O	-	-	6,500	0.0%	6,500	-
24	Marketing & Messaging	12,762	13,513	262,500	5.1%	248,987	12,600
25	Membership Dues	-	350	2,000	17.5%	1,650	-
26	Office Supplies & Equipment	470	594	11,000	5.4%	10,406	1,368
27	Other	-	-	5,000	0.0%	5,000	-
28	Postage	-	-	12,000	0.0%	12,000	-
29	President's Circle	-	-	10,000	0.0%	10,000	2,000
30	President's Fund	-	(1,000)	90,000	-1.1%	91,000	268
31	Printing/Design/Graphics	180	420	20,000	2.1%	19,580	222
32	Repairs & Maintenance	-	-	2,500	0.0%	2,500	64
33	Service Contracts	2,964	3,063	6,000	51.1%	2,937	2,935
34	Staff Mileage Reimburse	-	306	3,000	10.2%	2,694	-
35	State of the College Event	-	-	50,000	0.0%	50,000	-
36	Subscriptions & Publications	-	-	2,000	0.0%	2,000	50
37	Telephone	124	124	1,500	8.3%	1,376	206
38	Wages & Benefits	54,596	109,724	660,000	16.6%	550,276	29,640
	Independent Contractors						
39	Roemer & Harnik	320	320	24,000	1.3%	23,680	2,499
40	MMGC CPA	-	6,000	80,000	7.5%	74,000	12,000
41	Bookkeeping	3,590	7,620	48,000	15.9%	40,380	9,103
42	Web Management	354	419	48,000	0.9%	47,581	-
	Total Expenditures before Contributions	80,957	161,441	1,450,000	11.1%	1,288,559	61,907
43	Contributions to College	-	1,000				
44	Realized/Unrealized Gains	(103,701)	(37,642)				
45	Refunds	-	-				
46	Interfund transfer	(68,213)	(68,213)				
	Total Expenditures	(90,957)	56,586				
	Excess or (Deficit)	111,827	107,804				
47	General Fund Carryover		1,053,513				
	Total excess at 08/31/2014		1,161,317				
48	Ackerman Fund		73,834				
49	Board Reserve		500,000				

College of the Desert Foundation
Schedule Events
As of 08/31/2014

	<u>Revenues</u>	<u>Expenditures</u>	<u>Total</u>
Balances:			
Fall Luncheon			
Special Event Expenses	<u>0.00</u>	<u>(500.00)</u>	<u>(500.00)</u>
Total Fall Luncheon	0.00	(500.00)	(500.00)
Chili Cook off			
Special Event Income	<u>1,210.00</u>	<u>0.00</u>	<u>1,210.00</u>
Total Chili Cook off	1,210.00	0.00	1,210.00
Stepping Out for COD			
Special Event Income	6,820.00	0.00	6,820.00
Refunds	0.00	(3,180.00)	(3,180.00)
Printing/Design/Graphics	0.00	(598.00)	(598.00)
Marketing	<u>0.00</u>	<u>(220.00)</u>	<u>(220.00)</u>
Total Stepping Out for COD	6,820.00	(3,998.00)	2,822.00
Misc. Events	0.00	0.00	0.00
Total Balances:	<u>8,030.00</u>	<u>(4,498.00)</u>	<u>3,532.00</u>

Revenue and Expenditure Comparison

	Total Revenues to Foundation	Operating Expense Actual	Wages & Salaries
Fiscal Year 2009-2010	1,145,189	984,251	627,590
Fiscal Year 2010-2011	2,479,240	811,422	600,238
Fiscal Year 2011-2012	3,344,880	805,598	544,915
Fiscal Year 2012-2013	3,983,966	1,052,951	411,159
Fiscal Year 2013-2014	8,043,718	1,352,227	557,306
Fiscal Year 2014-2015	402,844	161,441	109,724

	Contributions to College	Scholarships	Programs
Fiscal Year 2009-2010	1,689,721	656,010	1,033,711
Fiscal Year 2010-2011	1,345,889	547,082	798,807
Fiscal Year 2011-2012	1,934,770	581,156	1,353,614
Fiscal Year 2012-2013	1,334,432	524,775	809,657
Fiscal Year 2013-2014	1,048,409	453,211	595,198
Fiscal Year 2014-2015 through 08/31/2014	35,516	32,301	3,215

