

**THE FOUNDATION FOR PIERCE COLLEGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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An Accountancy Corporation

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THE FOUNDATION FOR PIERCE COLLEGE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
THE FOUNDATION FOR PIERCE COLLEGE

We have audited the accompanying financial statements of The Foundation for Pierce College (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, 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 controls 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 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors
THE FOUNDATION FOR PIERCE COLLEGE

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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 Foundation for Pierce College as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

STERN, KORY, SREDEN & MORGAN
An Accountancy Corporation
Stevenson Ranch, California

December 29, 2015

**THE FOUNDATION FOR PIERCE COLLEGE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 682,526
Grant receivable	132,858
Inventory - supplies	<u>61,268</u>
Total Current Assets	876,652
PROPERTY AND EQUIPMENT, NET	<u>39,405</u>
TOTAL ASSETS	<u><u>\$ 916,057</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 28,573
Payroll and payroll taxes payable	2,917
Funds held for agency accounts	<u>821,472</u>
Total Current Liabilities	<u>852,962</u>
NET ASSETS	
Unrestricted	45,678
Temporarily restricted	<u>17,417</u>
Total Net Assets	<u>63,095</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 916,057</u></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**THE FOUNDATION FOR PIERCE COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

SUPPORT AND REVENUE

Contributions and grants	\$ 693,538
Investment income	21
Miscellaneous income	24
	693,583

Other Revenue:

Amounts designated by donors for specific organizations	553,026
Less: amounts held for or remitted to those organizations	(471,841)
	81,185

Management fees	81,185
	774,768

Total Support and Revenue

EXPENSES

Programs	692,077
Management and general	109,584
Total Expenses	801,661

CHANGE IN NET ASSETS	(26,893)
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NET ASSETS, BEGINNING OF YEAR	89,988
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NET ASSETS, END OF YEAR	\$ 63,095
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SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

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

	<u>Program Expenses</u>		<u>Total Program Expenses</u>	<u>Management and General</u>	<u>Total Expenses</u>
	<u>Los Angeles Universal Pre-School</u>	<u>Amgen Biotech Program</u>			
Personnel					
Salaries	\$ -	\$ -	\$ -	\$ 56,147	\$ 56,147
Payroll taxes	-	-	-	4,838	4,838
Employee benefits	-	-	-	6,651	6,651
Payroll processing fees	-	-	-	1,907	1,907
Total personnel costs	-	-	-	69,543	69,543
Accounting	-	-	-	7,878	7,878
Advertising	-	-	-	11,484	11,484
Bank charges	-	-	-	4,053	4,053
Credit card fees	-	-	-	537	537
Depreciation	-	-	-	3,965	3,965
Dues and subscriptions	-	-	-	185	185
Education	35,995	-	35,995	-	35,995
Equipment and supplies	3,994	92,446	96,440	-	96,440
Indirect costs	40,529	-	40,529	-	40,529
Insurance	-	-	-	5,404	5,404
License and permits	-	-	-	8	8
Management fees	-	10,109	10,109	3,154	13,263
Materials	35,287	-	35,287	-	35,287
Office expenses	3,401	-	3,401	1,470	4,871
Other	-	-	-	1,475	1,475
Outside services	274,081	166,228	440,309	273	440,582
Program supplies	-	-	-	155	155
Rent	-	15,000	15,000	-	15,000
Travel	517	-	517	-	517
Workshops	14,490	-	14,490	-	14,490
	<u>\$ 408,294</u>	<u>\$ 283,783</u>	<u>\$ 692,077</u>	<u>\$ 109,584</u>	<u>\$ 801,661</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

**THE FOUNDATION FOR PIERCE COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Net decrease in net assets	\$ (26,893)
Adjustments to reconcile net decrease in net assets to net cash provided by operating activities:	
Investment income	
Depreciation	3,965
Decrease (increase) in assets -	
Grant receivable	22,247
Inventory	(6,200)
Increase (decrease) in liabilities -	
Accounts payable and accrued expenses	13,049
Payroll and payroll taxes payable	764
Funds held for agency accounts	12,594
	19,526
Net Cash Provided by Operating Activities	19,526
Net Increase In Cash and Cash Equivalents	19,526
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	663,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 682,526

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

THE FOUNDATION FOR PIERCE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: NATURE OF FOUNDATION

The mission of The Foundation for Pierce College (the Foundation) is to develop resources and increase public awareness to support the students, educational programs and campus for the benefit of the community served by the college. The Foundation works to enhance the image of Pierce College, its prestige, visibility, and financial stability and to promote institutional advancement at Pierce College.

