

STATE CENTER COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE TOTALS FOR 2008

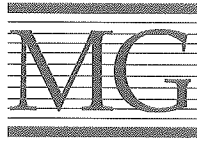
STATE CENTER COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

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Moore Grider & Company  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

*A Partnership Including  
Accountancy Corporations*

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Thomas L. Bell, C.P.A.,  
Accountancy Corporation

Denise S. Hurst, C.P.A.

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Nicholas Medeiros, C.P.A.

L. Jerome Moore, C.P.A.  
Retired

Robert E. Grider, C.P.A.  
Retired

Board of Directors  
State Center Community College Foundation  
Fresno, California

We have audited the accompanying statement of financial position of State Center Community College Foundation (the Foundation) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information was derived from the organization's 2008 financial statements; and in our report dated March 19, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Center Community College Foundation as of June 30, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Moore Grider & Company*

December 9, 2009

STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009, WITH COMPARATIVE TOTALS FOR 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS	
				2009	2008
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ (972,187)	\$ 1,785,855	\$ 0	\$ 813,668	\$ 91,843
Receivables	491	0	0	491	123,034
Pledges receivable, net of allowance for uncollectible amounts (Note 2)	0	358,971	0	358,971	566,198
Due from (to) other funds	568,953	(565,929)	(3,024)	0	0
Short-term investments (Note 3)	<u>424,032</u>	<u>260,582</u>	<u>0</u>	<u>684,614</u>	<u>669,877</u>
<b>TOTAL CURRENT ASSETS</b>	<b>21,289</b>	<b>1,839,479</b>	<b>(3,024)</b>	<b>1,857,744</b>	<b>1,450,952</b>
<b>PLEDGES RECEIVABLE, net of current portion (Note 2)</b>	<b>0</b>	<b>93,103</b>	<b>0</b>	<b>93,103</b>	<b>246,132</b>
<b>EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Note 4)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,729</b>
<b>LONG-TERM INVESTMENTS (Note 3)</b>	<u><b>274,084</b></u>	<u><b>4,497,808</b></u>	<u><b>4,648,035</b></u>	<u><b>9,419,927</b></u>	<u><b>10,516,367</b></u>
<b>TOTAL ASSETS</b>	<u><b>295,373</b></u>	<u><b>6,430,390</b></u>	<u><b>4,645,011</b></u>	<u><b>11,370,774</b></u>	<u><b>12,216,180</b></u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	13,490	17,807	0	31,297	73,201
Annuity agreement liabilities (Note 6)	<u>0</u>	<u>11,267</u>	<u>0</u>	<u>11,267</u>	<u>15,588</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>13,490</b>	<b>29,074</b>	<b>0</b>	<b>42,564</b>	<b>88,789</b>
<b>NET ASSETS</b>					
Unrestricted	281,883	0	0	281,883	390,125
Temporarily restricted (Note 7)	0	6,401,316	0	6,401,316	6,573,857
Permanently restricted (Note 7)	<u>0</u>	<u>0</u>	<u>4,645,011</u>	<u>4,645,011</u>	<u>5,163,409</u>
<b>TOTAL NET ASSETS</b>	<u><b>281,883</b></u>	<u><b>6,401,316</b></u>	<u><b>4,645,011</b></u>	<u><b>11,328,210</b></u>	<u><b>12,127,391</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 295,373</b></u>	<u><b>\$ 6,430,390</b></u>	<u><b>\$ 4,645,011</b></u>	<u><b>\$ 11,370,774</b></u>	<u><b>\$12,216,180</b></u>

