

COASTLINE COMMUNITY COLLEGE FOUNDATION

AUDITED FINANCIAL STATEMENTS

**For the Year Ended June 30, 2016
with Comparative Totals for the Year Ended June 30, 2015
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 Community College Foundation (the Foundation), a Component Unit of Coast 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.

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.

Board of Directors
Coastline Community 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 Community College Foundation 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 Coastline Community College Foundation's financial statements as of June 30, 2015, and our report dated December 17, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 14, 2016

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2016

With Comparative Totals at June 30, 2015

ASSETS	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current Assets		
Cash and cash equivalents	\$ 1,876,126	\$ 1,024,483
Accounts receivable, net	16,405	26,300
Pledges receivable, net	<u>36,174</u>	<u>29,920</u>
Total current assets	<u>1,928,705</u>	<u>1,080,703</u>
Non-Current Assets		
Pledges receivable, net	8,649	19,667
Investments, at fair value	689,469	1,557,362
Investments with FCCC	302,983	327,717
Contributions receivable from split-interest agreements	7,209	7,209
Prepaid expenses	<u>-</u>	<u>165</u>
Total non-current assets	<u>1,008,310</u>	<u>1,912,120</u>
Total assets	<u><u>\$ 2,937,015</u></u>	<u><u>\$ 2,992,823</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	<u>\$ 8,013</u>	<u>\$ 12,286</u>
Net Assets		
Unrestricted	233,679	292,419
Temporarily restricted	727,267	726,762
Permanently restricted	<u>1,968,056</u>	<u>1,961,356</u>
Total net assets	<u>2,929,002</u>	<u>2,980,537</u>
Total liabilities and net assets	<u><u>\$ 2,937,015</u></u>	<u><u>\$ 2,992,823</u></u>

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

With Comparative Totals for Year Ended June 30, 2015

	June 30, 2016			June 30, 2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Support and revenue					
Contributions	\$ 35,715	\$ 328,375	\$ 6,700	\$ 370,790	\$ 388,472
In-kind donations	4,042			4,042	4,703
Special events	73,740			73,740	64,920
Miscellaneous income	1,009			1,009	-
Donated services	266,379			266,379	345,090
Donated facilities	10,044			10,044	10,044
Total support and revenue	<u>390,929</u>	<u>328,375</u>	<u>6,700</u>	<u>726,004</u>	<u>813,229</u>
Other income					
Interest and dividends, net of expenses	10,372	7,644		18,016	12,324
Realized gain (loss) on sale of investments	4,852	6,420		11,272	(9,106)
Unrealized gain (loss) on investments	(7,886)	(47,151)		(55,037)	24,936
Change in value, FCCC investments		(24,733)		(24,733)	50,288
Change in value, split-interest agreement				-	4,707
Total other income	<u>7,338</u>	<u>(57,820)</u>	<u>-</u>	<u>(50,482)</u>	<u>83,149</u>
Total revenues before net assets released from restrictions	398,267	270,555	6,700	675,522	896,378
Net assets released from restrictions	<u>217,550</u>	<u>(217,550)</u>		<u>-</u>	<u>-</u>
Total revenues	<u>615,817</u>	<u>53,005</u>	<u>6,700</u>	<u>675,522</u>	<u>896,378</u>
EXPENSES					
Program services	388,039			388,039	391,642
Supporting services					
Management and general	244,571			244,571	326,207
Fundraising	94,447			94,447	131,771
Total expenses	<u>727,057</u>	<u>-</u>	<u>-</u>	<u>727,057</u>	<u>849,620</u>
Change in net assets before transfers	(111,240)	53,005	6,700	(51,535)	46,758
Transfers for changes in designations	<u>52,500</u>	<u>(52,500)</u>		<u>-</u>	<u>-</u>
Change in net assets after transfers	<u>(58,740)</u>	<u>505</u>	<u>6,700</u>	<u>(51,535)</u>	<u>46,758</u>
NET ASSETS					
Beginning of year	<u>292,419</u>	<u>726,762</u>	<u>1,961,356</u>	<u>2,980,537</u>	<u>2,933,779</u>
End of year	<u>\$ 233,679</u>	<u>\$ 727,267</u>	<u>\$ 1,968,056</u>	<u>\$ 2,929,002</u>	<u>\$ 2,980,537</u>

