VENTURA COLLEGE FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2015

VENTURA COLLEGE FOUNDATION

JUNE 30, 2015

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street, 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, Fax: (805) 880-0350, www.mcgowan.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ventura College Foundation
Ventura, California

We have audited the accompanying financial statements of the Ventura College Foundation (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ventura College Foundation as of June 30, 2015, and the change 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 Ventura College Foundation June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated September 24, 2014. 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.

McGowan Guntermann

October 22, 2015

VENTURA COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With Comparative Totals for June 30, 2014)

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	(Memo) Total 2014
CURRENT ASSETS					
Cash and equivalents	$ 45,567	$ 185,950	$ -	$ 231,517	$ 449,296
Accounts receivable	18,860	-	-	18,860	4,404
Pledges receivable	-	15,750	-	15,750	26,776
Prepaid expenses and deposits	30,686	-	-	30,686	20,396
Total Current Assets	95,113	201,700	-	296,813	500,872
INVESTMENTS	431,750	1,087,808	6,298,248	7,817,806	7,570,428
PROPERTY AND EQUIPMENT					
Office equipment	125,080	-	-	125,080	125,080
Leasehold improvements	96,631	-	-	96,631	96,631
	221,711	-	-	221,711	221,711
Less: accumulated depreciation	(158,751)	-	-	(158,751)	(143,753)
Net Property and Equipment	62,960	-	-	62,960	77,958
OTHER ASSETS					
Due from unrestricted fund	-	-	62,904	62,904	64,455
Beneficial interests in remainder trusts	-	169,538	-	169,538	177,256
FCCC Scholarship Endowment	551,643	-	852,620	1,404,263	1,436,473
Total Other Assets	551,643	169,538	915,524	1,636,705	1,678,184
TOTAL ASSETS	**$ 1,141,466**	**$ 1,459,046**	**$ 7,213,772**	**$ 9,814,284**	**$ 9,827,442**

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	(Memo) Total 2014
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	$ 65,227	$ -	$ -	$ 65,227	$ 89,118
Promise grant payable	185,951	-	-	185,951	172,128
Scholarships payable	561,237	-	-	561,237	411,131
Total Current Liabilities	812,415	-	-	812,415	672,377
OTHER LIABILITIES					
Unfunded pension obligation	142,912	-	-	142,912	159,350
Due to permanently restricted fund	62,904	-	-	62,904	64,455
Total Other Liabilities	205,816	-	-	205,816	223,805
TOTAL LIABILITIES	1,018,231	-	-	1,018,231	896,182
NET ASSETS					
Unrestricted					
Operating deficit	(428,408)			(428,408)	(311,534)
Board designated FCCC Scholarship Endowment	551,643	-	-	551,643	573,773
Total unrestricted	123,235	-	-	123,235	262,239
Temporarily restricted	-	1,459,046	-	1,459,046	1,574,531
Permanently restricted	-	-	7,213,772	7,213,772	7,094,490
Total Net Assets	123,235	1,459,046	7,213,772	8,796,053	8,931,260
TOTAL LIABILITIES AND NET ASSETS	**$ 1,141,466**	**$ 1,459,046**	**$ 7,213,772**	**$ 9,814,284**	**$ 9,827,442**

