

**FEATHER RIVER COMMUNITY COLLEGE
FOUNDATION, INC.**
(A NONPROFIT ORGANIZATION)
Quincy, California

FINANCIAL STATEMENTS
June 30, 2015 and 2014

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
Quincy, California

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Feather River Community College Foundation, Inc.
Quincy, California

Report on the Financial Statements

We have audited the accompanying financial statements of Feather River Community College Foundation, Inc. (the Foundation"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the 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 audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feather River Community College Foundation, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 25, 2015

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 525,943	\$ 568,223
Investments, current	723,132	565,806
Receivables	<u>45,003</u>	<u>38,484</u>
Total current assets	<u>1,249,078</u>	<u>1,172,513</u>
Investments, noncurrent	373,757	376,081
Non-depreciable capital assets	562,800	332,884
Depreciable capital assets, net	3,159,161	3,009,445
Other assets:		
Deposits	1,900	1,900
Horses, net of accumulated depreciation of \$174,422 and \$153,901 for 2015 and 2014, respectively	75,438	84,069
Bond issuance costs, net of accumulated amortization of \$166,992 and \$153,075 for 2015 and 2014, respectively	<u>97,414</u>	<u>111,331</u>
Total assets	<u>\$ 5,564,548</u>	<u>\$ 5,088,223</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 238,427	\$ 52,733
Current portion of long-term debt	<u>253,894</u>	<u>210,604</u>
Total current liabilities	492,321	263,337
Long-term debt, less current portion	<u>2,324,737</u>	<u>2,296,382</u>
Total liabilities	<u>2,817,058</u>	<u>2,559,719</u>
NET ASSETS		
Unrestricted	2,576,721	2,111,234
Temporarily restricted	120,182	366,683
Permanently restricted	<u>50,587</u>	<u>50,587</u>
Total net assets	<u>2,747,490</u>	<u>2,528,504</u>
Total liabilities and net assets	<u>\$ 5,564,548</u>	<u>\$ 5,088,223</u>

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ -	\$ 150,857	\$ -	\$ 150,587
Registration fees	13,790	-	-	13,790
Contributions by Feather River College	56,000	-	-	56,000
Rental income	680,352	-	-	680,352
Investment income	3,169	2,144	-	5,313
Other operating income	305,546	-	-	305,546
Gain on sale of horses/livestock	38,081	63,490	-	101,571
Fish sales, net	-	451	-	451
Fundraising income, net	-	28,682	-	28,682
Other income	57,259	-	-	57,259
Net assets released from restrictions	<u>492,125</u>	<u>(492,125)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>1,646,322</u>	<u>(246,501)</u>	<u>-</u>	<u>1,399,821</u>
Expenses:				
Program services:				
Fitness center operations	20,936	-	-	20,936
College housing operations	709,811	-	-	709,811
Purchases on behalf of Feather River College	24,103	-	-	24,103
Scholarships granted	45,237	-	-	43,237
Supporting services:				
Management and general	<u>380,748</u>	<u>-</u>	<u>-</u>	<u>380,748</u>
Total expenses	<u>1,180,835</u>	<u>-</u>	<u>-</u>	<u>1,180,835</u>
Change in net assets	465,487	(246,501)	-	218,986
Net assets, beginning of year	<u>2,111,234</u>	<u>366,683</u>	<u>50,587</u>	<u>2,528,504</u>
Net assets, end of year	<u>\$ 2,576,721</u>	<u>\$ 120,182</u>	<u>\$ 50,587</u>	<u>\$ 2,747,490</u>

