

IMPERIAL VALLEY COLLEGE FOUNDATION

FINANCIAL STATEMENTS
(With Independent Auditor's Report)

As of June 30, 2016 and
for the fiscal year then ended



George J. Woo
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Imperial Valley College Foundation
Imperial, California

I have audited the accompanying financial statements of the Imperial Valley College Foundation as of June 30, 2016, and the related notes to the financial statements, which collectively compromise 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

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

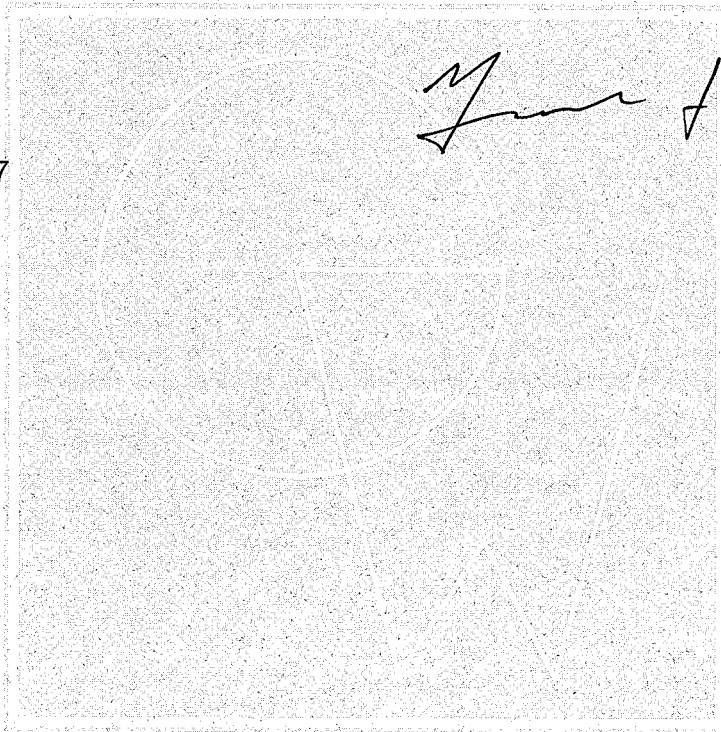
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Imperial Valley College Foundation as of June 30, 2016, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

February 15, 2017



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IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

ASSETS

Current Assets

Cash in bank (Note 2)	\$ 215,033
Investments, at fair value (Note 3)	1,225,996
Investments with the Foundation for California Community Colleges (Note 3)	<u>493,646</u>
Total Current Assets	1,934,675

Property	<u>15,000</u>
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Total Assets	<u><u>\$ 1,949,675</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	<u>\$ -0-</u>
Total Liabilities	<u>-0-</u>

Net Assets

Unrestricted	196,243
Temporarily restricted	440,362
Permanently restricted	<u>1,313,070</u>
Total Net Assets	<u>1,949,675</u>

Total Liabilities and Net Assets	<u><u>\$ 1,949,675</u></u>
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The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
	General	General Scholarships	Trust and Endowment	Total
SUPPORT AND REVENUES				
Scholarship contributions	\$ 27,238	\$ 97,782	\$ 3,200	\$ 128,220
General contributions	70,590	-0-	-0-	70,590
Donated services (Note 6)	190,022	-0-	-0-	190,022
Fundraising events	69,087	-0-	-0-	69,087
Interest and dividends	7,792	18,948	56,221	82,961
Other income	350	-0-	-0-	350
Net realized gain on investments	-0-	-0-	3,110	3,110
Net unrealized gain(loss) on investments	(3,746)	(9,188)	(44,285)	(57,219)
Net assets released from restrictions	175,303	(112,530)	(62,773)	-0-
Total support and revenues	<u>536,636</u>	<u>(4,988)</u>	<u>(44,527)</u>	<u>487,121</u>
EXPENSES				
Program services	305,466	-0-	-0-	305,466
Supporting services:				
Management and general	172,617	-0-	1,682	174,299
Fundraising expenses (Note 7)	44,970	-0-	-0-	44,970
Total expenses	<u>523,053</u>	<u>-0-</u>	<u>1,682</u>	<u>524,735</u>
CHANGE IN NET ASSETS	13,583	(4,988)	(46,209)	(37,614)
Net Assets, July 1, 2015	<u>182,660</u>	<u>445,350</u>	<u>1,359,279</u>	<u>1,987,289</u>
Net Assets, June 30, 2016	<u>\$ 196,243</u>	<u>\$ 440,362</u>	<u>\$ 1,313,070</u>	<u>\$ 1,949,675</u>