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

VENTURA COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	(Memo) Total 2014
REVENUE, GAINS, AND OTHER SUPPORT					
Contributions, grants, and bequests	$ 446,321	$ 201,700	$ 152,477	$ 800,498	$ 892,855
Contributions, grants, and bequests (in-kind)	166,412	-	-	166,412	133,256
Marketplace income	1,409,109	-	-	1,409,109	1,467,150
Interest and dividends	-	250,593	-	250,593	197,963
Net realized and unrealized gain on investments	5,978	119,000	-	124,978	788,733
Change in value of FCCC endowment	(22,130)	-	(33,195)	(55,325)	140,268
Change in value of beneficial interest in remainder trusts	-	(464)	-	(464)	309
Net assets released from restrictions	686,314	(686,314)	-	-	-
Total Revenue, Gains, and Other Support	2,692,004	(115,485)	119,282	2,695,801	3,620,534
EXPENSES					
Program Services					
Scholarships	661,264	-	-	661,264	491,444
Promise grants	420,880	-	-	420,880	359,717
Other program services	554,894	-	-	554,894	579,135
Total Program Services	1,637,038	-	-	1,637,038	1,430,296
Management and General					
Marketplace	511,872	-	-	511,872	502,515
Other management and general	155,522	-	-	155,522	203,671
Total Management and General	667,394	-	-	667,394	706,186
Development and Fundraising	526,576	-	-	526,576	452,710
Total Expenses	2,831,008	-	-	2,831,008	2,589,192
CHANGE IN NET ASSETS	**(139,004)**	**(115,485)**	**119,282**	**(135,207)**	**1,031,342**
NET ASSETS, BEGINNING OF YEAR	262,239	1,574,531	7,094,490	8,931,260	8,059,268
CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	-	(159,350)
NET ASSETS, END OF YEAR	**$ 123,235**	**$ 1,459,046**	**$ 7,213,772**	**$ 8,796,053**	**$ 8,931,260**

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

VENTURA COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Program Services				Management and General			Development	Total	(Memo) Total
	Scholarships	Promise	Campus	Subtotal	Marketplace	Other	Subtotal	Fundraising	2015	2014
Direct Program Expenses	$ 583,697	$ 356,525	$ 529,372	$ 1,469,594	$ -	$ -	$ -	$ -	$ 1,469,594	$ 1,247,261
Payroll Related Expenses										
Salaries and wages	29,462	29,462	7,359	66,283	209,124	30,904	240,028	273,769	580,080	559,467
Benefits	15,632	15,632	4,137	35,401	62,492	18,383	80,875	60,978	177,254	167,853
Payroll taxes	2,181	2,181	542	4,904	15,421	2,572	17,993	21,091	43,988	41,537
Total Payroll Related Expenses	47,275	47,275	12,038	106,588	287,037	51,859	338,896	355,838	801,322	768,857
Operating Expenses										
Rent and maintenance	7,200	7,200	7,200	21,600	93,697	7,200	100,897	7,200	129,697	131,797
Outside services	192	192	192	576	72,846	575	73,421	50,722	124,719	138,466
Miscellaneous	13,378	166	166	13,710	8,149	11,803	19,952	24,975	58,637	47,314
Investment fees	-	-	-	-	-	43,616	43,616	-	43,616	40,809
Professional services	-	-	-	-	-	21,330	21,330	21,568	42,898	72,414
Meetings, conferences, and travel	2,398	2,398	2,398	7,194	3,886	7,195	11,081	17,778	36,053	17,453
Supplies and materials	894	894	894	2,682	21,963	2,681	24,644	1,546	28,872	19,502
Printing and promotion	494	494	494	1,482	967	1,320	2,287	20,069	23,838	32,351
Computer and software	3,748	3,748	152	7,648	5,622	619	6,241	8,615	22,504	19,570
Depreciation	1,046	1,046	1,046	3,138	5,585	3,138	8,723	3,137	14,998	16,148
Postage and shipping	22	22	22	66	3,757	131	3,888	10,871	14,825	6,115
Insurance	473	473	473	1,419	2,830	1,420	4,250	1,923	7,592	6,508
Bank fees	-	-	-	-	5,533	203	5,736	1,453	7,189	7,660
Dues and subscriptions	447	447	447	1,341	-	1,342	1,342	881	3,564	7,311
Unemployment claims	-	-	-	-	-	1,090	1,090	-	1,090	9,656
Total Operating Expenses	30,292	17,080	13,484	60,856	224,835	103,663	328,498	170,738	560,092	573,074
Total Expenses 2015	**$ 661,264**	**$ 420,880**	**$ 554,894**	**$ 1,637,038**	**$ 511,872**	**$ 155,522**	**$ 667,394**	**$ 526,576**	**$ 2,831,008**	
Total Expenses 2014 (Memo)	$ 491,444	$ 359,717	$ 579,135	$ 1,430,296	$ 502,515	$ 203,671	$ 706,186	$ 452,710		$ 2,589,192