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 21,000	\$ 113,978	\$ -	\$ 134,978
Registration fees	11,600	-	-	11,600
Contributions by Feather River College	54,000	-	-	54,000
Rental income	628,620	-	-	628,620
Investment income	3,240	7,927	-	11,167
Other operating income	169,462	-	-	169,462
Gain on sale of horses/livestock	36,800	115,962	-	152,762
Fish sales, net	-	2,307	-	2,307
Fundraising income, net	-	65,086	-	65,086
Net assets released from restrictions	<u>195,098</u>	<u>(195,098)</u>	-	-
Total revenues, gains and other support	<u>1,119,820</u>	<u>110,162</u>	-	<u>1,229,982</u>
Expenses:				
Program services:				
Fitness center operations	28,996	-	-	28,996
College housing operations	684,539	-	-	684,539
Purchases on behalf of Feather River College	47,795	-	-	47,795
Scholarships granted	46,151	-	-	46,151
Supporting services:				
Management and general	<u>215,808</u>	-	-	<u>215,808</u>
Total expenses	<u>1,023,289</u>	-	-	<u>1,023,289</u>
Change in net assets	96,531	110,162	-	206,693
Net assets, beginning of year	<u>2,014,703</u>	<u>256,521</u>	<u>50,587</u>	<u>2,321,811</u>
Net assets, end of year	<u>\$ 2,111,234</u>	<u>\$ 366,683</u>	<u>\$ 50,587</u>	<u>\$ 2,528,504</u>

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 218,986	\$ 206,693
Gain on issuance of long-term debt	(57,259)	-
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	169,725	181,462
Amortization	13,917	13,915
Donated horses included in contributions	(20,000)	(21,000)
Gain on sale of horses / equipment	(101,571)	(152,762)
Increase in accounts receivable	(6,517)	(18,596)
Increase (decrease) in accounts payable and accrued expense	<u>185,694</u>	<u>(1,170)</u>
Net cash provided by operating activities	<u>402,975</u>	<u>208,542</u>
Cash flows from investing activities:		
Purchase of fixed assets	(523,763)	-
Purchase of investments	(157,148)	(5,579)
Proceeds from sale of investments	2,144	2,667
Purchase of horses	(4,500)	(8,500)
Proceeds from sale of horses	<u>109,108</u>	<u>179,237</u>
Net cash (used in) provided by investing activities	<u>(574,159)</u>	<u>167,825</u>
Cash flows from financing activities:		
Proceeds from long-term debt	351,347	-
Payments on long-term debt	<u>(222,443)</u>	<u>(198,916)</u>
Net cash provided by (used in) financing activities	128,904	(198,916)
Net change in cash and cash equivalents	<u>(42,280)</u>	<u>177,451</u>
Cash and cash equivalents, beginning of year	<u>568,223</u>	<u>390,772</u>
Cash and cash equivalents, end of year	<u>\$ 525,943</u>	<u>\$ 568,223</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 115,651	\$ 129,387

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program Services					<u>Totals</u>
	<u>Fitness Center Operations</u>	<u>College Housing Operations</u>	<u>Purchases on Behalf of Feather River College</u>	<u>Scholarships Granted</u>	<u>Management and General</u>	
Personnel costs	\$ -	\$ 26,374	\$ -	\$ -	\$ -	\$ 26,374
Interest expense	3,556	112,095	-	-	-	115,651
Utilities	-	110,599	-	-	-	110,599
Depreciation	17,380	122,026	-	-	30,319	169,725
Other operating costs	-	210,430	-	-	318,377	528,807
Purchases on behalf of Feather River						
College	-	-	24,103	-	-	24,103
Repair and maintenance	-	96,759	-	-	25,114	121,873
Property/liability						
Insurance	-	-	-	-	4,087	4,087
Supplies and small equipment	-	676	-	-	2,851	3,527
Security	-	16,935	-	-	-	16,935
Amortization	-	13,917	-	-	-	13,917
Scholarships granted	-	-	-	45,237	-	45,237
Total expenses	\$ 20,936	\$ 709,811	\$ 24,103	\$ 45,237	\$ 380,748	\$ 1,180,835

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014

	Program Services					<u>Totals</u>
	<u>Fitness Center Operations</u>	<u>College Housing Operations</u>	<u>Purchases on Behalf of Feather River College</u>	<u>Scholarships Granted</u>	<u>Management and General</u>	
Personnel costs	\$ -	\$ 38,089	\$ -	\$ -	\$ -	\$ 38,089
Interest expense	9,085	120,302	-	-	-	129,387
Utilities	-	129,678	-	-	-	129,678
Depreciation	19,911	132,995	-	-	28,556	181,462
Other operating costs	-	108,750	-	-	184,037	292,787
Purchases on behalf of Feather River College	-	-	47,795	-	-	47,795
Repair and maintenance	-	119,972	-	-	1,126	121,098
Property/liability Insurance	-	-	-	-	2,089	2,089
Supplies and small equipment	-	467	-	-	-	467
Security	-	20,370	-	-	-	20,370
Amortization	-	13,916	-	-	-	13,916
Scholarships granted	-	-	-	46,151	-	46,151
Total expenses	\$ 28,996	\$ 684,539	\$ 47,795	\$ 46,151	\$ 215,808	\$ 1,023,289

See accompanying notes to financial statements.

