

COASTLINE COMMUNITY COLLEGE FOUNDATION
AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
with Comparative Totals for the Year Ended June 30, 2014
and
Independent Auditor's Report

COASTLINE COMMUNITY COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Coastline Community College Foundation
11460 Warner Avenue
Fountain Valley, California 92708-2597

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Board of Directors
Coastline College Foundation

Opinion

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

Report on Summarized Comparative Information

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



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LLP

VICENT LLOYD & STUTZMAN LLP
Glendora, California
December 17, 2015

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2015

With Comparative Totals at June 30, 2014

ASSETS

| | June 30, 2015 | June 30, 2014 |
|---|----------------------|----------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 1,024,483 | \$ 1,490,362 |
| Accounts receivable, net | 26,300 | 25,875 |
| Pledges receivable, net | 29,920 | 80,088 |
| Total current assets | 1,080,703 | 1,596,325 |
| Non-Current Assets | | |
| Pledges receivable, net | 19,667 | 26,500 |
| Investments, at fair value | 1,557,362 | 1,036,929 |
| Investments with FCCC | 327,717 | 277,090 |
| Contributions receivable from split-interest agreements | 7,209 | 2,502 |
| Prepaid expenses | 165 | 525 |
| Total non-current assets | 1,912,120 | 1,343,546 |
| Total assets | \$ 2,992,823 | \$ 2,939,871 |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| Current Liabilities | | |
| Accounts payable | \$ 12,286 | \$ 2,592 |
| Deferred revenue | | 3,500 |
| Total current liabilities | 12,286 | 6,092 |
| Net Assets | | |
| Unrestricted | 292,419 | 363,369 |
| Temporarily restricted: | 726,762 | 611,006 |
| Permanently restricted | 1,961,356 | 1,959,404 |
| Total net assets | 2,980,537 | 2,933,779 |
| Total liabilities and net assets | \$ 2,992,823 | \$ 2,939,871 |

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
With Comparative Totals/or Year Ended June 30, 2014

| | June 30, 2015 | | | June 30, 2014 | |
|--|---------------|------------------------|------------------------|---------------|--------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total |
| REVENUES | | | | | |
| Support and revenue | | | | | |
| Contributions | \$ 22,637 | \$ 363,883 | \$ 1,952 | \$ 388,472 | \$ 485,310 |
| In-kind donations | 4,703 | | | 4,703 | 53,500 |
| Special events | 64,920 | | | 64,920 | 85,527 |
| Donated services | 345,090 | | | 345,090 | 255,562 |
| Donated facilities | 10,044 | | | 10,044 | 7,776 |
| Total support and revenue | 447,394 | 363,883 | 1,952 | 813,229 | 887,675 |
| Other income | | | | | |
| Interest and dividends, net of expenses | 13,039 | (715) | | 12,324 | 24,166 |
| Realized loss on sale of investments | (3,110) | (5,996) | | (9,106) | (23,463) |
| Unrealized gain on investments | 3,040 | 21,896 | | 24,936 | 107,217 |
| Change in value, FCCC investment | | 50,288 | | 50,288 | |
| Change in value, split-interest agreement | | 4,707 | | 4,707 | |
| Total other income | 12,969 | 70,180 | | 83,149 | 107,920 |
| Total revenues before net assets | 460,363 | 434,063 | 1,952 | 896,378 | 995,595 |
| Net assets released from restrictions | 318,307 | (318,307) | | | |
| Total revenues | 778,670 | 115,756 | 1,952 | 896,378 | 995,595 |
| EXPENSES | | | | | |
| Supporting services Management and general | 326,207 | | | 326,207 | 249,787 |
| Fundraising | 131,771 | | | 131,771 | 172,846 |
| Total expenses | 849,620 | | | 849,620 | 770,973 |
| Change in net assets | (70,950) | 115,756 | 1,952 | 46,758 | 224,622 |
| NET ASSETS | | | | | |
| Beginning of year | 363,369 | 611,006 | 1,959,404 | 2,933,779 | 2,709,157 |
| End of year | \$ 292,419 | \$726,762 | \$ 1,961,356 | \$ 2,980,537 | \$ 2,933,779 |

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF CASH FLOW
For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

