



Victor
Valley
College
Foundation
Their dreams, your passion, our mission!



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2016 AND JUNE 30, 2015**

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

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Board of Directors
Victor Valley College District Foundation, Inc.
Victorville, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Victor Valley College District Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Victor Valley College District Foundation, Inc. as of June 30, 2016 and 2015, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 3, 2016

FINANCIAL STATEMENTS

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit Organization)

STATEMENTS OF FINANCIAL POSITION**JUNE 30, 2016 AND 2015**

	2016	2015
ASSETS		
Current Assets		
Cash	\$ 605,203	\$ 489,296
Short-term investments	18,767	18,767
Investment - scholarship endowment	246,000	224,000
Investment - other	15,000	15,000
Pledges and grants receivable, net	106,433	49,177
Nursing loans receivable, net	5,650	5,650
Accrued interest receivable	870	602
Total Current Assets	997,923	802,492
Long-Term Assets		
Long-term investments	2,218,218	2,134,344
Investment - donated property	24,706	20,873
Property and equipment (net)	2,308,348	2,308,348
Total Long-Term Assets	4,551,272	4,463,565
TOTAL ASSETS	\$ 5,549,195	\$ 5,266,057
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 61,501	\$ 24,170
Joseph B. Campbell Scholarship	600	600
Total Current Liabilities	62,101	24,770
Net Assets		
Unrestricted	3,211,965	3,216,400
Temporarily restricted	1,011,484	764,592
Permanently restricted	1,263,645	1,260,295
Total Net Assets	5,487,094	5,241,287
TOTAL LIABILITIES AND NET ASSETS	\$ 5,549,195	\$ 5,266,057

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

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit Organization)

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND GAINS				
Donations	\$ 342,521	\$ 583,359	\$ 3,350	\$ 929,230
In-kind donations	23,042	179,093	-	202,135
Event and other revenue (net)	44,664	-	-	44,664
Membership dues	60,923	-	-	60,923
Interest and dividend income	(10,903)	15,190	-	4,287
Realized gain (loss)	(3,640)	(36,452)	-	(40,092)
Unrealized gain (loss)	14,601	105,346	-	119,947
Subtotal Revenues and Gains	471,208	846,536	3,350	1,321,094
Net Assets Released From Restrictions				
Net assets released from restrictions	599,644	(599,644)	-	-
TOTAL REVENUES AND GAINS	1,070,852	246,892	3,350	1,321,094
EXPENSES				
Program services	891,684	-	-	891,684
Management and general	89,237	-	-	89,237
Fundraising	94,366	-	-	94,366
TOTAL EXPENSES	1,075,287	-	-	1,075,287
Change in Net Assets	(4,435)	246,892	3,350	245,807
Beginning Net Assets	3,216,400	764,592	1,260,295	5,241,287
ENDING NET ASSETS	\$ 3,211,965	\$ 1,011,484	\$ 1,263,645	\$ 5,487,094

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit Organization)

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND GAINS				
Donations	\$ 172,196	\$ 493,372	\$ -	\$ 665,568
In-kind donations	23,369	176,502	-	199,871
Event and other revenue (net)	77,912	-	-	77,912
Membership dues	69,770	-	-	69,770
Interest and dividend income	14,861	41,738	-	56,599
Realized gain (loss)	(3,640)	(10,224)	-	(13,864)
Unrealized gain (loss)	(2,195)	(6,163)	-	(8,358)
Subtotal Revenues and Gains	<u>352,273</u>	<u>695,225</u>	<u>-</u>	<u>1,047,498</u>
Net Assets Released From Restrictions				
Net assets released from restrictions	<u>2,689,607</u>	<u>(2,689,607)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND GAINS	<u>3,041,880</u>	<u>(1,994,382)</u>	<u>-</u>	<u>1,047,498</u>
EXPENSES				
Program services	2,608,161	-	-	2,608,161
Management and general	374,008	-	-	374,008
Fundraising	15,276	-	-	15,276
TOTAL EXPENSES	<u>2,997,445</u>	<u>-</u>	<u>-</u>	<u>2,997,445</u>
Change in Net Assets	44,435	(1,994,382)	-	(1,949,947)
Beginning Net Assets	<u>3,171,965</u>	<u>2,758,974</u>	<u>1,260,295</u>	<u>7,191,234</u>
ENDING NET ASSETS	<u>\$ 3,216,400</u>	<u>\$ 764,592</u>	<u>\$ 1,260,295</u>	<u>\$ 5,241,287</u>