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

VENTURA COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015
(With Comparative Amounts for the Year Ended June 30, 2014)

	2015	(Memo) 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (135,207)	$ 871,992
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	14,998	16,147
Contributions restricted for long-term investment	(152,477)	(164,600)
Net realized and unrealized gains on long-term investments	(124,978)	(788,733)
Decrease (increase) in value of FCCC endowment	55,325	(140,268)
Decrease (increase) in pledges and accounts receivable	(3,430)	210,817
Increase in prepaid expenses and deposits	(10,290)	(4,366)
Decrease (increase) in value of beneficial interest in remainder trusts	7,718	(160,309)
(Increase) decrease in accounts payable and accrued expenses	(23,891)	153,581
Increase in scholarships and promise payable	163,929	63,481
Increase (decrease) in unfunded pension obligation	(16,438)	159,350
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(224,741)	217,092
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	3,393,097	3,889,424
Purchase of marketable securities	(3,538,612)	(4,367,100)
NET CASH USED BY INVESTING ACTIVITIES	(145,515)	(477,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	152,477	164,600
NET CASH PROVIDED BY FINANCING ACTIVITIES	152,477	164,600
NET DECREASE IN CASH	**(217,779)**	**(95,984)**
CASH, BEGINNING OF YEAR	449,296	545,280
CASH, END OF YEAR	**$ 231,517**	**$ 449,296**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2015	2014
Non-cash transactions consisted of the following:		
In-kind contribution of goods for program and administrative expenses	$ 75,412	$ 42,256
In-kind contribution of rents for marketplace and administrative offices	$ 91,000	$ 91,000

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Ventura College Foundation, (the "Foundation") a charitable corporation, was incorporated in 1983. The Foundation is under the control of a Board of Directors comprised of eleven to thirty members and is administered by an Executive Director. The Foundation was formed to promote the general welfare of Ventura College. The Foundation is exempt from income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a nonprofit organization, not a private foundation, as defined in Section 509(a)(3) of the Internal Revenue Code.

Basis of Accounting

The accompanying financial statements of the Foundation are prepared using the accrual basis of accounting.

Classification of Net Assets

The Foundation reports information regarding its financial position and activities in three classes of net assets - unrestricted, temporarily restricted, and permanently restricted - based on the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets consist of funds free of any donor-imposed restrictions and are divided into two components. First, the unrestricted fund accounts for resources over which the governing board has discretionary control for use in carrying on the general operations of the Foundation. Contributions and grants for general unrestricted purposes are all accounted for in the unrestricted fund. Second, the board designated fund consists of endowment assets set aside by the board for scholarships and general operations, including matching contributions for the Foundation for California Community Colleges (FCCC) Osher initiative. In accordance with accounting principles generally accepted in the United States of America, endowment fund deficiencies are reported as a reduction in unrestricted net assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions and other inflows of funds subject to time or donor-imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Foundation that fulfill donor stipulations. Temporarily restricted net assets include pledges receivable, beneficial interests in remainder trusts, earnings on endowment funds, and funds received for scholarships to be awarded in future years. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as "net assets released from restrictions".

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (continued)

Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions and other inflows of funds subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Permanently restricted net assets also consist of those donor-restricted endowments held by the Foundation as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Investment income generated by permanently restricted assets is temporarily restricted by law until appropriated by the Board in support of the Foundation's programs and operations. Income related to the FCCC Osher initiative endowment is reported as unrestricted contributions when received on the Statement of Activities. The change in value of the underlying permanently restricted net assets is recorded as an unrealized gain or loss in permanently restricted net assets on the Statement of Activities.