Cash flows from operating activities

| | June 30, 2015 | June 30, 2014 |
|--|---------------|---------------|
| Contributions, fundraising and other income | \$ 506,468 | \$ 491,780 |
| Interest | 12,324 | 24,166 |
| Payments to/on-behalf of employees | (92,675) | (84,304) |
| Payments to suppliers | (155,698) | (206,520) |
| Payments to/on-behalf of students for scholarships | (231,356) | (179,316) |
| Net cash provided by operating activities | 39,063 | 45,806 |
| Cash flows from investing activities | | |
| Purchase of investments | (552,454) | (259,337) |
| Proceeds from sale of investments | 47,512 | 398,249 |
| Net cash provided (used) by investing activities | (504,942) | 138,912 |
| Net increase (decrease) in cash and cash equivalents | (465,879) | 184,718 |
| Cash and cash equivalents, beginning of year | 1,490,362 | 1,305,644 |
| Cash and cash equivalents, end of year | \$ 1,024,483 | \$ 1,490,362 |

Reconciliation of change in net assets to cash provided by operating activities

| | June 30, 2015 | June 30, 2014 |
|---|------------------|------------------|
| Change in net assets | \$ 46,758 | \$ 224,622 |
| Adjustments to reconcile change in net assets to cash provided/(used) by operating activities | | |
| Change in value, FCCC investment | (50,288) | |
| Change in value, split-interest agreement | (4,707) | |
| Realized and unrealized gain on investments | (15,830) | (83,754) |
| Amortization of pledge receivable present value | | (11,189) |
| Write off of allowance for doubtful accounts | | (156,889) |
| Changes in assets and liabilities: Decrease in pledges receivable | 57,001 | 71,984 |
| (Increase)/decrease in accounts receivable | (425) | 20,537 |
| (Increase)/decrease in prepaid expenses | 360 | (525) |
| Decrease in other assets | | (15,480) |
| Increase/(decrease) in accounts payable | 9,694 | (3,500) |
| Decrease deferred revenue | (3,500) | |
| Net cash provided by operating activities | <u>\$ 39,063</u> | <u>\$ 45,806</u> |

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
With Comparative Totals/or Year Ended June 30, 2014

| | June 30, 2015 | | | | June 30, 2014 | |
|-------------------------|------------------|------------------------|-------------------|-------------------|---------------|----------------|
| | Program Services | Management and General | Fund raising | Total | Total | |
| Donated services | \$ 89,724 | \$ 165,642 | \$ 89,724 | \$ 345,090 | \$ | 255,562 |
| Donated facilities | | 10,044 | | 10,044 | | 7,776 |
| In kind donations | | | 4,703 | 4,703 | | 53,500 |
| Scholarships and grants | 231,356 | | | 231,356 | | 179,316 |
| Salaries and benefits | | 92,675 | | 92,675 | | 84,304 |
| Services - accounting | | | | | | 85 |
| Services - other | 12,043 | 2,204 | | 14,247 | | 1,282 |
| Advertising and | 724 | 6,693 | | 7,417 | | 5,792 |
| Office expenses | 1,555 | 5,040 | 786 | 7,381 | | 13,730 |
| Conferences and | | 3,412 | | 3,412 | | 5,605 |
| Insurance | | 1,296 | | 1,296 | | 1,395 |
| Equipment | | 9,385 | | 9,385 | | 12,116 |
| College support | 31,908 | | | 31,908 | | 70,821 |
| Hospitality | 17,811 | 10,375 | 15,749 | 43,935 | | 18,679 |
| Bank charges and fees | | 1,636 | | 1,636 | | 1,036 |
| Special events | | | 2,500 | 2,500 | | 18,967 |
| Other expenses | 6,521 | 17,805 | 18,309 | 42,635 | | 41,007 |
| | <u>\$391,642</u> | <u>\$ 326,207</u> | <u>\$ 131,771</u> | <u>\$ 849,620</u> | <u>\$</u> | <u>770,973</u> |

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals/or Year Ended June 30, 2014

NOTE 1-ORGANIZATION:

The Coastline Community College Foundation (the Foundation) is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California. The Foundation was incorporated on May 21, 1984 with the express purpose of promoting and assisting the educational programs of Coastline Community College (the College) in accordance with the mission, policies and priorities of the College as administered by its President. The Foundation conducts its operations in conformity with general regulations established by the Board of Governors of the California Community Colleges and the regulations established by the Coast Community College District (the District) as required by the Education Code, Section 72672(c). The members of the Foundation's Board of Directors are composed of members from the local community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for specific purposes. Earnings generated from the permanently restricted net assets are available for scholarships.