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

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Bank and broker fees	\$ -0-	\$ 6,609	\$ -0-	\$ 6,609
Board development	-0-	959	-0-	959
Computer/technology	-0-	263	-0-	263
Copier/printer	-0-	1,177	-0-	1,177
Database management	-0-	3,215	-0-	3,215
Donor appointments	-0-	387	-0-	387
Donor receptions	-0-	71	-0-	71
Fundraising expenses	-0-	-0-	37,089	37,089
K12 Tour expenses	1,217	-0-	-0-	1,217
Liability insurance	-0-	1,259	-0-	1,259
Miscellaneous expenses	-0-	460	-0-	460
Office supplies	-0-	366	-0-	366
Payroll expenses	-0-	1,291	-0-	1,291
Postage	-0-	485	-0-	485
Printing	-0-	346	-0-	346
Professional fees	-0-	3,900	-0-	3,900
Promotion and marketing	-0-	7,132	-0-	7,132
Salaries and benefits	35,824	146,317	7,881	190,022
Scholarships	259,976	-0-	-0-	259,976
Student ambassadors expense	8,449	-0-	-0-	8,449
Travel/Conf./Train.	-0-	62	-0-	62
Total	<u>\$ 305,466</u>	<u>\$ 174,299</u>	<u>\$ 44,970</u>	<u>\$ 524,735</u>

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

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash flows from operating activities

Change in Net Assets	\$ (37,614)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
(Increase) Decrease in Investments	<u>15,294</u>
Net Cash provided by Operating Activities	<u>(22,320)</u>
Net Increase in Cash	(22,320)
Cash and Cash Equivalents at Beginning of Year	<u>237,353</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 215,033</u></u>

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

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:

A. Organization

Imperial Valley College Foundation (the "Foundation"), a California non-profit organization, was formed pursuant to the general not-for-profit corporation laws of the State of California as an auxiliary organization of the Imperial Valley Community College District (the "District") in accordance with the provisions of Section 72670 of the California Education Code for the primary purpose of encouraging public awareness, the receiving of contributions and, in turn, the making of donations to, and otherwise aiding and supporting Imperial Valley Community College (the "College").

The principal source of total revenue for the Foundation is donor contributions. Additionally the College provides administrative services to the Foundation. The Foundation considers these donated services as a principle source of revenue and recognizes the corresponding amount as an expense.

B. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

C. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expense. Certain costs and expenditures have been allocated between program and supporting services based on management's estimates.

D. Basis of Accounting

The Foundation utilizes the accrual basis of accounting. Revenues are recorded in the accounting period they become both measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Funds restricted by outside sources are so indicated and are distinguished from unrestricted funds for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

established by the sources of such funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

E. Financial Statement Presentation

The Foundation reports information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Unrestricted net assets include all resources for use by the Board of Directors and management's discretion in carrying out the activities of the Foundation in accordance with its Bylaws.

F. Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation records the value of donated services when there is an objective basis available to measure their value. Donated services are recorded at fair value when a specialized skill is provided that would have otherwise been purchased or paid. Donated services are reflected in the accompanying financial statements as both revenue and expense since these donated items are accepted by the Foundation.

G. Income Taxes

The Foundation is exempt from federal and state income taxes as a non-profit organization under Internal Revenue Code Section 501(c)(3) and therefore made no provision for federal or state income taxes. In addition, the Foundation has been determined by the Internal Revenue Service to be an "exempt private foundation" under Internal Revenue Code Section 509(a) and is subject to excise taxes. The Foundation has no excise or unrelated business income. The Foundation tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Property

Property is stated at cost. Donated assets are recorded at the estimated fair market value at the date of donation. The Foundation capitalizes, at cost, all expenditures for property in excess of \$ 5,000.

The Foundation's policy is to evaluate the remaining lives and recoverability in light of current conditions. It is reasonably possible that the Foundation's estimate to recover the carrying amount of property will change.