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES

Organization: Feather River Community College Foundation, Inc. (the "Foundation") is a nonprofit, tax-exempt organization. The purpose of the Foundation is to provide supportive services and specialized programs for the general benefit of the Feather River Community College District (the "District") and the District's various organizations. The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. The Foundation's funds consist of the following:

General – As a service to college affiliated organizations and projects, the Foundation performs fund-raising activities, provides scholarships, and supports certain campus organizations.

Feather River Fitness and Recreation – As a service to students and the community, the Fitness and Recreation Center provides exercise facilities on a fee basis.

Feather River College Residence Halls – As a service to students, the Feather River College Residence Halls provide housing for students.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred.

The financial statement presentation follows the guidance of Financial Accounting Standards Board (the "FASB") *Accounting Standards Codification*TM ("ASC") 958 - 205, *Not-for-Profit Entities – Presentation of Financial Statements* ("ASC 958 – 205"). Under ASC 958 – 205, the Organization is required to report information regarding its financial position and activities classified as permanently restricted, temporarily restricted, and unrestricted net assets with the change in each of these classes of net assets to be presented in the statements of activities and changes in net assets.

Basis of Presentation: The Foundation has adopted the provisions of Codification Topic 958-605, *Accounting for Contributions Received and Contributions Made*, and Codification Topic 958-205, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the Foundation's net assets are classified as follows:

Unrestricted: Net assets not subject to donor-imposed stipulations.

Temporarily restricted: Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or passage of time.

Permanently restricted: Net assets subject to donor-imposed stipulations that require 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 related investments for general or specific purposes.

Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restriction on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)

Cash and Cash Equivalents: The Foundation considers cash in operating bank accounts, money market accounts, certificates of deposits, and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times, cash balances may exceed federally insured limits.

Investments: The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values. Unrealized gains and losses are reported in the statement of activities.

Receivables: Accounts receivable are amounts due from students for housing in the residence halls. An allowance for doubtful accounts is established for accounts that management believes are uncollectible. At June 30, 2015 and 2014, no allowance for doubtful accounts was deemed necessary.

Property and Equipment: Purchases are recorded at cost; donated items of property and equipment used in operations are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. The Foundation's policy is to capitalize property and equipment greater than \$500.

Horses: Horses are recorded at their estimated fair value. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of horses are recorded as unrestricted support.

Depreciation and Amortization: Fixed assets are depreciated using the straight-line method over 5 – 39 years, depending on asset types. Horses are depreciated using the straight-line method over 10 years. Debt issuance costs are amortized over the same time period as the related debt repayment term of 19 years.

Restricted and Unrestricted Revenue and Support: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Net Assets: The Foundation accounts for its endowments in accordance with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to and Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds* (Codification Topic 958-205). The Foundation's endowment currently consists of one individual fund established for the purpose of supporting education at the District. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)

The Board of Directors of the Foundation has interpreted 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 prudence prescribed by UPMIFA.

The Foundation follows the Foundation's 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 purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s).

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income and equity instruments with the objective of maintaining a balanced portfolio in accordance with the Foundation's investment policy.

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.

Impairment of Long-Lived Assets: The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Once an impairment charge is recorded, the carrying amount cannot be increased. There was no impairment recorded for the years ended June 30, 2015 and 2014.

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributed Services: A substantial number of individuals have made significant contributions of time to the Foundation's activities, including time and resources contributed by District employees and students to care for horses. The value of contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)

Rental Income: The Foundation provides housing to students as a service. Rental income from the lease of the Residence Halls is recognized on a straight-line basis over the term of the lease.

Fundraising Income and Expense: Fundraising revenue, is recorded on the Statement of Activities net of fundraising expense. Fundraising expense during the years ended June 30, 2015 and 2014 totaled \$12,527 and \$9,596, respectively.