	8/31/2014	8/31/2013	Change from Prior Fiscal Year
Total Net Assets	30,203,836	24,290,791	5,913,045
Total Endowments	18,553,241	18,204,626	348,615

	Fiscal YTD thru 08/31/2014	Same Period Last Fiscal year	Change from Prior Fiscal Year
Operating Revenue:	164,390	32,658	131,732
Operating Expenses	161,441	61,907	99,534
Scholarships to College	32,301	121,429	(89,128)
Programs to College	3,215	322	2,893
Total Funds to College	35,516	121,751	(86,235)



**Finance Committee Meeting
Thursday June 19, 2014 – 4:00 p.m.
Foundation Board Room**

M I N U T E S

Members Present

Donna Jean Darby, Sally Simonds, Suz Hunt, Lisa Howell

Members Absent:

Carol Ammon, Bob Archer, Joan Busick, Brian Holcombe, Penny Mason

Staff/Guests

George Holliday, Jim Hummer, Kippy Laflame

Call to Order

Suz Hunt called the meeting to order at 4:00 p.m.

Brown Act Invitation for Public Comment

No cards to speak were submitted from the public.

Financials

The May 2014 financials were reviewed and variances for Community Outreach, Donor Development and Printing were discussed.

IPS Update

Suz reviewed the report she prepared comparing COD Foundation against 3 other community colleges.

Benchmarks and Fees

Suz met with the investors individually to discuss benchmarks and fees as well as reporting. At this time it was decided that any decisions would be made in the Fall when we have a full complement of board members.

Adjourned 5:00 pm

Minutes taken by Kippy Laflame Executive Assistant

August 25, 2014

To the Board of Directors
College of the Desert Foundation
Palm Desert, California

We have audited the financial statements of College of the Desert Foundation for the year ended June 30, 2014, and have issued our report thereon dated August 20, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 10, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 29, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by College of the Desert Foundation are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Directors
College of the Desert Foundation
August 25, 2014
Page Two

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 20, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of College of the Desert Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BRABO & CARLSEN, LLP
Certified Public Accountants



Wayne Carlsen, CPA

WEC/lmf



MICHAEL J. BRABO, CPA
WAYNE E. CARLSEN, CPA

*Member of the Private Companies
Practice Section of the American Institute
of Certified Public Accountants*

August 25, 2014

To the Board of Directors
College of the Desert Foundation
43-500 Monterey Avenue
Palm Desert, CA 92260

In planning and performing our audit of the financial statements of College of the Desert Foundation for the year ended June 30, 2014, we considered the Foundation's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

We have included the following recommendations for your consideration, which we believe should enhance the overall system of internal controls and operating efficiency. The cost of implementing any additional procedures or controls should be weighed against the benefits to be gained. This letter does not affect our report dated August 20, 2014, on the financial statements of College of the Desert Foundation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Foundation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We would like to thank Jim Hummer and the Foundation staff and members of the audit committee for all their assistance and cooperation in the performance of our audit.

Sincerely,

BRABO & CARLSEN, LLP
Certified Public Accountants

A handwritten signature in blue ink, appearing to be 'Wayne Carlsen'.

Wayne Carlsen, CPA

WEC/lmf

PRIOR YEAR RECOMMENDATIONS

Temporarily Restricted Funds

The Foundation has a voluminous number of temporarily restricted funds for many programs that we feel could be consolidated or eliminated. This will facilitate the monthly accounting process resulting in a more meaningful financial presentation of the fund restriction purpose and balances. We also suggest that the Board implement a policy to determine when a contribution should be held in a separate fund with the donor's name or included with a scholarship program.

It was noted during this year's audit that this recommendation is being worked on; however it has not been completed. We recommend that this be implemented as soon as possible.

Accounting for Contributions

The Foundation has included in its accounting manual procedures that are to be used for the proper classification of contributions and acknowledgements to donors for their contributions. It was noted during this year's audit that there were a few instances in which the contribution was recorded into the wrong fund. We recommend that there be a thorough review of the documentation received from the donor for the contribution. The thank you letter to the donor for the contribution should include a statement of the Foundation's understanding of the contribution's purpose. This will reinforce the proper recording of the contribution based on the donor's intention as to the purpose and use by the Foundation.