I. Cash and Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

J. Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the statement of activities.

The fair value of equity and debt securities is based on the quoted market price of the underlying securities. Investments acquired by gift are recorded at their fair market value at the date of the gift.

K. Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Fair Value Hierarchy (continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When significant changes in valuation techniques or inputs have taken place, the Foundation may revise an asset's or liabilities position in the hierarchy and recognize the change on the date of the event or change in circumstances that caused the transfer.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2016 consists of:

Operational interest bearing checking	\$ 114,400
Scholarship interest bearing checking	100,133
Petty cash	<u>500</u>
Balance as of June 30, 2016	<u>\$ 215,033</u>

As of June 30, 2016 the carrying amount of the Foundation's cash and cash equivalents was \$ 215,033. The bank balance was \$ 215,855.

NOTE 3 – INVESTMENTS AND INVESTMENT WITH THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES (FCCC):

Investments are presented in the financial statements at their aggregated fair value. The fair value of investments at June 30, 2016, is as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Mutual Funds	<u>\$ 1,225,996</u>	<u>\$ 1,225,996</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total investments	<u>1,225,996</u>	<u>1,225,996</u>	<u>-0-</u>	<u>-0-</u>
Investments with FCCC	<u>493,646</u>	<u>-0-</u>	<u>493,646</u>	<u>-0-</u>
Total investments and investments with FCCC	<u>\$ 1,719,642</u>	<u>\$ 1,225,996</u>	<u>\$ 493,646</u>	<u>\$ -0-</u>

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – INVESTMENTS AND INVESTMENT WITH THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES (FCCC) CONTINUED:

The investment with the Foundation for Community College ("FCCC") is measured using level 2 inputs including the allocable share in the market value of the underlying investments held by the FCCC.

The following schedule summarizes the investment return and its classifications in the statement of activities for the year ended June 30, 2016

Net realized gains on sale of investments	\$ 3,110
Net appreciation in fair value of investments	(24,604)
Interest and dividend income	<u>50,346</u>
Investment income, net	<u>\$ 28,852</u>

Investments with the Foundation for California Community Colleges:

The foundation participates in a partnership arrangement with the California Community Colleges Scholarship Endowment (Endowment) through the Foundation for California Community Colleges (FCCC). The Endowment has been set up to provide matching scholarship funds for California community colleges. The endowment was formed through a generous \$ 50 million matching commitment from the Bernard Osher Foundation and an initial contribution of \$ 25 million. The California Community Colleges and the Foundation for California Community Colleges had until June 2011 to raise an additional \$ 50 million, for which the Osher Foundation provided a 50 percent match up to \$ 25 million. Beginning with the 2009-10 year, the Endowment distributed scholarship funding from the initial \$ 25 million gift to each participating community college. The allocation is based on each colleges full time equivalent student (FTES) and each scholarship will be valued at \$ 1,000 per school year.

The Foundation transferred \$ 500,000 to the California Community Colleges Scholarship Endowment during fiscal year 2011. These funds are invested in a pooled investment fund held by the Foundation for California Community Colleges (FCCC). As of June 30, 2016 the fair value of this investment was \$ 493,646, and included an unrealized loss of \$ 19,578. The investments with FCCC have been reported at fair value in the amount of \$ 493,646 in these financial statements. The FCCC has assembled an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the Endowment's assets.

IMPERIAL VALLEY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 4 – PROPERTY:

In December 1998, the Foundation acquired land adjacent to the Imperial Valley College Desert Museum site in Ocotillo California for the stated cost of \$ 15,000. Property as of June 30, 2015 consists of Land-Ocotillo \$ 15,000.

NOTE 5 – NET ASSETS:

Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2016 were \$ 408,911 are restricted for the use in providing scholarships and other program services to Imperial Valley College.

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

Agriculture Club Scholarship	\$ 31,451
All other Scholarships	<u>408,911</u>
Total	<u>\$ 440,362</u>

Permanently Restricted Net Assets

Permanently restricted net assets totaling \$ 1,313,070 are restricted for investment in perpetuity, which represents the Foundation's endowment funds.