Cash and Cash Equivalents

The Foundation considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation records investments in securities with readily determinable market values at fair value. The fair value of investments in securities traded on national securities exchanges is valued at the closing price on the last business day of the year. The investments in hedge funds, partnerships and private equity, for which quoted market prices are not readily available, are determined by management in good faith with the assistance of third-party investment managers using methods they consider appropriate. Realized and unrealized gains and losses are included in the change in net assets.

Donated Property and Investments

Donated property and investments are recorded as contributions at their fair market value at date of receipt.

Property and Equipment

Property and equipment is stated at cost, or fair market value if donated. In general, the Foundation capitalizes assets with a cost of $2,000 or more and an expected useful life of greater than one year. Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Marketplace improvements	7 – 15 years
Office and equipment	3 – 10 years
Furniture	5 – 10 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a California nonprofit public benefit corporation, which is exempt from income taxes under Internal Revenue Code Section number 501(c)(3) and State of California Revenue and Taxation Code Section 23701(d); therefore, no provision for income taxes is required. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonable estimable. As of June 30, 2015, the Foundation had no uncertain tax positions requiring accrual. The Foundation files tax returns in California and U.S. federal jurisdictions. The Foundation is no longer subject to U.S. federal and state tax examinations by tax authorities for years ended before June 30, 2011 and 2010, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. It is at least reasonably possible that the significant estimates could change in the coming year and accordingly, actual results could differ from those estimates.

Significant estimates used in the preparation of these financial statements include:

- Allocation of certain expenses by function.
- Variables and discount factors used in determining residual interest in charitable remainder trusts.
- Fair market value of certain investments.
- Allowance for contributions receivable.
- Depreciable lives of property and equipment.

Donated Services

Donated goods and services received by the Foundation are recorded at fair market value at the time of the donation. During the fiscal year ended June 30, 2015, volunteers gave their time and expertise to the Foundation in a wide variety of areas including service on the Board of Directors; scholarship committees; administrative, and technical and financial advice. This contribution, despite its considerable value to the mission of the Foundation, is not reflected in the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded at their fair value on the date of donation. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Scholarships Payable

The Foundation records scholarships at the time they are awarded. The Foundation's scholarship committee meets each year to select students who will receive scholarship awards. The scholarship awards are announced in May and booked as a liability at the end of the fiscal year and are payable in the following school year. Any scholarships not claimed by the following fiscal school year are rescinded and returned to the appropriate fund and netted against program expenses for the year.

Functional Expenses

The Foundation allocates its expenses on a functional basis among its various program, management and general, and fundraising expenses. Expenses that can be identified with a specific area are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising Expenses

Advertising costs are expensed as incurred.

Subsequent Events

The Foundation has evaluated subsequent events through October 22, 2015, the date which the financial statements were available to be issued.

Note 2 - PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Management expects no material write-offs for receivables at June 30, 2015; therefore, no current provision has been made. At June 30, 2015, pledges receivable in the amount of $15,750 are expected to be collected in full during the year ended June 30, 2016.

Note 3 - INVESTMENTS

Investments are presented in the financial statements at fair market value, which is derived from quoted market prices at year end. At June 30, 2015, investments consist of the following:

	Cost	Market Value	Market Over (Below) Cost
Money market	$ 423,645	$ 423,645	$ -
Equities	3,915,593	4,496,929	581,336
Fixed income	2,911,009	2,897,232	(13,777)
Total Investments	$ 7,250,247	$ 7,817,806	$ 567,559

The following summarizes the net change in unrealized gain on investments:

	Cost	Market Value	Excess of Market Over Cost
Balance at end of the year	$ 7,250,247	$ 7,817,806	$ 567,559
Balance at the beginning of the year	6,802,826	7,570,428	767,602
Net change in unrealized gain			$ (200,043)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2015:

Dividends and interest	$ 250,593
Net unrealized loss	(200,043)
Net realized gains	325,021
Investment expense	(43,618)
Return on investments	$ 331,953

Note 4 - PLANNED GIVING

The Foundation is the residual beneficiary of two charitable remainder trusts, the assets of which are not in the possession of the Foundation. Upon termination of the trusts, the Foundation shall receive the assets remaining in the trust. The Foundation recognizes annually the change in the present value of the estimated future benefits to be received when the trust assets are distributed as increases or decreases in the value of split-interest agreements on the Statements of Activities.