It was noted during this year's audit that the contributions from the 30/30 campaign were recorded into the wrong fund. We recommend that there be a thorough review of the documentation received from the donor for all contributions to assure they are recorded into the proper fund.

CURRENT YEAR RECOMMENDATIONS

Accounting for Investments

The Foundation has a large volume of investment transactions in several different accounts. During our audit we encountered a significant amount of additional work in order to reconcile all of the investment accounts at year end.

We recommend that the investments be reconciled from the broker statements to the general ledger on a monthly basis in order to assure that all of the investments are properly accounted for.

Financial Statements

COLLEGE OF THE DESERT
FOUNDATION

JUNE 30, 2014

COLLEGE OF THE DESERT FOUNDATION

JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
College of the Desert Foundation
(An Auxiliary Organization of
Desert Community College District)
Palm Desert, California

We have audited the accompanying financial statements of College of the Desert Foundation (An Auxiliary Organization of Desert Community College District), which comprise the statement of financial position as of June 30, 2014, 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, the auditor considers internal control relevant to the entity'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 entity'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
College of the Desert Foundation
(An Auxiliary Organization of
Desert Community College District)
Palm Desert, California

Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College of the Desert Foundation (An Auxiliary Organization of Desert Community College District) as of June 30, 2014, 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 College of the Desert Foundation's (An Auxiliary Organization of Desert Community College District) June 30, 2013 financial statements, and our report dated October 9, 2013 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brabo & Carlsen, LLP

Palm Springs, California

August 20, 2014

COLLEGE OF THE DESERT FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 2,322,773	\$ 2,675,850
Investments	24,358,343	20,782,167
Pledges receivable, net	2,570,415	958,791
Accrued interest receivable	49,090	47,940
Prepaid expenses	5,000	-
Property and equipment, net	8,453	3,413
Split interest agreements	543,469	531,649
Other assets - Osher Endowment	<u>408,724</u>	<u>368,715</u>
TOTAL ASSETS	<u><u>\$ 30,266,267</u></u>	<u><u>\$ 25,368,525</u></u>
 LIABILITIES		
Accounts payable	\$ 268,165	\$ 951,475
Accrued expenses	<u>38,359</u>	<u>59,927</u>
TOTAL LIABILITIES	<u>306,524</u>	<u>1,011,402</u>
 NET ASSETS		
Unrestricted		
Undesignated	1,053,513	389,698
Board designated	<u>500,000</u>	<u>600,000</u>
	1,553,513	989,698
Temporarily restricted	9,859,967	5,204,081
Permanently restricted	<u>18,546,263</u>	<u>18,163,344</u>
NET ASSETS	<u>29,959,743</u>	<u>24,357,123</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 30,266,267</u></u>	<u><u>\$ 25,368,525</u></u>

The accompanying notes are an integral part of these financial statements.

COLLEGE OF THE DESERT FOUNDATION

STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2014	2013
REVENUES AND SUPPORT					
Donations	\$ 960,303	\$ 2,833,598	\$ 205	\$ 3,794,106	\$ 245,340
Grants	14,000	128,951	67,311	210,262	189,289
Memberships	9,500	1,000	-	10,500	4,600
Scholarship donations	-	438,243	244,887	683,130	2,141,435
Special events, net of direct expenses of \$176,780 for 2014 and \$188,514 for 2013	326,471	10,600	-	337,071	331,536
Investment income, net	548,430	2,310,165	67,775	2,926,370	952,713
Change in value of split interest agreement	-	69,329	-	69,329	41,694
In-kind revenue	74,296	-	-	74,296	74,296
Other income	4,887	390	-	5,277	3,063
Management Services	334,269	(322,940)	(11,329)	-	-
Satisfaction of program restrictions	799,590	(799,590)	-	-	-
Total revenues and support	3,071,746	4,669,746	368,849	8,110,341	3,983,966
EXPENDITURES					
Program services	1,515,911	-	-	1,515,911	1,632,406
Management and general	605,619	-	-	605,619	534,674
Fundraising	386,191	-	-	386,191	297,845
Total expenditures	2,507,721	-	-	2,507,721	2,464,925
CHANGE IN NET ASSETS	\$ 564,025	\$ 4,669,746	\$ 368,849	\$ 5,602,620	\$ 1,519,041
NET ASSETS AT BEGINNING OF YEAR	\$ 989,698	\$ 5,204,081	\$18,163,344	\$24,357,123	\$22,838,082
CHANGE IN NET ASSETS FOR THE YEAR	564,025	4,669,746	368,849	5,602,620	1,519,041
INTER-FUND TRANSFERS	(210)	(13,860)	14,070	-	-
NET ASSETS AT END OF YEAR	\$ 1,553,513	\$ 9,859,967	\$18,546,263	\$29,959,743	\$24,357,123

The accompanying notes are an integral part of these financial statements.