Permanently restricted net assets as of June 30, 2016 are available for the following purposes:

Osher-Phillip Ricker Nursing	\$ 403,051	
Osher-Cardenas Market Scholarship	29,778	
Osher-Ralph Congreve Scholarship	24,683	
Osher-General Scholarship	<u>21,134</u>	
Total Osher		478,646
First Solar Scholarship		393,805
Howard Meyer Scholarship		58,019
Nicholas Novak Scholarship		102,050
Restricted Trust-Harleson - Duncan		61,026
Drexel Cooper Grant		120,126
Endowment-IVC Museum		14,778
Endowment-Jackson & Berry		34,426
President's Scholarship		<u>50,194</u>
Total		<u>\$ 1,313,070</u>

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – NET ASSETS (CONTINUED):

Net Assets Released from Restrictions

Net assets of \$ 175,303 were released temporarily restricted net assets during the fiscal year.

NOTE 6 – ENDOWMENT:

The Foundation's endowment consists of approximately 80 individual funds established primarily for scholarships. Net assets associated with endowment funds 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 organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with 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 organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from an income and appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – ENDOWMENT (CONTINUED):

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies as of June 30, 2016.

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 protect the principal, over the long term, and yet maximize the investment earnings so as to maximize the benefit provided by the endowment. Accordingly, funds are invested in a combination of fixed income funds and equity funds expected to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objective

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 objectives within prudent risk constraints.

Spending policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 3 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution was planned. While it is the Foundation's goal to distribute 3 percent, it is not guaranteed and is contingent upon current market conditions. 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

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – ENDOWMENT (CONTINUED):

to allow its endowment to grow at an average of 2 percent annually. 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 composition and changes in endowment net assets for the fiscal year ended June 30, 2016, is as follows:

	<u>Observable Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ 445,350	\$ 1,359,279	\$ 1,804,629
Contributions	97,782	3,200	100,982
Net investment income	18,948	56,221	75,169
Net realized gain	-0-	3,110	3,110
Net appreciation (depreciation)	(9,188)	(44,285)	(53,473)
Released from restrictions	(112,530)	(64,455)	(176,985)
Endowment net assets, June 30, 2016	<u>\$ 440,362</u>	<u>\$ 1,313,070</u>	<u>\$ 1,753,432</u>

NOTE 7 – RELATED PARTIES AND DONATED SERVICES:

To assist the Foundation in carrying out its purpose, the College provides administrative services to the Foundation. The College pays salaries and benefits of the Executive Director and Foundation Coordinator. In addition, working space for employees who perform administrative services for the Foundation is provided by the College at no charge. The donated services included \$ 190,022 of salaries and benefits. These donated services have been reflected in the financial statements as revenues under donated services as expenses under salaries and benefits. The value of donated facilities has not been determined and is therefore not included in the financial statements; however, management does not believe the amount to be material.

NOTE 8 – FUNDRAISING EXPENSE:

Fundraising expenses consist largely of operating special fundraising events and costs associated with communicating with potential donors. Total fundraising costs were approximately 54% of funds raised for the year ended June 30, 2016. The schedule below presents fundraising expense costs and funds raised prior to netting the cost of direct benefits to donors. Fundraising expenses, including allocated salary and benefits not directly related to a specific event, have been shown as "Other" in the below schedule.

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – FUNDRAISING EXPENSE (CONTINUED):

Spring Reception	\$	8,580
Golf Tournament		18,230
Other		<u>10,279</u>
Total fundraising costs (A)		<u>37,089</u>
Contributions	\$	15,000
Special events revenue		<u>54,087</u>
Total funds raised (B)	\$	<u>69,087</u>
Fundraising expense ratio (A/B)		54%

NOTE 9 – CONTINGENCIES:

The Foundation may be subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management all such matters are adequately covered by insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial positions or results of operations of the Foundation if disposed of unfavorably.

NOTE 10 – CONCENTRATIONS:

The Foundation conducts operations primarily in Southern California and, therefore, is subject to risks from changes in local economic conditions. The Foundation also receives a substantial amount of donated service from the Imperial Valley College. If the College failed to continue to provide support of the Foundation, the Foundation would need to significantly change its operations in order to achieve its mission in serving Imperial Valley College.

NOTE 11 – SUBSEQUENT EVENTS:

The management of The Foundation has reviewed the results of operations for the period of time from its year end June 30, 2016 through February 15, 2017, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.