Note 5 - LEASES

The Foundation entered into an annual lease agreement with Ventura College. This lease includes office space, utilities, liability and property insurance. The annual rent for this agreement is one dollar. This lease is automatically renewable on an annual basis. A donative value has been assigned to the lease based on the fair value of the rent totaling $36,000 for the year ended June 30, 2015.

Note 6 - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.
Level 2	Inputs to the valuation methodology may include: quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measured at fair value.

Money market	Money market funds valued at the net asset value (NAV) of shares held at year end.
Equities and Fixed income	Equities and fixed income include a variety of publically traded stocks from various industries invested for both growth and value. They are valued utilizing quoted market prices available in active markets for identical investments at the reporting date.
FCCC Endowment	Valued at the percentage share of assets held by FCCC based upon quoted market prices at year end.
Planned giving	Valued at estimated net present value (NPV) of beneficial interest in trust.

Note 6 - FAIR VALUE MEASUREMENT (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value of reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the assets at fair values as of June 30, 2015:

Description	Level 1	Level 2	Level 3	Total
Investments				
Money market	$ 423,645	$ -	$ -	$ 423,645
Large-Cap Blend	2,222,999	-	-	2,222,999
Mid-Cap Blend	446,142	-	-	446,142
Large-Cap Value	840,262	-	-	840,262
U.S. Government Bond	44,908			44,908
Fixed income	1,242,880	-	-	1,242,880
International Blend	726,482	-	-	726,482
Intermediate Bond	1,537,324	-	-	1,537,324
High Yield Bond	333,164	-	-	333,164
Subtotal Investments	7,817,806	-	-	7,817,806
FCCC Endowment	-	1,404,263	-	1,404,263
Planned giving	-	169,538	-	169,538
Total assets measured at fair value	$ 7,817,806	$ 1,573,801	$ -	$ 9,391,607

Note 7 - CONTINGENT LIABILITY

The Foundation is self-insured for unemployment compensation to former employees. The amount of any contingent liability existing as of June 30, 2015 is not determinable. Unemployment compensation fees for the year ended June 30, 2015 totaled $1,090.

Note 8 - CONCENTRATIONS AND RISKS

Market Risk

The Foundation holds its investments in a diversified portfolio. Nevertheless, these investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

Note 8 - CONCENTRATIONS AND RISKS (CONTINUED)

Concentrations of Revenue

The Foundation operates a swap meet called the Market Place to raise funds to promote the general welfare of the College. The parking lot space used for this activity is donated by the College to the Foundation and is rented on weekends to vendors. A donative value has been assigned to the donated parking lot space based on the fair value of the rent totaling $55,000 for the year ended June 30, 2015. The rental fees represent a substantial portion of revenue for the Foundation each year. Should the Market Place cease to take place, there would be significant financial effect on the Foundation.

A majority of the donors to the Foundation are from Ventura County.

Credit Risk

The Foundation maintains cash balances at banks insured by the Federal Deposit Insurance Corporation (FDIC). The Federal Deposit Insurance Corporation (FDIC) only insures the first $250,000 of funds on deposit at any one institution. As of June 30, 2015, the Foundation did not have any uninsured cash.

Note 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors. For the year ended June 30, 2015, the passage of time restrictions by collecting pledges receivable and awarding of various scholarships resulted in net assets released from restriction in the amount of $686,314.