Tax Status: The United States Treasury Department determined that the Foundation is a nonprofit tax-exempt corporation as defined by Internal Revenue Code Section 501(c)(3). A similar determination was made by the California Franchise Tax Board under Section 237 of the State Revenue and Taxation code. In 2003, the Foundation Board of Directors approved the 501(h) lobby election of the Internal Revenue Code. Such status provides the Foundation with the ability to participate in the public policy process through lobbying and advocacy campaigns, but limits the Foundation's expenses for this purpose to a maximum of 20% of the first \$500,000 of annual expenditures. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties at June 30, 2015 or 2014.

Income tax returns for the Foundation are filed in U.S. Federal and State of California jurisdictions. Tax returns remain subject to examination by the U.S. Federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents at June 30, consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash on hand and in banks	\$ 114,135	\$ 35,051
Money market account	<u>411,808</u>	<u>533,172</u>
Total cash and cash equivalents	<u>\$ 525,943</u>	<u>\$ 568,223</u>

The Foundation limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2015, the carrying amount of the Foundation's cash on hand and in banks was \$525,943 and the bank balance was \$575,067, of which \$250,000 was FDIC insured and \$325,067 remained uninsured.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments are stated at fair value and consist of revenue bond proceeds invested in the following mutual fund and guaranteed investment contract at June 30:

	<u>2015</u>	<u>2014</u>
First American Treasury Obligations Fund, short-term	\$ 723,132	\$ 565,806
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher), long-term	52,730	55,054
Bayerische Landesbank Investment Agreement, long-term	<u>321,027</u>	<u>321,027</u>
Total investments	<u>\$ 1,096,889</u>	<u>\$ 941,887</u>

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC. At June 30, 2015, the Foundation's investment in pool consisted of 5% cash and short term investments, 29% fixed income securities, and 66% equity securities. At June 30, 2014, the Foundation's investment in pool consisted of 6% cash and short term investments, 30% fixed income securities, and 64% equity securities.

The following presents information about the Foundation's assets measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 – Quoted market prices or identical instruments traded in active exchange markets.

Level 2 – Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

	<u>2015</u>			
<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
FCCC/Osher	\$ 52,730	\$ -	\$ -	\$ 52,730
Guaranteed investment contract	321,027	-	-	321,027
Mutual Fund	<u>723,132</u>	<u>723,132</u>	-	-
	<u>\$ 1,096,889</u>	<u>\$ 723,132</u>	<u>\$ -</u>	<u>\$ 373,757</u>

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

<u>Description</u>	<u>2014</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
FCCC/Osher	\$ 55,054	\$ -	\$ -	\$ 55,054
Guaranteed investment contract	321,027	-	-	321,027
Mutual Fund	<u>565,806</u>	<u>565,806</u>	<u>-</u>	<u>-</u>
	<u>\$ 941,887</u>	<u>\$ 565,806</u>	<u>\$ -</u>	<u>\$ 376,081</u>

There were no significant transfers in or out of Level 1 and 3 during the years ending June 30, 2015 and 2014.

Guaranteed Investment Contract ("GIC") - The fair value of the GIC classified as Level 3 is measured using the cost approach of the amount payable on demand, at the measurement date, subject to the surrender provisions of the contract.

FCCC/Osher - The fair value of the investments held by FCCC were based upon the net asset values ("NAVs") of the assets at June 30, 2015 and 2014. The fair value of the funds held by FCCC is based upon the Foundation's proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

Pursuant to U.S. GAAP, management has considered redemption restrictions to assess classification of fair value inputs. Investments that are redeemable in greater than 90 days are considered a Level 3 fair value measurement due to the inability to redeem the asset at NAV in the near term (Level 3 inputs).

There were no changes in the valuation techniques used during the years ended June 30, 2015 and 2014.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The following table presents changes in Level 3 instruments measured on a recurring basis for the year ended June 30, 2015. Net gains/losses are recorded in the statement of activities.

	Guaranteed Investment <u>Contract</u>	FCCC/ <u>Osher</u>
Balance, July 1, 2014	\$ 321,027	\$ 55,054
Distributions	-	(2,667)
Management fees	-	(173)
Realized gain	-	1,152
Investment income	-	1,312
Change in fair value	<u>-</u>	<u>(1,948)</u>
Balance, June 30, 2015	<u>\$ 321,027</u>	<u>\$ 52,730</u>

Amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held as of June 30, 2015

	\$ (1,948)
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The following table presents changes in Level 3 instruments measured on a recurring basis for the year ended June 30, 2014. Net gains/losses are recorded in the statement of activities.