COLLEGE OF THE DESERT FOUNDATION

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,602,620	\$ 1,519,041
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	2,492	1,678
Unrealized (gain) / loss	(1,869,180)	(75,830)
(Increase) Decrease in:		
Pledges receivable	(1,611,624)	683,333
Accrued interest receivable	(1,150)	12,063
Prepaid expenses	(5,000)	102,628
Split interest agreements	(11,820)	5,634
Other assets	(40,009)	(17,705)
Increase (Decrease) in:		
Accounts payable	(683,310)	116,123
Accrued expenses	(21,568)	(119,902)
Deferred revenue	-	(58,050)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,361,451</u>	<u>2,169,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,532)	(2,452)
Proceeds from sale of investments	9,613,042	7,807,267
Purchases of investments	<u>(11,320,038)</u>	<u>(10,378,348)</u>
CASH USED BY INVESTING ACTIVITIES	<u>(1,714,528)</u>	<u>(2,573,533)</u>
NET DECREASE IN CASH	(353,077)	(404,520)
CASH AT BEGINNING OF YEAR	<u>2,675,850</u>	<u>3,080,370</u>
CASH AT END OF YEAR	<u><u>\$ 2,322,773</u></u>	<u><u>\$ 2,675,850</u></u>

The accompanying notes are an integral part of these financial statements.

COLLEGE OF THE DESERT FOUNDATION

Schedule 1

SCHEDULE OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)**

	Programs Services	Management and General	Fund Raising	Totals	
				2014	2013
College support	\$ 598,402	\$ -	\$ -	\$ 598,402	\$ 820,514
Scholarships	453,211	-	-	453,211	524,775
Salaries and related expenses	222,922	250,788	83,596	557,306	411,160
Bank & credit card charges	-	7,800	-	7,800	6,666
Depreciation	-	2,492	-	2,492	1,678
Equipment & maintenance	-	11,862	-	11,862	11,022
Insurance	-	6,209	-	6,209	5,219
Marketing & development	197,790	4,050	149,209	351,049	205,106
Membership expenses	3,243	22,612	2,916	28,771	8,633
Office expenses	2,294	22,183	11,443	35,920	32,678
Postage & printing	35,640	-	-	35,640	23,311
Professional services	-	193,773	128,991	322,764	311,606
Recognition	2,408	8,165	10,036	20,609	27,057
Rent & Utilities	-	74,296	-	74,296	74,296
Telephone	-	1,390	-	1,390	1,204
	<u>\$ 1,515,911</u>	<u>\$ 605,619</u>	<u>\$ 386,191</u>	<u>\$ 2,507,721</u>	<u>\$ 2,464,925</u>

The accompanying notes are an integral part of these financial statements.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

College of the Desert Foundation (the Foundation) is a non-profit auxiliary organization of Desert Community College District. The Foundation was formed July 27, 1983. The purpose of the Foundation is to enhance the quality of education by advancing the College of the Desert (The College) through building relationships, securing philanthropic support and stewarding assets. The Foundation operates primarily in the Coachella Valley of Southern California. It receives substantially all of its revenues from residents of this area and is subject to economic factors which may affect charitable giving in Southern California.

The Foundation and the College are financially interrelated organizations as defined by ASC Topic 958-605, "Transfers of Assets to a Nonprofit Charitable or Charitable Trust that Holds Contributions for Others". Under ASC 958-605, the Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Net Asset Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

The Unrestricted Net Assets represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation, as well as all property, plant and equipment of the Foundation.

The Temporarily Restricted Net Assets represents the temporarily restricted resources that are received with temporary donor stipulations that limit the use of the donated assets.