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

	June 30, 2016	June 30, 2015
Cash flows from operating activities		
Contributions, fundraising and other income	\$ 460,198	\$ 506,468
Interest	18,016	12,324
Payments to/on-behalf of employees	(89,706)	(92,675)
Payments to suppliers	(107,420)	(155,698)
Payments to/on-behalf of students for scholarships	(253,574)	(231,356)
Net cash provided by operating activities	27,514	39,063
Cash flows from investing activities		
Purchase of investments	(206,474)	(552,454)
Proceeds from sale of investments	1,030,603	47,512
Net cash provided (used) by investing activities	824,129	(504,942)
Net increase (decrease) in cash and cash equivalents	851,643	(465,879)
Cash and cash equivalents, beginning of year	1,024,483	1,490,362
Cash and cash equivalents, end of year	\$ 1,876,126	\$ 1,024,483
 Reconciliation of change in net assets to cash provided by operating activities		
Change in net assets	\$ (51,535)	\$ 46,758
Adjustments to reconcile change in net assets to cash provided/(used) by operating activities		
Change in value, FCCC investment	24,733	(50,288)
Change in value, split-interest agreement	-	(4,707)
Realized and unrealized (gain) loss on investment	43,765	(15,830)
Changes in assets and liabilities:		
Decrease in pledges receivable	4,764	57,001
(Increase)/decrease in accounts receivable	9,895	(425)
(Increase)/decrease in prepaid expenses	165	360
Increase/(decrease) in accounts payable	(4,273)	9,694
Decrease deferred revenue	-	(3,500)
Net cash provided by operating activities	\$ 27,514	\$ 39,063

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

	June 30, 2016				June 30, 2015
	Program Services	Management and General	Fundraising	Total	Total
Donated services	\$ 69,259	\$ 127,861	\$ 69,259	\$ 266,379	\$ 345,090
Donated facilities		10,044		10,044	10,044
In kind donations			4,042	4,042	4,703
Scholarships and grants	253,574			253,574	231,356
Salaries and benefits		89,706		89,706	92,675
Services - other	1,600	66		1,666	14,247
Advertising and promotion	1,727			1,727	7,417
Office expenses	3,044	3,398		6,442	7,381
Conferences and meetings		145		145	3,412
Insurance		1,296		1,296	1,296
Equipment		285		285	9,385
College support	32,532			32,532	31,908
Hospitality	16,606	6,076	565	23,247	43,935
Bank charges and fees		1,020		1,020	1,636
Special events			20,564	20,564	2,500
Other expenses	9,697	4,674	17	14,388	42,635
	<u>\$ 388,039</u>	<u>\$ 244,571</u>	<u>\$ 94,447</u>	<u>\$ 727,057</u>	<u>\$ 849,620</u>

See the accompanying notes to the financial statements.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

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 the present value of the estimated future benefits of the agreement.

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

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, 2015.

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 14, 2016 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, 2016

With Comparative Totals for Year Ended June 30, 2015

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Custodial credit risk is the risk that, in the event of a financial institution's failure, the Foundation may not be able to recover its deposits or investments. 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, 2016 and 2015, \$234,605 and \$212,812, respectively, of the Foundation's cash balance were exposed to an uninsured credit risk. Of the total investments, the Foundation has a custodial credit risk exposure because the related securities are uninsured and unregistered. The Foundation does not have a policy limiting the amount of securities that can be held by the counterparties.

NOTE 4 - PLEDGES RECEIVABLE:

Unconditional promises to give related to the Future Campaign and Visionary Pledge at June 30, 2016 and 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Receivable - less than one year	\$ 36,174	\$ 29,920
Receivable - one to five years	<u>8,649</u>	<u>19,667</u>
Gross pledges receivable	<u>\$ 44,823</u>	<u>\$ 49,587</u>

There are no discounts or allowance for doubtful accounts at June 30, 2016 and June 30, 2015.

NOTE 5 - INVESTMENTS:

Investment return for the years ended June 30, 2016 and 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Investment income, net of expense	\$ 18,016	\$ 12,324
Net realized loss	11,272	(9,106)
Net unrealized gain	<u>(55,037)</u>	<u>24,936</u>
Total	<u>\$ (25,749)</u>	<u>\$ 28,154</u>

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

NOTE 5 - INVESTMENTS: (continued)

Investments are recorded at cost at date of acquisition or fair value at date of donation. As of June 30, 2016 and 2015 the investments are reported at fair value.