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES**FOR THE YEAR ENDED JUNE 30, 2016**

		Support Services		
	Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ 6,380	\$ -	\$ 6,380
Admission/entry fees	3,441	76	300	3,817
Advertising	-	8,968	13,380	22,348
Awards and recognition	11,258	113	5,731	17,102
Bad debt	500	-	12,630	13,130
Bank and broker charges	65	2,582	-	2,647
Catering	5,267	1,000	10,859	17,126
Commissions	-	-	-	-
Consultants	-	10,828	-	10,828
Contributions and donations	500	-	-	500
Depreciation	-	-	-	-
Dues and subscriptions	390	4,899	844	6,133
Education and training	595	4,717	50	5,362
Equipment and supplies	109,743	556	6,852	117,151
Event entertainment	-	-	-	-
Facilities and decorations	5,062	1,335	3,135	9,532
Grants awarded	267,208	-	-	267,208
Hospitality	1,667	1,343	2,374	5,384
Insurance	-	1,956	-	1,956
Licenses and fees	-	45	1,060	1,105
Meals	2,580	1,425	4,221	8,226
Office staffing	323	261	-	584
Office expense	552	6,477	989	8,018
Outside labor	7,767	10	785	8,562
Postage	153	1,683	383	2,219
Printing	3,622	1,221	16,820	21,663
Professional fees	4,090	22,384	5,085	31,559
Program development	-	5,000	-	5,000
Refund	40	-	75	115
Repairs and maintenance	1,843	-	-	1,843
Scholarships	286,354	-	236	286,590
Taxes	-	-	7,498	7,498
Telephone	-	1,050	-	1,050
Travel	24,030	4,928	1,059	30,017
Rent & utilities	154,634	-	-	154,634
	<u>\$ 891,684</u>	<u>\$ 89,237</u>	<u>\$ 94,366</u>	<u>\$ 1,075,287</u>

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

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES**FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Accounting	\$ -	\$ 3,480	\$ -	\$ 3,480
Admission/entry fees	2,365	1,988	-	4,353
Advertising	-	25,114	-	25,114
Awards and recognition	25,013	4,041	-	29,054
bad debt	250	32,450	11,605	44,305
Bank and broker charges	70	1,347	-	1,417
Catering	2,405	9,504	-	11,909
Commissions	-	-	-	-
Consultants	-	-	-	-
Contributions and donations	1,160	-	-	1,160
Depreciation	-	-	-	-
Dues and subscriptions	1,455	4,405	-	5,860
Education and training	2,739	12,874	-	15,613
Equipment and supply expenditures	73,008	3,288	2,561	78,857
Event entertainment	-	-	-	-
Facilities and decorations	6,549	4,821	-	11,370
Grants awarded	2,172,498	24,203	-	2,196,701
Hospitality	4,407	4,826	-	9,233
Insurance	-	2,085	-	2,085
Licenses and fees	-	51	-	51
Meals	2,574	3,843	477	6,894
Office staffing	7,676	1,304	-	8,980
Office expense	4,323	14,666	357	19,346
Outside labor	11,115	-	-	11,115
Postage	129	3,024	276	3,429
Printing	4,670	14,468	-	19,138
Professional fees	2,980	36,642	-	39,622
Program development	-	330	-	330
Refund	-	-	-	-
Repairs and maintenance	1,269	-	-	1,269
Scholarships	259,599	-	-	259,599
Taxes	-	7,034	-	7,034
Telephone	-	1,325	-	1,325
Travel	21,907	6,615	-	28,522
Rent & utilities	-	150,280	-	150,280
	<u>\$ 2,608,161</u>	<u>\$ 374,008</u>	<u>\$ 15,276</u>	<u>\$ 2,997,445</u>

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

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit Organization)