The Permanently Restricted Net Assets represents the permanently restricted resources that are subject to permanent restriction by the donor requiring that the principal be invested and only the income be used for general benefit of the College, its students, or a group affiliated with the College.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash accounts on deposit at financial institutions. For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Investments

Investments are carried at fair value using quoted market prices with gains and losses included in the statement of activities. Investments include certificates of deposit, equities, U.S. government bonds, and corporate bonds. The funds are subject to gains or losses of principal based on fluctuations in market prices.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges are recorded as receivables and recognized as revenue in the year made. Pledges receivable over a period of more than one year are discounted on a net present value of 4%.

Allowance for Doubtful Accounts

The Foundation uses the allowance method to account for doubtful pledges and accounts. Management has determined all receivables to be collectible at June 30, 2014.

Property and Equipment

The Foundation's property and equipment are recorded at cost and are depreciated using an accelerated depreciation method over the estimated useful lives.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenues or gains in the period received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted revenues. Temporarily restricted net assets are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction or when a time restriction has been met.

Donated Occupancy and Other Items

The Foundation occupies office space located on the College of the Desert campus. The value of this and other donated items is recorded at estimated fair market value at the date of the donation. Some Foundation members have made significant contributions of their time in the advancement of its programs and objectives. The value of donated volunteer services is not reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

Allocation of Functional Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, based on management's estimates, certain costs have been allocated among the programs, fundraising, and the general and administrative activities.

Income Taxes

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and operates as a public charity. The Foundation is also exempt from California income taxes under similar state statutes.

The Foundation's policy is to record income tax related interest and penalties in operating expenses. For the year ended June 30, 2014 there was no interest or penalties expense recorded and no accrued interest and penalties.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed. The Foundation's Forms 199, California Exempt Organization Annual Information Return, are subject to examination by the Franchise Tax Board, generally for four years after they are filed.

Advertising Costs

Advertising costs are expensed as incurred by the Foundation. Total advertising costs for the year ended June 30, 2014 were \$302,438.

Estimates

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

Fair Value Measurements

The Foundation's financial instruments are measured using generally accepted accounting principles, which, among other things, establish a hierarchal framework for disclosure of and measurement of investments at fair value. Cash, most receivables, accounts payable and accrued liabilities are settled so close to the balance sheet date that the fair value does not differ significantly from the stated amounts.

Fair values of financial instruments are measured and reported using one of the following categories:

Level I Inputs – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II Inputs – Pricing inputs are available in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III Inputs – Pricing inputs are unobservable and determination of fair value requires significant management judgment or estimation.

Comparative Data

The financial statements contain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated through August 20, 2014, which is the date the financial statements were available to be issued.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: INVESTMENTS

Investments at June 30, 2014, stated at fair value based on quoted market price are summarized as follows:

Equities	\$ 9,345,358
Mutual Funds	7,422,151
Government securities	1,228,300
Corporate bonds	2,652,559
Real Assets	557,784
Other investments	<u>988,945</u>
	22,195,097
Certificates of deposit	<u>2,163,246</u>
	<u>\$24,358,343</u>

The investment return consists of the following for the year ended June 30, 2014:

Interest and dividends	\$ 697,780
Realized gains on investments	541,942
Unrealized gains on investments	1,869,180
Investment fees	<u>(182,532)</u>
	<u>\$2,926,370</u>

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2014, are stated at fair value based on management's estimate of a discount to present value of 4%, and are comprised of the following:

Pledges receivable in less than one year	\$1,058,905
Pledges receivable in one to five years	<u>1,609,500</u>
Total	2,668,405
Less: Unamortized discount	<u>(97,990)</u>
Pledges receivable, net	<u>\$2,570,415</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30, 2014:

Office furniture and equipment	\$ 20,319
Less accumulated depreciation	<u>(11,866)</u>
Property and equipment, net	<u>\$ 8,453</u>

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 4: SPLIT INTEREST AGREEMENTS

The Foundation has a beneficial interest in various irrevocable charitable remainder trusts and pooled income funds including a pooled income fund administered by the Community College League of California. The assets are held in various stocks, bonds, and other assets in the names of the individual donors' trusts, and are accounted for in the endowment fund. The trusts provide for payments to the grantor or other designated beneficiary over the trust's terms.