See Accompanying Notes to Financial Statements

STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS	
				2009	2008
<b>PUBLIC SUPPORT AND REVENUES</b>					
Contributions	\$ 110,887	\$1,477,367	\$ 193,636	\$ 1,781,890	\$ 2,306,128
Interest and dividends (Note 3)	23,974	106,234	116,972	247,180	268,850
Realized gain (loss) on sale of investments (Note 3)	27,426	(201,633)	(280,083)	(454,290)	274,338
Unrealized loss on investments (Note 3)	(34,793)	(477,925)	(545,899)	(1,058,617)	(1,594,646)
Net assets released from restrictions:					
Satisfaction of program restrictions (Note 7)	1,079,608	(1,079,608)	0	0	0
Income reallocation (Note 7)	0	3,024	(3,024)	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>1,207,102</u>	<u>(172,541)</u>	<u>(518,398)</u>	<u>516,163</u>	<u>1,254,670</u>
<b>EXPENSES (NOTE 8)</b>					
Program services:					
Educational activities	882,121	0	0	882,121	1,465,152
Scholarships and awards	293,389	0	0	293,389	227,543
	<u>1,175,510</u>	<u>0</u>	<u>0</u>	<u>1,175,510</u>	<u>1,692,695</u>
Management and general	80,130	0	0	80,130	77,846
Fundraising	59,704	0	0	59,704	79,085
<b>TOTAL EXPENSES</b>	<u>1,315,344</u>	<u>0</u>	<u>0</u>	<u>1,315,344</u>	<u>1,849,626</u>
<b>NET DECREASE IN NET ASSETS</b>	(108,242)	(172,541)	(518,398)	(799,181)	(594,956)
<b>NET ASSETS, beginning of year</b>	<u>390,125</u>	<u>6,573,857</u>	<u>5,163,409</u>	<u>12,127,391</u>	<u>12,722,347</u>
<b>NET ASSETS, end of year</b>	<u>\$ 281,883</u>	<u>\$6,401,316</u>	<u>\$4,645,011</u>	<u>\$ 11,328,210</u>	<u>\$12,127,391</u>

See Accompanying Notes to Financial Statements

STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (799,181)	\$ (594,956)
Adjustments to reconcile decrease in net assets to net cash provided from operating activities:		
Depreciation	2,729	2,727
Contributions for long-term investment	(193,636)	(214,055)
Realized (gain) loss on sale of investments	454,290	(274,338)
Unrealized loss on investments	1,058,617	1,594,646
Changes in:		
Receivables	122,543	(108,688)
Pledges receivable	360,256	29,528
Accounts payable and accrued liabilities	(41,904)	50,586
	<u>963,714</u>	<u>485,450</u>
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchases of investments	<u>(431,204)</u>	<u>(723,424)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on annuity obligations	(4,321)	(6,801)
Contributions restricted for long-term investment	<u>193,636</u>	<u>214,055</u>
	<u>189,315</u>	<u>207,254</u>
<b>NET CASH PROVIDED FROM FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	721,825	(30,720)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>91,843</u>	<u>122,563</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 813,668</u>	<u>\$ 91,843</u>

See Accompanying Notes to Financial Statements

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

State Center Community College Foundation is incorporated as a nonprofit public benefit auxiliary corporation to provide financial support for scholarship awards and student activities at the campuses of the State Center Community College District.

The following are the significant accounting policies of the organization:

**Method of accounting** - The financial statements are prepared using the accrual basis of accounting, in which support and revenue are recognized when received or earned and expenses are recognized when incurred.

**Tax status** - The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2).

**Cash and cash equivalents** - For purposes of the statements of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Receivables** - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements. At June 30, 2009 and 2008 the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

**Pledges Receivable** - Unconditional pledges receivable from donors that are expected to be collected within one year are recorded at net realizable value. Long-term pledges receivable that are expected to be collected in a period beyond one year are recorded at a discount using the present value of their estimated future cash flows. The discounts on long-term pledges receivable are computed using risk-free interest rates applicable to the period in which the pledges to give are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management has determined that an allowance of \$49,305 and \$34,352 for uncollectible pledges receivable is sufficient as of June 30, 2009 and 2008, respectively.

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

**Investments**

Permanently restricted - Each of the four endowments within the group receives separate returns based on its invested portfolio and records the return on its investments in various revenue accounts as reflected in the accompanying statement of activities.

Temporarily restricted and unrestricted - Each activity participating in the investment pool receives its pro rata share of the overall return and records the return on its investments in various revenue accounts as reflected in the accompanying statement of activities.

The investment portfolios of all the funds are carried at fair value at June 30, 2009 and 2008. All investment income is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on temporarily restricted and unrestricted investments are credited to unrestricted net assets, unless otherwise designated by the donor.

**Equipment** - The organization follows the practice of capitalizing all Foundation expenditures for equipment in excess of \$1,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method at rates designed to distribute the costs of properties over their estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

**Accounting for contributions** - All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the 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 net assets released from restrictions.

Permanently restricted net assets include the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from those investments is expended for the purposes specified by the donors.



STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

**Accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

**Comparative financial information** - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2009 and 2008 are as follows:

	2009	2008
Pledges receivable	\$ 510,810	\$ 871,065
Less: Unamortized discount	<u>9,431</u>	<u>24,383</u>
<b>TOTAL</b>	<b>501,379</b>	<b>846,682</b>
Less: Allowance for uncollectible pledges	<u>49,305</u>	<u>34,352</u>
<b>Net pledges receivable</b>	<b><u>\$ 452,074</u></b>	<b><u>\$ 812,330</u></b>
Amounts due in:		
Less than one year	\$ 358,971	\$ 566,198
One to four years	<u>93,103</u>	<u>246,132</u>
	<b><u>\$ 452,074</u></b>	<b><u>\$ 812,330</u></b>

The average discount rate used to calculate the present value of promises to give expected to be collected in periods beyond one year was 7% for the years ended June 30, 2009 and 2008.

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 3: INVESTMENTS

The Foundation invests in premium investment grade mutual bond funds and equity securities from companies located throughout the world. Investments at June 30, 2009 and 2008 are summarized as follows:

	<u>2009</u>	
	FAIR VALUE	UNREALIZED GAIN (LOSS)
<b>SHORT-TERM INVESTMENTS</b>		
<b>Unrestricted</b>		
California Local Agency Investment Fund	\$ 424,032	\$ 0
<b>Temporarily Restricted</b>		
California Local Agency Investment Fund	<u>260,582</u>	<u>0</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>	<u><b>\$ 684,614</b></u>	<u><b>\$ 0</b></u>
<b>LONG-TERM INVESTMENTS</b>		
<b>Unrestricted</b>		
YCM Net Advisors	<u>\$ 274,084</u>	<u>\$ (53,052)</u>
<b>Temporarily Restricted</b>		
Washington Mutual Fund	117,283	(2,090)
Cash Management Trust of America	17,427	723
YCM Net Advisors	4,351,255	(475,076)
Trusts	<u>11,843</u>	<u>10,233</u>
	<u>4,497,808</u>	<u>(466,210)</u>
<b>Permanently Restricted</b>		
Washington Mutual Fund	68,219	(73,295)
YCM Net Advisors	<u>4,579,816</u>	<u>94,417</u>
	<u>4,648,035</u>	<u>21,122</u>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<u><b>\$ 9,419,927</b></u>	<u><b>\$ (498,140)</b></u>

Long-term investments, at fair value, as of September 30, 2009 approximates \$11,380,000.

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 3: INVESTMENTS (Continued)

	<u>2008</u>	
	FAIR VALUE	UNREALIZED GAIN (LOSS)
<b>SHORT-TERM INVESTMENTS</b>		
<b>Unrestricted</b>		
California Local Agency Investment Fund	\$ 409,294	\$ 0
<b>Temporarily Restricted</b>		
California Local Agency Investment Fund	<u>260,583</u>	<u>0</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>	<b><u>\$ 669,877</u></b>	<b><u>\$ 0</u></b>
<b>LONG-TERM INVESTMENTS</b>		
<b>Unrestricted</b>		
YCM Net Advisors	<u>\$ 306,380</u>	<u>\$ (18,259)</u>
<b>Temporarily Restricted</b>		
Washington Mutual Fund	156,999	48
Cash Management Trust of America	17,262	601
YCM Net Advisors	4,666,599	(3,467)
Trusts	<u>26,185</u>	<u>14,533</u>
	<u>4,867,045</u>	<u>11,715</u>
<b>Permanently Restricted</b>		
Washington Mutual Fund	91,325	(2,152)
YCM Net Advisors	<u>5,251,617</u>	<u>569,173</u>
	<u>5,342,942</u>	<u>567,021</u>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<b><u>\$10,516,367</u></b>	<b><u>\$ 560,477</u></b>

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 3: INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2009, with comparative totals for 2008:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	
				2009	2008
Interest and dividends, (net of management fees of \$51,562 in 2009 and \$72,201 in 2008)	\$ 23,974	\$ 106,234	\$ 116,972	\$ 247,180	\$ 268,850
Realized gain (loss) on sale of investments	27,426	(201,633)	(280,083)	(454,290)	274,338
Unrealized gain (loss) on investments	(34,793)	(477,925)	(545,899)	(1,058,617)	(1,594,646)
	<u>\$ 16,607</u>	<u>\$ (573,324)</u>	<u>\$ (709,010)</u>	<u>\$ (1,265,727)</u>	<u>\$ (1,051,458)</u>

Interest and dividends (net of management fees) and realized gains (losses) earned on permanently restricted endowments, governed by U.S. Department of Education Title III Regulations, is credited one-half to permanently restricted net assets and the other half is credited to temporarily restricted net assets and available for funding scholarship or student activity needs of the campuses.