Cost and fair values at June 30, 2016 and 2015, are as follows:

	June 30, 2016		June 30, 2015	
	Cost	Fair Value	Cost	Fair Value
	<u>Level 1</u>			
Common stock	\$ 28,549	\$ 33,419	\$ 718,193	\$ 830,753
Fixed income	652,286	656,050	730,964	726,609
Total	\$ 680,835	\$ 689,469	\$ 1,449,157	\$ 1,557,362

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 agreement to be received as temporarily restricted contribution revenue and as a receivable when notified of the agreement.

Contributions receivable from split-interests agreements totaled \$7,209 at June 30, 2016 and 2015. The receivable represents the portion of the charitable gift annuity agreement for which the Foundation is the designated beneficiary. The contribution will be collected after the contributor's death.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$217,550 were released from temporary donor restrictions during the fiscal year ended June 30, 2016. 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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

NOTE 8 - ENDOWMENT: (continued)

Changes in donor-restricted endowment net assets for the fiscal year June 30, 2016 with summarized changes at June 30, 2015, are as follows:

	<u>June 30, 2016</u>			<u>June 30, 2015</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Foundation Endowment net assets, beginning of year	\$ 49,673	\$ 1,683,927	\$ 1,733,600	\$ 1,705,115
Investment return:				
Investment income, net of expenses	7,651		7,651	7,994
Net appreciation (depreciation) - realized and unrealized	<u>(39,927)</u>		<u>(39,927)</u>	<u>29,461</u>
Total investment return	<u>(32,276)</u>	<u>-</u>	<u>(32,276)</u>	<u>37,455</u>
Contributions		6,700	6,700	1,952
Other changes:				
Disbursements	<u>(15,900)</u>		<u>(15,900)</u>	<u>(10,922)</u>
Total other changes	<u>(15,900)</u>	<u>-</u>	<u>(15,900)</u>	<u>(10,922)</u>
Foundation Endowment net assets, end of year	<u>\$ 1,497</u>	<u>\$ 1,690,627</u>	<u>\$ 1,692,124</u>	<u>\$ 1,733,600</u>

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, 2016

With Comparative Totals for Year Ended June 30, 2015

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, 2016 the fair value of this investment was \$302,983, which consisted of cash of \$17,573, equity securities of \$194,515 and fixed income instruments of \$90,895 measured at quoted prices in active markets for identical assets (Level 1). A net investment loss of \$7,400 was recognized during the year ended June 30, 2016. Fund distributions from investment returns for the year ended June 30, 2016 were \$17,333 and are recognized as a change in value, FCCC investments.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

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

Changes in FCCC net assets for the fiscal years ended June 30, 2016 and 2015 are as follows:

	June 30, 2016			June 30, 2015
	Temporarily Restricted	Permanently Restricted	Total	Total
Investments with FCCC, beginning of year	<u>\$ 50,288</u>	<u>\$ 277,429</u>	<u>\$ 327,717</u>	<u>\$ 340,902</u>
Investment return:				
Investment income, net of expenses	5,809		5,809	7,067
Net appreciation (depreciation) - realized and unrealized	<u>(13,209)</u>		<u>(13,209)</u>	<u>(4,919)</u>
Total investment return	<u>(7,400)</u>	<u>-</u>	<u>(7,400)</u>	<u>2,148</u>
Disbursements				
Fund distributions	<u>(17,333)</u>		<u>(17,333)</u>	<u>(15,333)</u>
Total disbursements	<u>(17,333)</u>	<u>-</u>	<u>(17,333)</u>	<u>(15,333)</u>
Change in value, FCCC investments	<u>(24,733)</u>	<u>-</u>	<u>(24,733)</u>	<u>(13,185)</u>
Investments with FCCC, end of year	<u><u>\$ 25,555</u></u>	<u><u>\$ 277,429</u></u>	<u><u>\$ 302,984</u></u>	<u><u>\$ 327,717</u></u>

The CCCSE was established 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 \$33,000 from the Osher Foundation during the year ended June 30, 2016 for scholarships.

COASTLINE COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

With Comparative Totals for Year Ended June 30, 2015

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 2015-16 were valued at \$266,379 and \$10,044, respectively and for the fiscal year 2014-15 were valued at \$345,090 and \$10,044, respectively. These have been reflected in the financial statements as donated services and facilities.

NOTE 11 – TRANSFER FOR CHANGES IN DESIGNATIONS:

The corpus amounts of net assets were researched by the Foundation during the 2015-16 fiscal year to identify unrestricted donations which had been classified as temporarily restricted. These amounts were transferred to the proper classification.