

Financial Statements

COLLEGE OF THE DESERT
FOUNDATION

JUNE 30, 2016

COLLEGE OF THE DESERT FOUNDATION

JUNE 30, 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT 1
FINANCIAL STATEMENTS	
Statement of Financial Position 3
Statement of Activities 4
Statement of Cash Flows 5
Statement of Functional Expenses 6
NOTES TO FINANCIAL STATEMENTS 7

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, 2016, 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, 2016, 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, 2015 financial statements, and our report dated September 8, 2015 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brabo & Carlson, LLP

Palm Springs, California

October 11, 2016

COLLEGE OF THE DESERT FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 2,456,274	\$ 1,853,052
Investments	24,499,647	25,084,476
Pledges receivable, net	795,008	1,490,778
Accounts receivable - COD	2,808	105,000
Accrued interest receivable	54,016	56,025
Prepaid expenses	5,125	12,421
Property and equipment, net	11,088	6,149
Split interest agreements	134,395	501,516
Other assets - Osher Endowment	363,013	392,625
TOTAL ASSETS	<u><u>\$ 28,321,374</u></u>	<u><u>\$ 29,502,042</u></u>
LIABILITIES		
Accounts payable	\$ 139,637	\$ 298,918
Accrued expenses	89,762	138,028
TOTAL LIABILITIES	<u>229,399</u>	<u>436,946</u>
NET ASSETS		
Unrestricted		
Undesignated	254,121	305,228
Board designated	500,000	500,000
	<u>754,121</u>	<u>805,228</u>
Temporarily restricted	8,496,918	9,455,522
Permanently restricted	18,840,936	18,804,346
NET ASSETS	<u>28,091,975</u>	<u>29,065,096</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 28,321,374</u></u>	<u><u>\$ 29,502,042</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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2016	2015
REVENUES AND SUPPORT					
Donations	\$ 479,751	\$ 161,850	\$ -	\$ 641,601	\$ 480,933
Grants	-	35,000	-	35,000	93,436
Memberships	172,493	-	-	172,493	94,727
Scholarship donations	-	587,332	36,590	623,922	646,856
Special events, net of direct expenses of \$257,439 for 2016 and \$71,788 for 2015	352,902	147,383	-	500,285	478,516
Investment income, net	12,104	(64,193)	-	(52,089)	532,512
Change in value of split interest agreement	-	(6,761)	-	(6,761)	(11,085)
In-kind revenue	68,000	-	-	68,000	75,636
Management Services	410,399	(410,399)	-	-	-
Satisfaction of program restrictions	1,408,816	(1,408,816)	-	-	-
Total revenues and support	2,904,465	(958,604)	36,590	1,982,451	2,391,531
EXPENDITURES					
Program services	2,077,422	-	-	2,077,422	2,307,157
Management and general	555,237	-	-	555,237	669,482
Fundraising	322,913	-	-	322,913	309,539
Total expenditures	2,955,572	-	-	2,955,572	3,286,178
CHANGE IN NET ASSETS	\$ (51,107)	\$ (958,604)	\$ 36,590	\$ (973,121)	\$ (894,647)
NET ASSETS AT BEGINNING OF YEAR	\$ 805,228	\$ 9,455,522	\$ 18,804,346	\$ 29,065,096	\$ 29,959,743
CHANGE IN NET ASSETS FOR THE YEAR	(51,107)	(958,604)	36,590	(973,121)	(894,647)
NET ASSETS AT END OF YEAR	\$ 754,121	\$ 8,496,918	\$ 18,840,936	\$ 28,091,975	\$ 29,065,096

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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (973,121)	\$ (894,647)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	3,780	2,304
Unrealized (gain) / loss	449,607	1,001,710
(Increase) Decrease in:		
Pledges receivable	695,770	1,079,637
Accounts receivable - COD	102,192	(105,000)
Accrued interest receivable	2,009	(6,935)
Prepaid expenses	7,296	(7,421)
Split interest agreements	367,121	41,953
Other assets	29,612	16,099
Increase (Decrease) in:		
Accounts payable	(159,281)	30,753
Accrued expenses	(48,266)	99,669
CASH PROVIDED BY OPERATING ACTIVITIES	<u>476,719</u>	<u>1,258,122</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,719)	-
Proceeds from sale of investments	9,778,782	7,275,608
Purchases of investments	(9,643,560)	(9,003,451)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>126,503</u>	<u>(1,727,843)</u>
NET INCREASE (DECREASE) IN CASH	603,222	(469,721)
CASH AT BEGINNING OF YEAR	<u>1,853,052</u>	<u>2,322,773</u>
CASH AT END OF YEAR	<u>\$ 2,456,274</u>	<u>\$ 1,853,052</u>