As of February 22, 2006, the board approved a spending/distribution policy. All endowed scholarship gifts not governed by U.S. Department of Education Title III Regulations shall be managed in accordance with the following spending/distribution policy:

It is the policy of the Foundation to preserve the principal of the endowment fund ("Endowment") and maintain its current and future value, while providing for a consistent volume of annual earnings available to be distributed for scholarship purposes. In this regard, the Endowment shall annually make available for distribution 4.5% of its principal balance as follows: in the quarter that the distribution is to be made, 4.5% of the average quarterly book balance of the Endowment shall be calculated by multiplying 4.5% by the average quarterly book value of the Endowment as determined over the three year period immediately preceding the year in which the distribution is to be made. To the extent that the actual earnings for the year fall short of the 4.5% calculation, available earnings from previous years can be distributed. This 4.5% calculation of distributable earnings shall then be allocated pro rata between all individual endowment accounts based on each individual endowment account's beginning of the year market value, plus current year donations and reinvestments (weighted for the month in which they were made). Earnings shall be defined as dividends, interest, and, to the extent that distributions are not covered by interest and dividends, realized gains. Annually, earnings not distributed pursuant to this policy shall be combined into the Endowment principal.

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 3: INVESTMENTS (Continued)

To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes premium investment grade mutual bond funds and equity securities, that is intended to result in a consistent inflation-protected rate of return. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 4: EQUIPMENT

Equipment is comprised of an electronic billboard, computer equipment acquired with donated monies and various machinery. The purpose of the billboard is to advertise activities and events and to rent to the general public to generate revenues to benefit the State Center Community College District. The machinery is used at the Fresno City College Training Institute to allow students hands-on training of manufacturing equipment.

	2009	2008
Electronic Billboard - Reedley College	\$ 54,533	\$ 54,533
Computer equipment	41,240	41,240
Various machinery - Fresno Training	<u>203,760</u>	<u>203,760</u>
	299,533	299,533
Accumulated depreciation	<u>(299,533)</u>	<u>(296,804)</u>
	<u>\$ 0</u>	<u>\$ 2,729</u>

NOTE 5: FAIR VALUE MEASUREMENTS

The Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the 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

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Quoted prices for identical assets or liabilities traded in active markets.
- Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The table below presents the level within the hierarchy at which assets are measured at June 30, 2009:

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Investments in marketable securities	\$ 10,104,541	\$ 10,104,541	\$ 0	\$ 0
Pledges receivable	<u>452,074</u>	<u>0</u>	<u>0</u>	<u>452,074</u>
<b>TOTAL</b>	<b><u>\$ 10,556,615</u></b>	<b><u>\$ 10,104,541</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 452,074</u></b>

A summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2009 is presented below:

**Pledges receivable**

Balance July 1, 2008	\$ 812,330
Additions to pledges receivable	110,207
Payments on pledges receivable	(470,463)
Provision for doubtful accounts	(14,952)
Discount	<u>14,952</u>
Balance, June 30, 2009	<b><u>\$ 452,074</u></b>

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 6: ANNUITY AGREEMENTS

The Foundation has received investment donations in which the donors have retained life interests under a charitable remainder annuity trust (CRAT). These assets are not available for the support of the Foundation's programs until after the death of the donors plus any specified additional beneficiary's life or stated term. These assets are recorded as part of temporarily restricted net assets at their fair value of \$11,843 and \$26,185 as of June 30, 2009 and 2008, respectively. The remaining assets of the CRAT will be transferred to unrestricted net assets upon termination of the life interests. The annuity trust agreements provide that the donors, during their lifetimes, shall be paid an amount equal to the percent of the net fair market value of the assets of the trust (7.5% for trust #1 and 10% for trust #2), based on the valuation of the assets as of the date of the conveyance to the Foundation.

