

LOS MEDANOS COLLEGE FOUNDATION

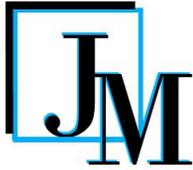
**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

LOS MEDANOS COLLEGE FOUNDATION

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Los Medanos College Foundation
Pittsburg, California

Report on the Financial Statements

We have audited the accompanying financial statements of Los Medanos College Foundation (the "Foundation") as of June 30, 2015 and 2014, which collectively comprise the Statements of Financial Position and related Statements of Activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of 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 Los Medanos College Foundation as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required

In accordance with auditing standards generally accepted in the United States of America, we have also issued our report dated December 8, 2015 on our consideration of the Foundation's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the Foundation's internal control over financial reporting.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
December 8, 2015

LOS MEDANOS COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 126,873	\$ 279,416
Accounts receivable	-	-
Prepaid Expenses	-	4,973
Investments	522,588	513,213
Total Current Assets	<u>649,461</u>	<u>797,602</u>
Noncurrent Assets:		
Investments	122,358	121,832
Total Assets	<u>\$ 771,819</u>	<u>\$ 919,434</u>
 LIABILITIES		
Current Liabilities:		
Funds held for others	289,160	390,789
Payroll Liabilities	21	160
Total Current Liabilities	<u>289,181</u>	<u>390,949</u>
Non-current Liabilities:		
Due to Related Party	-	44,250
Total Liabilities	<u>289,181</u>	<u>435,199</u>
 NET ASSETS		
Unrestricted	43,071	16,928
Temporarily restricted	439,567	467,307
Total Net Assets	<u>482,638</u>	<u>484,235</u>
Total Liabilities and Net Assets	<u>\$ 771,819</u>	<u>\$ 919,434</u>

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

LOS MEDANOS COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>
REVENUES			
Donations	\$ 52,827	\$ 162,294	\$ 215,121
College in kind support	27,139	-	27,139
Event income, net of expenses	2,022	-	2,022
Interest income	9,906	-	9,906
Other income	55,592	-	55,592
Satisfaction of program restrictions	190,034	(190,034)	-
Total revenues	<u>337,520</u>	<u>(27,740)</u>	<u>309,780</u>
EXPENSES			
Program services	190,034	-	190,034
Management and general	121,343	-	121,343
Fundraising	-	-	-
Total expenses	<u>311,377</u>	<u>-</u>	<u>311,377</u>
CHANGE IN NET ASSETS	26,143	(27,740)	(1,597)
NET ASSETS, BEGINNING OF YEAR	<u>16,928</u>	<u>467,307</u>	<u>484,235</u>
NET ASSETS, END OF YEAR	<u>\$ 43,071</u>	<u>\$ 439,567</u>	<u>\$ 482,638</u>

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

LOS MEDANOS COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>
REVENUES			
Donations	\$ 117,724	\$ 163,304	\$ 281,028
College in kind support	33,675	-	33,675
Event income, net of expenses	6,360	-	6,360
Interest income	11,384	280	11,664
Other income	4,805	-	4,805
Satisfaction of program restrictions	147,957	(147,957)	-
Total revenues	<u>321,905</u>	<u>15,627</u>	<u>337,532</u>
EXPENSES			
Program services	188,107	-	188,107
Management and general	117,923	-	117,923
Fundraising	722	-	722
Total expenses	<u>306,752</u>	<u>-</u>	<u>306,752</u>
CHANGE IN NET ASSETS	15,153	15,627	30,780
NET ASSETS, BEGINNING OF YEAR	<u>1,776</u>	<u>451,679</u>	<u>453,455</u>
NET ASSETS, END OF YEAR	<u>\$ 16,929</u>	<u>\$ 467,306</u>	<u>\$ 484,235</u>

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

LOS MEDANOS COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

For the Year Ended June 30, 2015

	Program Services	Management and General	Fund - Raising	2015 Total
Scholarships	\$ 190,034	\$ -	\$ -	\$ 190,034
Donated Equipment	-	9,179	-	9,179
Donated Services	-	17,960	-	17,960
Program expenses	-	-	-	0
Sponsorships Paid	-	-	-	0
Dues and subscriptions	-	359	-	359
Fundraising expenses	-	-	-	0
Other expenses	-	93,845	-	93,845
Total Expenses	\$ 190,034	\$ 121,343	\$ -	\$ 311,377

For the Year Ended June 30, 2014

	Program Services	Management and General	Fund - Raising	2014 Total
Scholarships	\$ 147,957	\$ -	\$ -	\$ 147,957
Donated Equipment	15,716	-	-	15,716
Donated Services	17,960	-	-	17,960
Program expenses	5,724	-	-	5,724
Sponsorships Paid	750	-	-	750
Dues and subscriptions	-	1,120	-	1,120
Fundraising expenses	-	-	722	722
Other expenses	-	116,803	-	116,803
Total Expenses	\$ 188,107	\$ 117,923	\$ 722	\$ 306,752

