

**IRVINE VALLEY COLLEGE FOUNDATION
(A Discretely Presented Component Unit of the
South Orange County Community College District)**

**Financial Statements
and Independent Auditor's Report**

For the Year Ended June 30, 2012

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**IRVINE VALLEY COLLEGE FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Table of Contents

	<i>Page</i>
Independent Auditor's Report.....	1
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7

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Sacramento

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Independent Auditor's Report

Board of Directors
Irvine Valley College Foundation
Mission Viejo, California

We have audited the accompanying statement of financial position of Irvine Valley College Foundation (Foundation), a discretely presented component unit of the South Orange County Community College District (District), as of June 30, 2012, and the related statements of activities, functional expenses 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 comparative information has been derived from the Foundation's 2011 financial statements, and, in our report dated November 28, 2011, we expressed an unqualified opinion on the 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Irvine Valley College Foundation as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Macias Fini & O'Connell LLP

Los Angeles, California
November 26, 2012

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IRVINE VALLEY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012
(with comparative totals as of June 30, 2011)

Assets	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 177,465	\$ 235,137
Investments	1,018,290	1,045,846
Investments with the Foundation for California Community Colleges	377,726	385,334
Accounts receivable	2,716	5,614
Prepaid expenses	2,633	4,621
Total assets	<u>\$ 1,578,830</u>	<u>\$ 1,676,552</u>
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ 6,405	\$ 111,863
Total liabilities	<u>6,405</u>	<u>111,863</u>
 Net assets		
Unrestricted	188,173	222,806
Temporarily restricted	504,507	485,032
Permanently restricted	879,745	856,851
Total net assets	<u>1,572,425</u>	<u>1,564,689</u>
Total liabilities and net assets	<u>\$ 1,578,830</u>	<u>\$ 1,676,552</u>

See accompanying notes to the financial statements.

IRVINE VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012
(with comparative totals for the year ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2012	2011
Support and revenue					
Support					
Contributions	\$ 6,746	\$ 464,756	\$ 22,894	\$ 494,396	\$ 460,266
Special events	13,815	37,140	-	50,955	119,868
In-kind donations	11,282	-	-	11,282	2,648
Donated services	394,787	-	-	394,787	375,956
Donated professional fees	13,216	-	-	13,216	16,229
Total support	439,846	501,896	22,894	964,636	974,967
Revenue					
Interest and dividends	9,876	11,430	-	21,306	17,874
Unrealized (loss)/gain on investments	(15,076)	(16,312)	-	(31,388)	96,431
Realized gain on investments	3,222	5,430	-	8,652	45,116
Sales and commissions	42,442	56,111	-	98,553	134,492
Other revenue	10,115	-	-	10,115	41,725
Total revenue	50,579	56,659	-	107,238	335,638
Total support and revenue before net assets released from restriction	490,425	558,555	22,894	1,071,874	1,310,605
Net assets released from restrictions	539,080	(539,080)	-	-	-
Total support and revenue after net assets released from restriction	1,029,505	19,475	22,894	1,071,874	1,310,605
Expenses					
Program services	782,587	-	-	782,587	650,145
Supporting services					
Management and general	143,033	-	-	143,033	161,801
Fundraising	138,518	-	-	138,518	131,525
Total expenses	1,064,138	-	-	1,064,138	943,471
Change in net assets	(34,633)	19,475	22,894	7,736	367,134
Net assets					
Beginning of year, as restated	222,806	485,032	856,851	1,564,689	1,197,555
End of year	\$ 188,173	\$ 504,507	\$ 879,745	\$ 1,572,425	\$ 1,564,689

See accompanying notes to the financial statements.

IRVINE VALLEY COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012
(with comparative totals for the year ended June 30, 2011)

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2012</u>	<u>2011</u>
Salaries and benefits	\$ 193,423	\$ 88,872	\$ 112,492	\$ 394,787	\$ 375,956
Scholarship payments	303,155	-	-	303,155	266,089
Program activities	92,269	-	-	92,269	34,736
Special events	-	-	26,026	26,026	29,365
Professional fees	13,216	-	-	13,216	23,724
Contract services	73,208	-	-	73,208	61,555
Supplies and printing	28,493	-	-	28,493	39,152
Seminars and conferences	37,494	-	-	37,494	31,092
Dues and memberships	2,015	-	-	2,015	2,900
In-kind donations	11,282	-	-	11,282	2,648
Program equipment and software	28,032	-	-	28,032	20,636
General operating	-	54,161	-	54,161	55,618
Total	<u>\$ 782,587</u>	<u>\$ 143,033</u>	<u>\$ 138,518</u>	<u>\$ 1,064,138</u>	<u>\$ 943,471</u>

See accompanying notes to the financial statements.