Note 10 - COMMUNITY FOUNDATION ENDOWMENT

The Foundation is the beneficiary of an endowment fund held by Ventura County Community Foundation (VCCF). The balance in the endowment was $1,187,380 at June 30, 2015. Because VCCF has been granted variance power, the endowment is not recorded on the Foundation's financial statements. The income from this endowment is used to grant scholarships to students who have attended Ventura Community College and are continuing their education at any four year college, university or graduate school. According to the fund agreement, the Foundation is entitled to the income produced by the endowment in accordance with VCCF's spending policy, but has no control or access to the principal. For the year ended June 30, 2015, distributions from the VCCF endowment totaled $53,921.

Note 11 - FCCC OSHER INITIATIVE ENDOWMENT

The Foundation for California Community Colleges (FCCC) created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in 2008 with a lead gift from The Bernard Osher Foundation which provided a 50 percent match of contributions up to $25 million. As of June 30, 2015, the Foundation has FCCC endowments totaling $1,404,263. The donor-restricted funds are reflected as permanently restricted net assets, while the Board-designated portion is included in the unrestricted net asset balance. The Foundation estimates that it will receive an annual distribution of 5% to be used for scholarships in accordance with the fund agreement. Because the FCCC retains control over the distributions and the Foundation has no control or access to the principal, the matching portion of the endowment, which totaled $679,080 as of June 30, 2015, is not recorded on the Foundation's financial statements. For the year ended June 30, 2015, distributions from the Osher endowment totaled $119,000.

Note 12 - ENDOWMENT FUNDS

<u>Interpretation of Relevant Law</u>

The Board of Directors of the Foundation has interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a long-term investment strategy designed to preserve 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 has classified those funds for which there is explicit donor prohibition 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 funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard for prudence prescribed by UPMIFA.

In accordance with California UPMIFA, the organization 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.

Note 12 - ENDOWMENT FUNDS (CONTINUED)

Endowment net assets are composed of the following as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ (62,904)	$ 750,217	$ 7,213,772	$ 7,901,085
Board-restricted	551,643	-	-	551,643
Total endowments	$ 488,739	$ 750,217	$ 7,213,772	$ 8,452,728

Return Objectives and Risk Parameters

The Foundation 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 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 provide a reasonable balance between the quest for growth and the need to protect principal. The Foundation expects its endowment funds, over time, to provide an average annual rate of return of approximately eight percent. Actual returns in any given year may vary from this amount.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets Including board designated, beginning of year	$ 504,891	$ 801,150	$ 7,094,490	$ 8,400,531
Net investment return (investment income, realized and unrealized gains and losses)	(16,152)	325,975	(33,195)	276,628
Contributions	-	-	152,477	152,477
Appropriation of endowment assets for expenditure	-	(376,908)	-	(376,908)
Endowment net assets, Including board designate, end of year	$ 488,739	$ 750,217	$ 7,213,772	$ 8,452,728

Note 12 - ENDOWMENT FUNDS (CONTINUED)

Strategies Employed for Achieving Goals

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 equity-based investments to achieve its long-term return objective within prudent portfolio risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount not to exceed five percent of the twelve quarter rolling average of the fair market value of the endowment assets. In some instances, the Board may decide to appropriate an amount greater than its stated policy if it is specifically deemed prudent to do so. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow to cover inflation and other expected fees. This is consistent with the Foundation's objective 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.

Endowment Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor and board restricted funds may fall below the level that current law requires the Foundation to retain for a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported as a reduction in unrestricted net assets. Such deficiencies may result from unfavorable market fluctuations, particularly if the funds were invested in the endowment pool shortly prior to significant market declines. As of June 30, 2015, the Foundation held nine donor-restricted endowment funds where the market value had fallen below the original corpus due to market conditions. The amount of the shortfall totaled $62,904.