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

LOS MEDANOS COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Change in Net Assets	\$ (1,597)	\$ 30,780
Depreciation	-	-
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
(Increase) Decrease in accounts receivable	-	5,500
(Increase) in prepaid expenses	4,973	(4,973)
Increase in due to related party	(44,250)	-
Increase (Decrease) in payroll liabilities	(139)	(889)
Increase (Decrease) in funds held for others	(101,629)	(110,828)
	(142,642)	(80,410)
Cash Flows From Investing Activities		
Maturities of investments	(9,901)	3,065
Net cash provided (used) by investing activities	(9,901)	3,065
Net Increase (Decrease) in Cash and Cash Equivalents	(152,543)	(77,345)
Cash and Cash Equivalents, Beginning of Year	279,416	356,761
Cash and Cash Equivalents, End of Year	\$ 126,873	\$ 279,416
Supplemental Disclosure on Noncash Investing Activities		
Donated Services	\$ 17,960	\$ 17,960
Donated equipment and supplies	\$ 9,179	\$ 15,716
Unrealized loss (gain) on investments	\$ -	\$ -

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

LOS MEDANOS COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Los Medanos College Foundation (the "Foundation") is a nonprofit corporation dedicated to providing assistance to the students, teachers, and programs of Los Medanos College. Revenues are derived principally through the Foundation's fundraising programs and contributions from individuals, corporations, and service organizations.

B. FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report 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. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

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

Permanently restricted - Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2015 and 2014.

C. PROMISES TO GIVE

Unconditional promises to give (pledges) are recognized as revenues in the period the promise is received and as assets, decreases in 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. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Pledges receivable are stated at the amount management expects to collect. There were no pledges receivable as of June 30, 2015 and 2014.

LOS MEDANOS COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

D. CONTRIBUTIONS

The Foundation accounts for contributions in accordance with FASB ASC 958-310-50. In accordance with ASC 958-310-50, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires, (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 satisfaction of program restrictions.

E. INVESTMENTS

The Foundation accounts for its investments in accordance with FASB ASC 958-320-50. Under ASC 958-320-50, investments in certificates of deposit with maturities longer than three months, equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The fair values are based on quoted market prices. Donated investments are recorded at the market value on the date of donation and thereafter carried in accordance with the above provisions. Unrealized gains and losses are included in the change in net assets.

F. PROPERTY AND EQUIPMENT

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments exceeding \$1,000 that materially prolongs the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over 3 to 10 year periods depending on the type of asset. The Foundation's property and equipment was fully depreciated as of June 30, 2015.

G. RELATED PARTY TRANSACTIONS

The Foundation supports and improves community interaction with Los Medanos College. In its capacity as community liaison, the Foundation procures public support for Los Medanos College, which is not recorded in the Foundation's accounting records. Materials and other assets received as donations are recorded and reflected in the financial statements at their fair values on the date of receipt.

During the year, management and administrative services were provided by Los Medanos College employees and others on behalf of the Foundation. These donated services were valued at \$17,960 and \$17,960 for the years ended June 30, 2015 and 2014, respectively, and recognized in the financial statements as in-kind donation revenue and donated management services. The donated management services were allocated to program and administrative support. In addition \$9,179 and \$15,716 in donated goods recorded as revenue and program expense was received by the Foundation for the years ended June 30, 2015 and 2014, respectively.

LOS MEDANOS COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

H. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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. Actual results could differ from those estimates.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts and certificates of deposit with initial maturities of less than 90 days. The Foundation maintains cash balances in banks which are insured up to \$250,000. In all cash accounts, there was no amount in excess of FDIC coverage at June 30, 2015.

J. INCOME TAXES

The Foundation is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi).

K. ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

L. INVESTMENT POLICY

The Investment Committee of the Board of Directors directs and oversees the investments. The investment policy requires funds to be invested in a prudent and diversified manner and managed on a total return basis. Long term investments are restricted to mutual funds and/or private investment partnerships and allocated within established target guidelines.

LOS MEDANOS COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

2. INVESTMENTS

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels, as defined by ASC 820-10-50, used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

A. ASSETS AND LIABILITIES RECORDED AT FAIR VALUE ON A RECURRING BASIS

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2015. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2015.

Assets	Level 1	Level 2	Level 3	Total
Local Agency Investment Fund (LAIF)	\$ -	\$ 122,358	\$ -	\$ 122,358
Certificates of Deposit	-	522,588	-	522,588
Total investments	\$ -	\$ 644,946	\$ -	\$ 644,946

LOS MEDANOS COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

**A. ASSETS AND LIABILITIES RECORDED AT FAIR VALUE ON A RECURRING BASIS
(CONTINUED)**

The Foundation is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Foundation's investment pool is reported in the accompanying financial statements at amounts based upon the Foundation's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. At June 30, 2015, the interest rate for the LAIF account was 0.28 percent, and there was no significant difference between the fair market value and the carrying amount.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015 and 2014:

Description	Beginning of Year	Additions	Disposals	End of Year
Equipment	\$ 5,048	\$ -	\$ -	\$ 5,048
Less: accumulated depreciation'	(5,048)	-	-	(5,048)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4. SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date of June 30, 2015 through December 8, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.