IRVINE VALLEY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended June 30, 2012
(with comparative totals for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,736	\$ 367,134
Adjustments to reconcile change in net assets to net cash used in operations		
Unrealized (gain)/loss on investments	31,388	(96,431)
Realized gain on investments	(8,652)	(45,116)
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	2,898	(5,614)
Decrease/(increase) in prepaid expenses	1,988	(2,260)
Increase/(decrease) in accounts payable	(105,458)	2,459
Decrease in trust accounts	-	(80)
Net cash (used in) provided by operating activities	<u>(70,100)</u>	<u>220,092</u>
Cash flows from investing activities:		
Purchase of investments	(1,492,316)	(1,259,273)
Proceeds on the sale of investments	1,504,744	950,850
Net cash provided by (used in) investing activities	<u>12,428</u>	<u>(308,423)</u>
Net decrease in cash and cash equivalents	(57,672)	(88,331)
Cash and cash equivalents, beginning of year	<u>235,137</u>	<u>323,468</u>
Cash and cash equivalents, end of year	<u>\$ 177,465</u>	<u>\$ 235,137</u>

See accompanying notes to the financial statements.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

NOTE 1 - ORGANIZATION

The Irvine Valley College Foundation (Foundation) was founded in 1989 to assist in the achievement and maintenance of a superior program of public education and community participation with the South Orange County Community College District (the District) by receiving contributions from the public, raising funds, and making contributions to educational and community programs of the District and by developing, conducting and financing programs and projects designed to benefit the students enrolled in the educational and community programs of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Foundation is a discretely presented component unit of the District and has been included in the District's basic financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Financial Accounting Standards Board (FASB) implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The Codification has become the source of authoritative accounting principles generally accepted in the United States of America (GAAP) recognized by FASB to be applied to nongovernmental entities. On the effective date of the Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grandfathered accounting literature not included in the Codification has become non-authoritative. References to GAAP included in the Codification are noted as Accounting Standards Codification (ASC).

Classification of Net Assets

The Foundation reports information regarding its financial position and activities according to three classes of net assets:

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

Temporarily restricted net assets - 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 statement of activities as net assets released from restrictions.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets (continued)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they 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. Earnings generated from permanently restricted net assets are primarily available for scholarships.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in an interest bearing bank account and money market funds. The Foundation considers all short-term highly liquid investments, with a maturity date of not more than three months from the date of acquisition to be cash equivalents.

Fair Value of Financial Instruments

The Foundation has applied the provisions of ASC 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosure about fair value measurements.

Investments

Investments purchased by the Foundation or contributed by donors are recorded at fair value, generally based on quoted market values, on the statement of financial position. Realized gains and losses on sales of securities are determined based on the cost of the individual securities and the sale price at the date of sale. Unrealized gains and losses on marketable securities are calculated as the difference between cost and fair value of all securities on hand from one year to the next. Interest and dividend income is reported in the year earned. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Contributions

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future value in their respective net asset category.

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Donor Restricted Contributions

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.

Donated Assets and Services

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

Functional Allocations of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Program services include expenses incurred in supporting the educational programs at Irvine Valley College and scholarship payments. Supporting services include the administrative expenses incurred by the Foundation. In addition, certain costs have been allocated among the programs and supporting services based on estimated time spent by the Foundation's personnel.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. Accordingly, there is no provision for income taxes recorded in the financial statements. The Foundation has applied ASC topic 740-10-25, *Income taxes – Overall – Recognition*, for uncertainty in tax positions and has determined there is no material impact on the financial statements. The Foundation's federal and state returns for 2011, 2010, 2009, and 2008 are subject to examination, generally for three years (federal) and four years (state) after they were filed.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Financial Information of the Prior Year

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 GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the fiscal year ended June 30, 2011, from which the summarized information was derived.

NOTE 3 - RESTATEMENT OF BEGINNING NET ASSETS

The accompanying financial statements contain a restatement of beginning net assets at July 1, 2011, of temporarily restricted net assets and permanently restricted net assets. The restated beginning balances at July 1, 2011, were due to an incorrect classification of contribution revenue in the amount of \$58,295, resulting in an overstatement of permanently restricted beginning net assets and an understatement of temporarily restricted beginning net assets.