STATEMENTS OF CASH FLOWS**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 245,807	\$ (1,949,947)
<i>Adjustment to reconcile changes in net assets to net cash provided by operating activities:</i>		
<i>Non-Cash Items:</i>		
Unrealized (gain) loss	(119,947)	8,358
Donated investment property	(3,833)	(20,873)
<i>Increase (Decrease) in:</i>		
Pledges and grants receivables	(57,256)	979,067
Accrued interest receivable	(268)	(602)
<i>(Increase) Decrease in:</i>		
Accounts payable	37,331	11,595
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	101,834	(972,402)
CASH FLOWS FROM INVESTING ACTIVITIES		
Realized (gain) loss	40,092	13,864
Reinvestment of interest and dividends	(4,287)	(56,599)
Proceeds from sale of investments	268	1,000,602
Purchase of investments	(22,000)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	14,073	957,867
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-
Net Increase (Decrease) in Cash	115,907	(14,535)
Beginning Cash	489,296	503,831
ENDING CASH	\$ 605,203	\$ 489,296
Supplemental Data		
In-kind revenues	\$ 202,135	\$ 199,871
In-kind expenses	\$ 202,135	\$ 199,871
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

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

VICTOR VALLEY COLLEGE DISTRICT FOUNDATION, INC.

(A Non-Profit organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Victor Valley College District Foundation, Inc. (the "Foundation") is a not-for-profit organization whose purpose is to support the operations and the students of Victor Valley Community College. The Foundation elicits donations for scholarships and loans to needy and deserving college students. The Foundation also develops resources and makes grants to support college educational programs.

Basis of Accounting

The Foundation maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- (1) *Unrestricted Net Assets* – these generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- (2) *Temporarily Restricted Net Assets* – the Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.
- (3) *Permanently Restricted Net Assets* – these net assets are received from donors who stipulate that resources are to be maintained permanently, but permits the Foundation to expend all of the income (or other economic benefits) derived from the donated assets.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, 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 statement of activities as net assets released from restrictions.

In-Kind Contributions

The Foundation recognizes the estimated value of in-kind contributions when received and the transfer of most of the items received for the use of the College at the same value. In-kind contributions of items that the Foundation ultimately puts to use are recorded as expenses, or, if they qualify, are capitalized as fixed assets.

Functional Allocation of Expenses

Costs of providing Victor Valley College District Foundation, Inc.'s programs and activities are presented in the Statement of Functional Expenses. The Foundation classifies portions to general and administrative and fundraising based on the costs associated with the respective categories.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at fair value.

Property and Equipment

Property and equipment are reported at cost if purchased or at fair value at the date of donation. Property and equipment is capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is over one year. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Office equipment	5-10 years
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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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is exempt from state taxes under Revenue and Taxation Code Section 23701(d).

Management believes that all of the positions taken by the Foundation, in its federal and state income tax returns, are more likely than not to be sustained upon examination. Victor Valley College District Foundation, Inc. files returns in the U.S. Federal jurisdiction and the State of California. The Organization's federal income tax returns for the prior three tax years remain subject to examination by the Internal Revenue Service. The Organization's California income tax returns for the prior four tax years remain subject to examination by the Franchise Tax Board.

Disclosure About Fair Value of Assets and Liabilities

Victor Valley College District Foundation, Inc. adopted the standard for Fair Value Measurements. The Accounting principle for fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

The Foundation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards three levels of inputs that may be used to measure fair value:

Level 1: Observable prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

2. RECEIVABLES

Pledges and Grants Receivable

Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectable amounts through reduction in revenues related to those uncollectible amounts.