At the end of the trust's term, the remaining assets are available to the Foundation. Fair value is based on the present value of the estimated future benefits to be received, which take into account required annual distributions to the donor, the donor's life expectancy, and the assumed rate of return on the investments over the years. The trusts are revalued on an annual basis, and the change in the present value of the trusts' assets is recorded as a gain or loss in the statement of activities.

A summary of the changes in split interest agreements for the year is summarized as follows:

Balance, at June 30, 2013	\$ 531,649
Net changes in current fair market values	<u>11,820</u>
Balance at June 30, 2014	<u>\$ 543,469</u>

NOTE 5: INVESTMENTS IN CALIFORNIA COMMUNITY COLLEGES SCHOLARSHIP ENDOWMENT

Investment in California Community Colleges Scholarship Endowment is a pooled investment fund held by the Foundation for California Community Colleges (FCCC) and is permanently restricted for community colleges scholarships. Management and investment oversight is the responsibility of the FCCC, as directed by the donor, Bernard Osher from the Osher Foundation.

The initial gift from the Osher Foundation of \$25 million and any match from the Osher Foundation are considered gifts to the FCCC and remain assets of the FCCC per the grant agreement. Subsequent fundraising by College of the Desert Foundation (CODF) that results in monies transferred to FCCC may remain permanently restricted assets of CODF and will be reflected as such on all financial reporting. However, all donations to the endowment must be left in the fund permanently and cannot be returned or used for other purposes.

The Osher Foundation will provide a 50 percent match for each dollar raised through 2014. The match will be reconciled annually through 2014 based on the amount raised that fiscal year by the FCCC and individual colleges. Contributions received from CODF and invested in the endowment on or before June 30 of a given year, and the match dollars subsequently applied to those contributions begin earning interest and result in scholarship distribution one year later. Earnings on both the dollars raised by CODF and the match provided by the Osher Foundation, net of investment expenses, will be distributed as scholarship funds to CODF. The earnings from the dollars raised by CODF and the corresponding match amount will be set aside for scholarships for College of the Desert students. The balance at June 30, 2014 was \$408,724.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6: ENDOWMENT FUNDS

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted funds that is not classified in permanently restricted net assets may be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted an investment policy, approved by the Board of Directors for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Therefore, the Foundation expects its endowment assets, over time to exceed the average annual return of the applicable benchmark index with a lower than benchmark volatility over a three to five year rolling time period. Actual returns in any given year may vary from this expectation. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Foundation's Board approved spending policy was created to protect the values of the endowments. The Board approved a policy that all endowments are first subject to an annual administrative fee of 2% calculated at the end of each quarter, based on the market value balance that is deposited into the operating fund of the Foundation. The total endowment spending rate of no more than 5% per year is determined by the investment committee at their January meeting using the average market value of the funds on June 30th for each of the three years immediately preceding the fiscal year the payout is to be made.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6: ENDOWMENT FUNDS (Continued)

Endowment Net Asset Composition by type of fund as of June 30, 2014 is as follows:

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
\$ <u> -</u>	<u>\$3,178,868</u>	<u>\$18,546,263</u>	<u>\$21,725,131</u>

Changes in endowment net assets as of June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Endowment net assets, beginning of the year	\$ 600,000	\$1,108,798	\$18,163,344	\$19,872,142
Contributions	-	326,301	312,403	638,704
Investment income/(loss)	-	2,265,942	67,775	2,333,717
Amounts appropriated for expenditures	-	(522,807)	(11,329)	(534,136)
Inter-fund transfers	<u>(600,000)</u>	<u>634</u>	<u>14,070</u>	<u>(585,296)</u>
Endowment net assets, end of the year	\$ <u> -</u>	<u>\$3,178,868</u>	<u>\$18,546,263</u>	<u>\$21,725,131</u>

NOTE 7: FAIR VALUE MEASUREMENTS

Assets measured at fair value at June 30, 2014 are as follows:

	<u>Prices in Active Markets (Level I)</u>	<u>Prices in Inactive Markets (Level II)</u>	<u>Estimates No Active Markets Level III)</u>
<u>Measured on a Recurring Basis</u>			
Equities	\$ 9,345,358	\$ -	\$ -
Mutual Funds	7,422,151	-	-
Government securities	1,228,300	-	-
Corporate bonds	2,652,559	-	-
Real Assets	557,784	-	-
Other investments	988,945	-	-
Split interest agreements	-	-	543,469
Investment in FCCC	<u>-</u>	<u>408,724</u>	<u>-</u>
Total	<u>\$22,195,097</u>	<u>\$ 368,715</u>	<u>\$ 531,649</u>