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

COASTLINE COMMUNITY COLLEGE FOUNDATION

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

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

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

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

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

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

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

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

COASTLINE COMMUNITY COLLEGE FOUNDATION

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

In-kind Donations - The Foundation receives non-cash donations for items auctioned during their special fundraising events. These donations have been reflected in the statement of activities as in-kind contributions and as fundraising expenses. The amount represents the fair value, when available, of the donated item.

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

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

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

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

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

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

Subsequent Events - The Foundation has evaluated subsequent events through December 17, 2015, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

COASTLINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
With Comparative Totals for Year Ended June 30, 2014

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation occasionally has a need to maintain cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. At June 30, 2015 and 2014, none of the Foundation's bank balance was exposed to an uninsured credit risk.

NOTE 4 - PLEDGES RECEIVABLE:

Unconditional promises to give related to the Future Campaign and Visionary Pledge at June 30, 2015 and 2014 are as follows:

| | June 30, 2015 | June 30, 2014 |
|---------------------------------|---------------|---------------|
| Receivable - less than one year | \$ 29,920 | \$ 80,088 |
| Receivable - one to five years | 19,667 | 26,500 |
| Gross pledges receivable | \$ 49,587 | \$ 106,588 |

There are no discounts or allowance for doubtful accounts at June 30, 2015 and June 30, 2014.

NOTE 5 - INVESTMENTS:

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

| | June 30, 2015 | June 30, 2014 |
|-----------------------------------|---------------|---------------|
| Investment income, net of expense | \$ 12,324 | \$ 24,166 |
| Net realized loss | (9,106) | (23,463) |
| Net unrealized gain | 24,936 | 107,217 |
| Total | \$ 28,154 | \$ 107,920 |

COASTLINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
With Comparative Totals/or Year Ended June 30, 2014

NOTE 5 - INVESTMENTS: (continued)

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

Cost and fair values at June 30, 2015 and 2014, are as follows:

| | June 30, 2015 | | June 30, 2014 | |
|--------------|---------------|--------------|---------------|--------------|
| | Cost | Fair Value | Cost | Fair Value |
| Level 1 | | | | |
| Common stock | \$ 718,193 | \$ 830,753 | \$ 436,418 | \$ 523,257 |
| Fixed income | 730,964 | 726,609 | 502,521 | 513,672 |
| Total | \$ 1,449,157 | \$ 1,557,362 | \$ 938,939 | \$ 1,036,929 |

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

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

NOTE 6 - CONTRIBUTIONS RECEIVABLE FROM SPLIT-INTEREST AGREEMENTS:

The Foundation is the beneficiary of a split-interest charitable gift annuity agreement for which the Foundation is not the administrator. The Foundation recognized the present value of the estimated future benefits of the agreements to be received as temporarily restricted contribution revenue and as a receivable when notified of the agreement. The receivable was adjusted \$4,707 to reflect the revaluation of the present value of the estimated future payments to the lifetime beneficiary.

Contributions receivable from split-interests agreements totaled \$7,209 and \$2,502 at June 30, 2015 and 2014, respectively. These receivables represent the portion of the charitable gift annuity agreements for which the Foundation is the designated beneficiary. The contributions will be collected after the contributor's death.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$318,307 were released from temporary donor restrictions during the fiscal year ended June 30, 2015. The Foundation met donor imposed restrictions by incurring qualified expenses.

NOTE 8-ENDOWMENT:

The Foundation's endowment consists of approximately 18 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), 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.