NOTE 4 - SECURED DEPOSITS

The Foundation's cash deposits are maintained at the same financial institution as the District's and are contractually insured and collateralized in accordance with California Government Code requirements to secure its deposits by pledging government securities as collateral. The market value of pledged securities is equal to 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits. Collateral is considered to be held in the name of the Foundation. At June 30, 2012, the bank balance for the Foundation of \$314,675 was entirely insured and collateralized as described above. The book balance for the Foundation was \$177,465.

In addition, the Foundation maintains cash and investment balances with a credit worthy, high quality financial institution. The financial institution that held the cash and investment balances provided up to \$500,000 protection, including \$100,000 for cash, through Securities Investor Protection Corporation (SIPC).

NOTE 5 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level I that are observable for the asset, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.
- Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The Foundation has entered into 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 FCCC 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 will be based on each college's Full Time Equivalent Student (FTES) and each scholarship is valued at maximum of \$1,000 per school year per student.

These funds will be invested in a pooled investment fund held by the Foundation for California Community Colleges (FCCC). At June 30, 2012, the fair value of this investment was \$377,726, and included an unrealized loss of \$275. The FCCC has assembled an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the Endowment's assets.

Investments are presented in the financial statements at their aggregate fair value. The fair value of investments at June 30, 2012, is as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 1,018,290	\$ 1,018,290	\$ -	\$ -
Investments with FCCC	377,726	-	377,726	-
Total	\$ 1,396,016	\$ 1,018,290	\$ 377,726	\$ -

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The following schedule summarizes the investment return and its classifications in the statement of activities for the year ended June 30, 2012:

Net depreciation in fair value of investments	\$ (22,736)
Interest and dividend income	21,306
Investment loss	<u>\$ (1,430)</u>

NOTE 6 - NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012, are restricted for the following purposes:

Program services	\$ 337,615
Scholarships	178,487
Total	<u>\$ 516,102</u>

Permanently Restricted Net Assets

Permanently restricted net assets totaling \$877,625 are restricted for investment in perpetuity, which represents the Foundation's endowment funds.

Net Assets Released from Restrictions

Net assets of \$539,080 were released from temporarily restricted net assets during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

Program services	\$ 244,372
Scholarships	294,708
Total	<u>\$ 539,080</u>

NOTE 7 - ENDOWMENT

The Foundation's endowment consists of 38 individual funds established for a variety of purposes. Its endowment includes both endowment funds held by the District and the Foundation for California Community Colleges. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation does not maintain any Board designated endowment funds.

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012

NOTE 7 - ENDOWMENT (Continued)

Interpretation of Relevant Law

The Board of Governors 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 income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

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 organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to maximize investment earnings while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, 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 Objectives

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.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

NOTE 7 - ENDOWMENT (Continued)

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 proceeding the fiscal year in which the distribution is planned. 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 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 net asset composition by fund as of June 30, 2012, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowments	\$ (29,632)	\$ 88,255	\$ 879,745	\$ 938,368

Changes in the Foundation's endowment as of June 30, 2012, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year, as restated (Note 3)	\$ (29,632)	\$ 117,696	\$ 856,851	\$ 944,915
Investment return				
Investment income	-	11,430	-	11,430
Net realized and unrealized loss	-	(3,274)	-	(3,274)
Total investment return	-	8,156	-	8,156
Contributions	-	-	22,894	22,894
Appropriation for endowment spending	-	(37,597)	-	(37,597)
Endowment net assets, end of year	<u>\$ (29,632)</u>	<u>\$ 88,255</u>	<u>\$ 879,745</u>	<u>\$ 938,368</u>

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2012

NOTE 7 - 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 or 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, 2012.

NOTE 8 - RELATED PARTIES

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the executive director and foundation specialist and contributed to the Foundation's audit fee. In addition, working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated services included \$394,787 of salaries and benefits and \$13,216 for contract services. These donated services have been reflected in the accompanying statement of activities as revenues under donated services and donated professional fees and as expenses under salaries and benefits and contract services. The value of donated facilities has not been determined and is therefore not included in the accompanying financial statements; however, management does not believe the amount to be material.

NOTE 9 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 26, 2012, which is the date the financial statements were issued.