	2009	2008
<b>Charitable Remainder Annuity Trust #1</b>		
Assets	\$ 5,054	\$ 10,317
Liabilities	<u>(5,054)</u>	<u>(10,317)</u>
<b>NET ASSETS</b>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Charitable Remainder Annuity Trust #2</b>		
Assets	6,789	15,868
Liabilities	<u>(6,213)</u>	<u>(5,271)</u>
<b>NET ASSETS</b>	<u>\$ 576</u>	<u>\$ 10,597</u>

The Foundation is the trustee of the above charitable remainder annuity trusts.

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See next page for continuation of notes.

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 7: PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Permanently and temporarily restricted net assets are available for the following purposes as of June 30, 2009 and 2008:

	2009		2008	
	PERMANENTLY RESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TEMPORARILY RESTRICTED
Scholarships	\$ 3,840,414	\$ 3,328,905	\$ 4,216,111	\$ 3,793,344
Instructional programs	533,261	627,205	552,854	556,373
Educational support	253,690	2,227,564	373,690	2,017,033
Athletic programs	17,646	205,799	20,754	180,922
Charitable remainder annuity trusts	0	11,843	0	26,185
	<u>\$ 4,645,011</u>	<u>\$ 6,401,316</u>	<u>\$ 5,163,409</u>	<u>\$ 6,573,857</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2009 are:

	2009 TEMPORARILY RESTRICTED
Scholarships	\$ 240,522
Instructional programs	172,457
Educational support	418,567
Athletic programs	242,101
Charitable remainder annuity trusts	5,961
	<u>\$ 1,079,608</u>

Net assets released from restrictions - income reallocation during the year ended June 30, 2009 are:

Interest and dividends (net of management fees) and realized gains (losses) earned on permanently restricted net assets that were reallocated from permanently restricted net assets to temporarily restricted net assets in the amount of \$3,024.

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See next page for continuation of notes.



STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 8: FUNCTIONAL EXPENSES

Functional expenses for the year ended June 30, 2009 are the following:

	Program Services				Total
	Educational Activities	Scholarships and Awards	General and Administrative	Fundraising	
Building and equipment	\$ 24,893	\$ 0	\$ 0	\$ 0	\$ 24,893
Conferences, travel and meals	367,339	0	0	0	367,339
Contract labor	184,131	0	0	0	184,131
Other	40,252	0	0	0	40,252
Printing and binding	49,004	0	0	0	49,004
Salaries	4,452	0	80,130	4,452	89,034
Scholarships	0	293,389	0	0	293,389
Special event supplies	18,636	0	0	0	18,636
Fundraising supplies	0	0	0	55,252	55,252
Supplies and material	193,414	0	0	0	193,414
	<u>\$ 882,121</u>	<u>\$ 293,389</u>	<u>\$ 80,130</u>	<u>\$ 59,704</u>	<u>\$ 1,315,344</u>

Functional expenses for the year ended June 30, 2008 are the following:

	Program Services				Total
	Educational Activities	Scholarships and Awards	General and Administrative	Fundraising	
Building and equipment	\$ 69,858	\$ 0	\$ 0	\$ 0	\$ 69,858
Conferences, travel and meals	380,767	0	0	0	380,767
Contract labor	444,723	0	0	0	444,723
Equipment	25,350	0	0	0	25,350
Other	42,805	0	0	0	42,805
Printing and binding	64,824	0	0	0	64,824
Salaries	4,325	0	77,846	4,325	86,496
Scholarships	0	227,543	0	0	227,543
Special events supplies	22,037	0	0	0	22,037
Fundraising supplies	0	0	0	74,760	74,760
Supplies and materials	410,463	0	0	0	410,463
	<u>\$ 1,465,152</u>	<u>\$ 227,543</u>	<u>\$ 77,846</u>	<u>\$ 79,085</u>	<u>\$ 1,849,626</u>

NOTE 9: CREDIT RISK

**Cash** - The Foundation maintains its cash accounts primarily with a bank located in Fresno, California. The FDIC insures total interest bearing cash balances up to \$250,000 per bank. At June 30, 2009, the Foundation had a cash balance on deposit with the bank in the amount of \$831,681, which exceeded the balance insured by the FDIC. Typically the monthly balance in the interest bearing account is less than \$250,000.

**Pledge Receivable** - Economic conditions within California may impact the collection of pledges receivable.

STATE CENTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 10: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 9, 2009 (date financial statements available to be issued) noting no matters requiring disclosure in the financial statements for the year ended June 30, 2009.