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

COLLEGE OF THE DESERT FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Programs Services	Management and General	Fund Raising	Totals	
				2016	2015
College support	\$ 824,874	\$ -	\$ -	\$ 824,874	\$ 1,174,050
Scholarships	616,971	-	-	616,971	519,458
Salaries and related expenses	263,926	296,917	98,972	659,815	726,073
Bank & credit card charges	-	8,062	-	8,062	7,587
Depreciation	-	3,780	-	3,780	2,304
Equipment & maintenance	-	17,466	-	17,466	22,575
Insurance	-	7,391	-	7,391	7,051
Marketing & development	299,395	-	184,215	483,610	348,941
Membership expenses	33,845	645	819	35,308	85,194
Office expenses	-	28,839	698	29,537	22,603
Postage & printing	24,430	12,237	15,145	51,812	41,129
Professional services	-	106,021	22,806	128,827	226,394
Recognition	13,981	4,679	257	18,918	25,570
Rent & Utilities	-	68,000	-	68,000	75,636
Telephone	-	1,201	-	1,201	1,613
	<u>\$ 2,077,422</u>	<u>\$ 555,237</u>	<u>\$ 322,913</u>	<u>\$ 2,955,572</u>	<u>\$ 3,286,178</u>

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

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 generally accepted accounting principles as, "Transfers of Assets to a Nonprofit Charitable or Charitable Trust that Holds Contributions for Others". Under the standards, 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, 2016

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, 2016.

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, 2016 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, 2016

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, 2016 were \$483,610.

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, 2015, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated through October 11, 2016, which is the date the financial statements were available to be issued.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1: INVESTMENTS

Investments at June 30, 2016, stated at fair value based on quoted market price are summarized as follows:

Equities	\$10,225,817
Mutual Funds	6,759,091
Government securities	1,919,009
Corporate bonds	2,844,411
Real Assets	449,034
Other investments	<u>1,382,261</u>
	23,579,623
Certificates of deposit	<u>920,024</u>
	<u>\$24,499,647</u>

The investment return consists of the following for the year ended June 30, 2016:

Interest and dividends	\$ 679,239
Realized losses on investments	(100,520)
Unrealized losses on investments	(449,607)
Investment fees	<u>(181,201)</u>
	<u>\$ (52,089)</u>

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2016, 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	\$ 644,500
Pledges receivable in one to five years	<u>157,905</u>
Total	802,405
Less: Unamortized discount	<u>(7,397)</u>
Pledges receivable, net	<u>\$ 795,008</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30, 2016:

Office furniture and equipment	\$ 29,038
Less accumulated depreciation	<u>(17,950)</u>
Property and equipment, net	<u>\$ 11,088</u>

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2015	\$ 501,516
Amount received during the year	(369,972)
Net changes in current fair market values	<u>2,851</u>
Balance at June 30, 2016	<u>\$ 134,395</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 provided a 50 percent match for each dollar raised through 2012. The match is reconciled annually each calendar year based on the amount raised 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 earn interest and result in scholarship distributions 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, 2016 was \$363,013.

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016

NOTE 6: ENDOWMENT FUNDS (Continued)

Endowment Net Asset Composition by type of fund as of June 30, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
	\$ -	\$2,150,205	\$18,840,936	\$20,991,141

Changes in endowment net assets as of June 30, 2016 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	\$ -	\$2,910,798	\$18,804,346	\$21,715,144
Contributions	-	115,848	36,590	152,438
Investment income/(loss)	-	200,662	-	200,662
Amounts appropriated for expenditures	-	(1,077,103)	-	(1,077,103)
Endowment net assets, end of the year	\$ -	\$2,150,205	\$18,840,936	\$20,991,141

NOTE 7: FAIR VALUE MEASUREMENTS

Assets measured at fair value at June 30, 2016 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>
Measured on a Recurring Basis			
Equities	\$10,225,817	\$ -	\$ -
Mutual Funds	6,759,091	-	-
Government securities	1,919,009	-	-
Corporate bonds	2,844,411	-	-
Real Assets	449,034	-	-
Other investments	1,382,261	-	-
Split interest agreements	-	-	134,395
Investment in FCCC	-	363,013	-
Total	\$23,579,623	\$ 363,013	\$ 134,395
Measured on a Nonrecurring Basis			
Non-cash contributions	\$ -	\$ -	\$ 68,000
Total	\$ -	\$ -	\$ 68,000

COLLEGE OF THE DESERT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8: RESTRICTIONS OF NET ASSET BALANCES

Temporarily restricted net assets consist of the following at June 30, 2016:

Split interest agreements	\$ 134,395
Various donor restricted funds	6,054,490
Osher endowment	26,464
Foundation scholarships	<u>2,281,569</u>
	<u>\$ 8,496,918</u>

Permanently restricted net assets consist of the following at June 30, 2016:

Scholarship endowments	\$ 6,157,305
Osher endowment	336,549
General endowments	<u>12,347,082</u>
	<u>\$18,840,936</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, 2016 were as listed below:

Scholarships and grants	<u>\$1,408,816</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, 2016, are:

<u>Year ending June 30</u>	
2017	\$ 3,806
2018	3,806
2019	<u>3,489</u>
Total minimum future rental payments	<u>\$ 11,101</u>

Rental expenses for operating agreements were \$3,806 for the year ended June 30, 2016.

NOTE 11: CONCENTRATION OF CREDIT RISK

At June 30, 2016, 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.