Note 13 - NET ASSETS

Unrestricted Net Assets

As of June 30, 2015, unrestricted net assets consist of the following:

Operating deficit	$ (285,552)
Unfunded pension obligation	(142,912)
Donor-restricted endowment deficit	(62,904)
Net property and equipment	62,960
Board designated FCCC endowment	551,643
Total unrestricted net assets	$ 123,235

Note 13 - NET ASSETS (CONTINUED)

Temporarily Restricted Net Assets

As of June 30, 2015, temporarily restricted net assets consist of the following:

Pledges receivable	$ 15,750
Planned giving	169,538
Campus support and programs	56,481
Donations restricted for scholarships	467,060
Un-appropriated earnings on endowments	750,217
Total temporarily restricted net assets	$ 1,459,046

Permanently Restricted Net Assets

As of June 30, 2015, permanently restricted net assets consist of the following:

Donor-restricted FCCC endowment	$ 852,620
Orfalea Child Development Center	1,232,127
Other donor-restricted endowment funds	5,129,025
Total permanently restricted net assets	$ 7,213,772

Note 14 - DEFINED BENEFIT PLAN

Plan Description

In 2007, the Foundation entered into the defined benefit pension plan offered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. As the Foundation is a public agency with fewer than 100 active members, their plan is required to participate in a risk pool. CalPERS issues a separate comprehensive annual report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office.

Funding Policy

Active plan members are divided into two categories of "classic" (those employed prior to January 1, 2013) and "new" (those employed after January 1, 2013). Classic plan members are required to contribute 7% of their annual covered salary, while new plan member contribute 6.25%. The Foundation is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required contribution rate for fiscal year ended June 30, 2015, was 13.018% for classic plan members and 6.25% for new plan members. The contribution requirements of plan members and the Foundation are established by State statute and the employer contribution rate is established and amended by CalPERS.

Note 14 - DEFINED BENEFIT PLAN (CONTINUED)

Annual Pension Cost

For fiscal year ended June 30, 2015, the Foundation's annual pension cost of $52,114 for CalPERS was equal to the Foundation's required contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) 3.30% overall payroll growth, (c) 3.00 % per year cost-of-living adjustments and (d) 2.75% inflation. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period (smoothed market value) depending on the size of investment gains and/or losses. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage or projected payroll on a closed basis, which is dependent on the plan's date of entry into CalPERS.

The following is a three year trend analysis for the annual pension cost and net pension obligation of the Foundation:

	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2013	$ 48,569	95%	$ 2,652
June 30, 2014	$ 46,911	100%	$ -
June 30, 2015	$ 52,114	100%	$ -

The following is a three year trend analysis for the funding status of the Plan's Share of pool's value of assets and liabilities as of June 30, 2013 based upon the most recent actuarial report issued October 2014:

Valuation Date	Accrued Liabilities (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability (UL)	Funded Ratio
June 30, 2011	$ 443,111	$ 312,961	$ 130,150	70.6%
June 30, 2012	$ 503,767	$ 344,417	$ 159,350	68.4%
June 30, 2013	$ 530,266	$ 387,354	$ 142,912	73.0%

Note 15 - CHANGE IN ACCOUNTING PRINCIPLE

In accordance with GASB 68, the Foundation has retroactively recognized an unfunded pension obligation liability as of June 30, 2014. The prior period net assets have been restated for the $159,350 estimated liability based upon the June 30, 2013 actuarial valuation issued by the California Public Employees Retirement System (CalPERS) in October 2014. As of June 30, 2015, the Foundation has an estimated unfunded pension liability of $142,912 based upon the June 30, 2013 actuarial valuation report. The current year decrease in the unfunded pension obligation of $16,438 has been recognized as an offsetting amount to the current year pension expense. In the unlikely case of a hypothetical termination, the Foundation would have an estimated unfunded pension liability of $445,754 as of June 30, 2015.

Note 16 - RECLASSIFICATION

Certain amounts from the June 30, 2014 financial statements have been reclassified to conform to the June 30, 2015 financial statement presentation.