Foundation Programs

Fiscal Agency Services - Manages contributions, grants and cash receipts and disbursements for over 98 college department and scholarship accounts.

Consulting agreement - The Foundation manages a consulting agreement between Amgen Foundation and Pierce College.

Amgen Biotech Experience - Formally known as the Amgen-Bruce Wallace Biotechnology Lab Program is an educational outreach program designed to provide students with hands-on experience using some of the tools and techniques commonly used in molecular biology.

Los Angeles Universal Pre-School (LAUP) - The Foundation manages an Early Childhood Education (ECE) program designed to develop students' awareness of ECE careers. It strengthens core Child Development curriculum and supporting activities, solidifies existing relationships with high schools and four-year universities, and develops the support structure and pathways to improve transitions from two-year to four-year programs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation utilizes the accrual method of accounting in accordance with generally accepted accounting principles in the United States of America whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards, Financial Statements for Not-for-Profit Foundations. Under these guidelines, 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. Temporarily restricted net assets consist of grants received from businesses and foundations to fund general operating program expenses. The Foundation presently has no permanently restricted net assets.

THE FOUNDATION FOR PIERCE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and disclosures 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.

Cash and Cash Equivalents

For the 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. The carrying value of cash and cash equivalents approximates its fair value at June 30, 2015.

Property and Equipment

Property and equipment are valued at cost if purchased or at fair value at the date of donation, if donated. In general, the Foundation capitalizes assets with an original cost or fair market value greater than \$1,000. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Maintenance and repairs are expensed in the period incurred. The estimated useful lives of property and equipment are as follows:

Art collectibles	15	Years
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Concentrations of Credit Risk

Cash and cash equivalents include cash on hand and cash held in financial institutions. The Foundation maintains its cash in bank accounts which, at times, may exceed federal insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Fair Value of Financial Instruments

For certain of the Foundation's financial instruments, including cash, accounts payable and other current assets and liabilities, the carrying amounts approximate fair value due to their short maturities.

THE FOUNDATION FOR PIERCE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The Foundation reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2015.

Contributions and Promises to Give

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a donor 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 net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Unconditional promises to give are recognized as revenues or gains 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 only when the conditions on which they depend are substantially met and the promises become unconditional.

Expense Allocation

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled \$11,484 for the year ended June 30, 2015.

THE FOUNDATION FOR PIERCE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds Held for Agency Accounts

The Foundation manages contributions, grants and cash receipts and disbursements for over 98 college departments and scholarship accounts. The Foundation accepts assets from donors and agrees to use those assets for the benefit of a specified beneficiary. As such, the Foundation acts as an agent by holding assets, until disbursed, at the direction of the beneficiary. In accordance with ASC 958, *Not-for-Profit Entities*, the Foundation recognizes a liability on the statement of financial position concurrent with the assets held on behalf of the college departments and scholarship accounts.

Income Taxes

The Foundation is exempt from federal income and California franchise taxes under Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code. There was no unrelated business income for the year ended June 30, 2015. Accordingly, no provision for federal or state franchise taxes has been included in these financial statements.

Accounting for Uncertainty in Income Taxes

The Foundation adopted the guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. There was no effect related to the adoption of this new guidance. The 2012 through 2014 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2011 through 2014 tax years remain subject to examination by the State of California.

Donated Materials and Services

Donated marketable securities and other noncash donations are recorded as contributions at their fair market value at the date of donation. The Foundation does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. Contributions of donated services are recognized if the services received either create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**THE FOUNDATION FOR PIERCE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3: CASH AND CASH EQUIVALENTS

As of June 30, 2015, cash and cash equivalents and short term investments consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Cash and cash equivalents	<u>\$ 665,109</u>	<u>\$ 17,417</u>

NOTE 4: PROPERTY AND EQUIPMENT

At June 30, 2015, property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 14,000	\$ -	\$ 14,000
Art collectibles	45,475	20,070	25,405
	<u>\$ 59,475</u>	<u>\$ 20,070</u>	<u>\$ 39,405</u>

Depreciation expense for the year ended June 30, 2015 was \$3,965.

NOTE 5: MANAGEMENT FEES

The Foundation charges each of the college departments and/or organizations with managed accounts (agency accounts) or scholarship funds a management fee. Total management fees received for the year ended June 30, 2015 were \$81,185.

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2015, the date on which the financial statements were available to be issued and concluded there are no subsequent events to report.