Interpretation of relevant law

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 endowment fund that is not classified in permanently restricted net assets is 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 endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (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
- (7) The investment policies of the Foundation

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTE 8 - ENDOWMENT: (continued)

Changes in donor-restricted endowment net assets for the fiscal year June 30, 2015 with summarized changes at June 30, 2014, are as follows:

| | June 30, 2015 | | June 30, 2014 | |
|--|---------------------------|---------------------------|---------------|--------------|
| | Temporarily Restricted | Permanently Restricted | Total | Total |
| Foundation Endowment net assets, beginning of year | \$ 22,801 | \$ 1,682,314 | \$ 1,705,115 | \$ 1,536,938 |
| Investment return: | | | | |
| Investment income, net of expenses | 7,994 | | 7,994 | 7,329 |
| Net appreciation (realized and unrealized) | 29,461 | | 29,461 | (16,316) |
| Total investment return | 37,455 | | 37,455 | (8,987) |
| Contributions | | 1,952 | 1,952 | 183,918 |
| Other changes: | | | | |
| Disbursements | (10,922) | | (10,922) | (6,754) |
| Total other changes | (10,922) | | (10,922) | (6,754) |
| Foundation Endowment net assets, end of year | \$ 49,334 | \$ 1,684,266 | \$ 1,733,600 | \$ 1,705,115 |

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

COASTLINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
With Comparative Totals for Year Ended June 30, 2014

NOTE 8 - ENDOWMENT: (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on quality-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Foundation's Board of Directors has a policy of evaluating the investment income earned each year and then determining the spending criteria for that income. A portion of the income will be designated for student scholarships and the additional available income will be designated for future growth of the endowment. At the present time, there are no set criteria for spending. The Board of Directors is mindful of its responsibility to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 9 - INVESTMENTS WITH FOUNDATION FOR CALIFORNIA
COMMUNITY COLLEGES (FCCC):

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

The Foundation has transferred a total of \$277,429 to the FCCC. These funds are invested in a pooled investment fund held by the FCCC. At June 30, 2015 the fair value of this investment was \$327,717, which consisted of cash of \$19,663, equity securities of \$232,679 and fixed income instruments of \$75,375 measured at quoted prices in active markets for identical assets (Level 1). The net change in value of \$50,288 was recognized in the statement of activities, which represents a decline of \$13,185 for the year ended June 30, 2015 and an increase of \$63,413 for changes in value for previous years.

COASTLINE COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2015
With Comparative Totals for Year Ended June 30, 2014

**NOTE 9 - INVESTMENTS WITH FOUNDATION FOR CALIFORNIA
 COMMUNITY COLLEGES (FCCC): (continued)**

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

| | June 30, 2015 | | June 30, 2014 | |
|--|---------------------------|---------------------------|-------------------|-------------------|
| | Temporarily Restricted | Permanently Restricted | Total | Total |
| Investments with FCCC, beginning of year | \$ 63,812 | \$ 277,090 | \$ 340,902 | \$ 307,731 |
| Investment return: | | | | |
| Investment income, net of expenses | 7,067 | | 7,067 | 4,689 |
| Net appreciation (realized and | (4,919) | | (4,919) | 43,149 |
| Total investment return | <u>2,148</u> | | <u>2,148</u> | <u>47,838</u> |
| Disbursements | | | | |
| Fllld distnbutions | (15,333) | | (15,333) | (14,667) |
| Total disbursements | <u>(15,333)</u> | | <u>(15,333)</u> | <u>(14,667)</u> |
| Change in value, FCCC investments | <u>(13,185)</u> | | <u>(13,185)</u> | 33,171 |
| Investments with FCCC, end of year | <u>\$ 50,627</u> | <u>\$ 277,090</u> | <u>\$ 327,717</u> | <u>\$ 340,902</u> |

The CCCSE was set up to provide matching scholarships funds for California community colleges. The CCCSE was formed through a generous \$50 million matching commitment from the Osher Foundation and an initial contribution of \$25 million. The CCCSE began to distribute scholarship funding from the initial \$25 million gift to each participating community college in the 2009-10 year. The allocation is based on each college's **full** time equivalent students (FTES) and each scholarship will be valued at \$1,000 for a school year. The Foundation received \$30,000, including \$15,333 in fund distributions from investment returns, from the Osher Foundation during the year ended June 30, 2015 for scholarships.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

With Comparative Totals for Year Ended June 30, 2014

NOTE 10-RELATED PARTIES:

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

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

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the executive director, administrative assistants and accountants. In addition, working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated services and facilities for the fiscal year 2014-15 were valued at \$345,090 and \$10,044, respectively and for the fiscal year 2013-14 were valued at \$255,562 and \$7,776, respectively. These have been reflected in the financial statements as donated services and facilities.