Measured on a Nonrecurring Basis

Non-cash contributions	\$ <u> -</u>	\$ <u> -</u>	\$ <u>74,296</u>
Total	\$ <u> -</u>	\$ <u> -</u>	\$ <u>74,296</u>

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 8: RESTRICTIONS OF NET ASSET BALANCES

Temporarily restricted net assets consist of the following at June 30, 2014:

Split interest agreements	\$ 543,649
Various donor restricted funds	6,683,478
Osher endowment	72,175
Foundation scholarships	<u>2,560,665</u>
	<u>\$ 9,859,967</u>

Permanently restricted net assets consist of the following at June 30, 2014:

Scholarship endowments	\$ 6,011,309
Osher endowment	336,549
General endowments	<u>12,198,405</u>
	<u>\$18,546,263</u>

NOTE 9: NET ASSETS RELEASED FROM RESTRICTION

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes for the year ended June 30, 2014 were as listed below:

Scholarships and grants	<u>\$ 799,590</u>
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NOTE 10: LEASE COMMITMENTS

The Foundation leases a copier under a 60-month operating lease agreement that commenced May 2014 and expires April 2019.

Minimum required future rental payments under leases as of June 30, 2014, are:

<u>Year ending June 30</u>	
2015	\$ 3,806
2016	3,806
2017	3,806
2018	3,806
2019	<u>3,449</u>
Total minimum future rental payments	<u>\$18,713</u>

Rental expenses for operating agreements were \$4,041 for the year ended June 30, 2014.

NOTE 11: INTER-FUND TRANSFERS

Inter-fund transfers consist of a reclassification of donor contributions between the different net asset classes during the year ended June 30, 2014.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 12 CONCENTRATION OF CREDIT RISK

At June 30, 2014, the Foundation had on deposit with a local bank amounts in excess of \$250,000. Deposits in excess of \$250,000 are not insured by the Federal Depository Insurance Company. Given the existing size of operations it is not unusual for this limit to be exceeded on a periodic basis. The Foundation is aware of this matter and evaluates alternatives for safeguarding cash while at the same time maximizing operational performance.

The Foundation also maintains accounts with multiple brokerage firms. The accounts contain cash and securities and sometimes exceed the amount guaranteed by the Securities Investor Protection Corporation which is \$500,000 with a limit of \$250,000 for cash.



**Planned Giving Committee Meeting
July 23, 2014 –2:00pm
Foundation Board Room**

MINUTES

Present: Peggy Cravens, Marcia Stein, Valerie Powers Smith, Dick Zeigler, Mike McGreevy
Present on conference call: Suz Hunt, Penny Mason, Helene Dreyer Koch

Staff: Peter Sturgeon, Kippy Laflame

Call to Order at 2:01 by Penny Mason

Public Invitation to speak as per the Brown Act, None

Welcome from the Chair

Introduction of the Committee members

History of CODF Planned Giving and the role of the Committee members

There was unanimous agreement to re-engage existing 3W society members. Where there is a Will there is a Way campaign started by Dick Codd in 195. Peggy Cravens offered to host a reception at Morningside for 3W members (~21 members) and our Foundation Board PG focus group for some time in November.

New PG page on CODF Website was reviewed and it was suggested that all that was needed was the addition of donor stories and pictures.

We have created a strong Advisory Committee but need to seek out FDN Board members as well as a hand-picked group of Academic Angels to join a PG Focus group to meet to discuss best practices/approaches and to have them act as the nucleus for board-wide as well as Academic Angels-wide adaption of including the College in their estate plans.

The New Bequest piece “30 words...” brochure was reviewed by the committee. Everyone including the professional planned giving members liked it. The concise message and the fact that we produce in-house was praised.

The Desert Estate Planners Council Hoedown was a very successful way to get the PG professionals on campus. It was suggested that to keep the college on the top of mind awareness of the professional estate planners, work with a third party to offer professional continuing education credit courses to these planners here on campus.

Kippy and Penny will discuss the setting up of a monthly meeting date

Adjournment 3:15