Pledges receivable consisted of the following:

	6/30/16	6/30/15
Receivables	\$ 111,559	\$ 51,687
Allowance for uncollectible pledges	(5,126)	(2,510)
Total pledges receivable	<u>\$ 106,433</u>	<u>\$ 49,177</u>

Nursing Loans Receivable

Nursing loans receivable were as follows:

	6/30/16	6/30/15
Receivables	\$ 5,950	\$ 5,950
Allowance for uncollectible loans	(300)	(300)
Total loans receivable	<u>\$ 5,650</u>	<u>\$ 5,650</u>

3. INVESTMENTS

At June 30, 2016 and 2015, investments consisted of the following:

	6/30/16	6/30/15
Mutual funds and bonds	\$ 2,218,218	\$ 2,134,344
Cash and cash equivalents	18,767	18,767
Total investments	<u>\$ 2,236,985</u>	<u>\$ 2,153,111</u>

4. CONCENTRATION OF CREDIT RISK

From time to time, the Foundation maintains bank balances in excess of the federally insured limits. This risk is mitigated by utilizing only highly rated financial institutions. At June 30, 2016 and 2015, the Foundation had approximately \$407,303 and \$2,507,147, respectively, in excess of the federally insured limits.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2016 consisted of the following:

	6/30/15	Additions	Deletions	6/30/16
Property and Equipment				
Land	\$ 1,845,000	\$ -	\$ -	\$ 1,845,000
Donated assets	460,000	-	-	460,000
Equipment	40,138	-	-	40,138
Total Property and Equipment	<u>2,345,138</u>	<u>-</u>	<u>-</u>	<u>2,345,138</u>
 Accumulated Depreciation	 (36,790)	 -	 -	 (36,790)
 Property and Equipment (net)	 <u>\$ 2,308,348</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,308,348</u>

Depreciation expense for the year ended June 30, 2016 was:

\$ -

Property and equipment as of June 30, 2015 consisted of the following:

	6/30/14	Additions	Deletions	6/30/15
Property and Equipment				
Land	1,845,000	\$ -	\$ -	\$ 1,845,000
Donated assets	460,000	-	-	460,000
Equipment	40,138	-	-	40,138
Total Property and Equipment	<u>2,345,138</u>	<u>-</u>	<u>-</u>	<u>2,345,138</u>
 Accumulated Depreciation	 (36,790)	 -	 -	 (36,790)
 Property and Equipment (net)	 <u>\$ 2,308,348</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,308,348</u>

Depreciation expense for the year ended June 30, 2015 was:

\$ -

6. ENDOWMENT FUNDS

Victor Valley College District Foundation, Inc. Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA), as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. Accordingly, the Foundation classifies as permanently restricted net assets a) the original value of the gifts donated to 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 SPMIFA. In accordance with SPMIFA, 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 various funds, 2) the purposes of the donor-restricted endowment funds, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, 6) other resources of The Foundation, and 7) The Foundation's investment policies.

6. ENDOWMENT FUNDS (CONTINUED)

Investment Return Objectives, Risk Parameters and Strategies. Victor Valley College District Foundation, Inc.'s investment policy stipulates that a prudent portion of monies are to be placed in interest-bearing accounts, to maximize the potential earnings on the gifts. The general rule for acceptable investments for the aggregated endowment funds (federal and non-federal) are savings accounts or in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located. This typically includes "savings accounts" such as a federally insured bank savings account, a comparable interest bearing account offered by a bank, or a money market fund. "Low-risk securities" includes certificates of deposit, mutual funds, stocks, or bonds.

Spending Policy. Income from the endowment may be spent for costs necessary to operate the Foundation, including general operating and maintenance costs, costs to administer and manage the endowment fund, and costs associated with buying and selling securities, such as stockbroker commissions and fees to "load" mutual funds. Income from the endowment cannot be spent for a school or department of divinity or any religious worship or sectarian activity, an activity that is inconsistent with a State plan for desegregation applicable to the grantee, or an activity that is inconsistent with a State plan applicable to the grantee.

Endowment net assets composition by type of fund as of June 30, 2016 and 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
June 30, 2016:			
Endowment Funds	\$ 292,966	\$ 1,263,645	\$ 1,556,611
June 30, 2015:			
Endowment Funds	\$ 208,882	\$ 1,260,295	\$ 1,469,177

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. ENDOWMENT FUNDS (CONTINUED)

The changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
June 30, 2016:			
Endowment net assets, beginning of year	\$ 208,882	\$ 1,260,295	\$ 1,469,177
Contributions	-	3,350	3,350
Transfer of funds	-	-	-
Investment return:			
Investment income	15,190	-	15,190
Net appreciation of investment	68,894	-	68,894
Total investment return	84,084	-	84,084
Amounts appropriated for expenditure	-	-	68,894
Endowment net assets, end of year	<u>\$ 292,966</u>	<u>\$ 1,263,645</u>	<u>\$ 1,556,611</u>
June 30, 2015:			
Endowment net assets, beginning of year	\$ 183,531	\$ 1,260,295	\$ 1,443,826
Contributions	-	-	-
Transfer of funds	-	-	-
Investment return:			
Investment income	41,738	-	41,738
Net depreciation of investment	(16,387)	-	(16,387)
Total investment return	25,351	-	25,351
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 208,882</u>	<u>\$ 1,260,295</u>	<u>\$ 1,469,177</u>

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7. RESTRICTIONS ON NET ASSETS

The detail of temporarily and permanently restricted net assets as of June 30, 2016 is as follows:

Net assets released from restrictions during year ending June 30, 2016 were comprised of the following:

Funds available for the year	\$	84,154
Purchase of equipment and supplies		109,743
Scholarships provided		282,504
Grants awarded		123,243
	\$	<u>599,644</u>

Temporarily restricted net assets at June 30, 2016, are available for the following purposes:

Available for future periods	\$	698,629
Available for scholarships		228,771
Investment return on permanently restricted net assets not yet appropriated for expenditure		84,084
	\$	<u>1,011,484</u>

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

Endowment funds	\$	1,263,645
	\$	<u>1,263,645</u>

The detail of temporarily and permanently restricted net assets as of June 30, 2015 is as follows:

Net assets released from restrictions during year ending June 30, 2015 were comprised of the following:

Funds available for the year	\$	179,104
Purchase of equipment and supplies		55,838
Scholarships provided		259,599
Grants awarded		2,195,066
	\$	<u>2,689,607</u>

Temporarily restricted net assets at June 30, 2015, are available for the following purposes:

Available for future periods	\$	534,943
Available for scholarships		204,298
Investment return on permanently restricted net assets not yet appropriated for expenditure		25,351
	\$	<u>764,592</u>

Permanently restricted net assets consisted of the following at June 30, 2015:

Endowment funds	\$	1,260,295
	\$	<u>1,260,295</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. FAIR VALUE MEASUREMENTS

Fair value measurements for assets reported at fair value on a recurring basis at June 30, 2016 were based on:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level3)
Short-term investments				
Certificates of deposit	\$ 18,767	\$ 18,767	\$ -	\$ -
Total short-term investments	<u>\$ 18,767</u>	<u>\$ 18,767</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term investments				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Equity securities				
Domestic	1,003,621	1,003,621	-	-
Debt securities				
Corporate bonds	<u>1,214,597</u>	<u>1,214,597</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$ 2,218,218</u>	<u>\$ 2,218,218</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value measurements for assets reported at fair value on a recurring basis at June 30, 2015 were based on:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level3)
Short-term investments				
Certificates of deposit	\$ 18,767	\$ 18,767	\$ -	\$ -
Total short-term investments	<u>\$ 18,767</u>	<u>\$ 18,767</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term investments				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Equity securities				
Domestic	1,114,600	1,114,600	-	-
Debt securities				
Corporate bonds	<u>1,019,744</u>	<u>1,019,744</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$ 2,134,344</u>	<u>\$ 2,134,344</u>	<u>\$ -</u>	<u>\$ -</u>

9. FUNDS RAISED ON BEHALF OF VICTOR VALLEY COLLEGE

The amount of grants, contract and community education funds raised on behalf of Victor Valley College that did not go directly through our books and went straight to Victor Valley College is \$2,159,408 and \$2,348,978 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively.

10. EVENT AND OTHER REVENUE (NET)

The following identifies the gross event revenue and direct event expenses:

	<u>6/30/16</u>	<u>6/30/15</u>
Event Revenue	\$ 105,521	\$ 139,531
Less: Direct Expenses	<u>60,857</u>	<u>61,619</u>
Event Revenue (Net)	<u><u>\$ 44,664</u></u>	<u><u>\$ 77,912</u></u>

11. SUBSEQUENT EVENTS

Management has evaluated activity of the Association through November 3, 2016, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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