	Guaranteed Investment <u>Contract</u>	FCCC/ <u>Osher</u>
Balance, July 1, 2013	\$ 324,983	\$ 49,981
Distributions	-	(2,667)
Management fees	-	(187)
Realized gain	-	945
Investment income	-	2,606
Change in fair value	<u>(3,956)</u>	<u>4,376</u>
Balance, June 30, 2014	<u>\$ 321,027</u>	<u>\$ 55,054</u>

Amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held as of June 30, 2014

	\$ 4,376
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The Foundation had no non recurring assets and no liabilities at June 30, 2015 and 2014, which were required to be disclosed using the fair value hierarchy.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTE 3 – FIXED ASSETS

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Non-depreciable:		
Land	\$ 412,884	\$ 332,884
Construction in progress	149,916	-
Depreciable:		
Buildings and improvements	4,589,109	4,317,762
Machinery and equipment	224,394	201,894
Furniture and fixtures	<u>142,008</u>	<u>142,008</u>
	5,518,311	4,994,548
Less accumulated depreciation	<u>(1,796,350)</u>	<u>(1,652,219)</u>
Property and equipment, net	<u>\$ 3,721,961</u>	<u>\$ 3,342,329</u>

NOTE 4 – LONG-TERM LIABILITIES

Student Housing Bonds: On May 1, 2003, the California Community College Financing Authority issued Student Housing Revenue Bonds in the amount of \$3,415,000, comprised of \$3,250,000 Series A Tax-exempt bonds and \$165,000 Series B Taxable bonds, to fund a loan to the Foundation to acquire and improve a 110-bed student housing facility located on property adjacent to the main campus of Feather River Community College District, and to fund a debt service fund for the bonds and pay a portion of the costs of issuing the bonds. The bonds, with interest rates from 3.56% to 5.3% will mature in varying amounts through 2023. Future principal payments at June 30, 2015 are scheduled as follows:

<u>Year Ending June 30,</u>	
2016	\$ 175,000
2017	185,000
2018	195,000
2019	210,000
2020	220,000
2021-2023	<u>1,045,000</u>
	<u>\$ 2,030,000</u>

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FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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 NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – LONG-TERM LIABILITIES (Continued)

Fitness Center Mortgage: On December 17, 2001, the Foundation entered into a commercial real estate loan agreement for \$400,000 to purchase the Feather River Fitness and Recreation property. The loan is secured by a first deed of trust on the property, has a variable interest rate of 3.75% above the 5 Year Treasury Security, Adjusted to Constant Maturities index, and matures in July 2016. Interest rate changes will not occur more often than each five years. Future principal payments at June 30, 2015 are scheduled as follows:

Year Ending June 30,	
2016	\$ <u>33,894</u>

Residence Hall Loan: The Foundation entered into a loan agreement up to the amount of \$350,000 with the Feather River Community College District for the purpose of financing the repairs for the Feather River College Residency Halls, dated May 27, 2010. Effective December 15, 2010, the loan agreement was modified changing the maximum loan agreement up to the amount of \$300,000. The note accrues interest by formula tied to the Plumas County Pooled Money Investment Account combined rate of return on county funds with interest only payments for the first five years, due August 1. As of June 30, 2015, the nominal interest rate was at 2%. Principal and interest payments will be made for the remaining 14 years, with the final installment due August 1, 2030. As of June 30, 2015 and 2014, the Foundation had drawn down \$220,649. Future principal payments at June 30, 2015 are scheduled as follows:

Year Ending June 30,	
2016	\$ -
2017	12,759
2018	13,014
2019	13,275
2020	13,540
2021-2025	71,872
2026-2030	79,353
2031	<u>16,836</u>
	<u>\$ 220,649</u>

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Meadows Apartment Loan: The Foundation entered into a loan agreement up to the amount of \$365,000 with the Feather River Community College District for the purpose of purchasing the Meadows Apartment Complex, dated September 11, 2014. The note is non-interest bearing, with imputed interest of three percent. Principal payments will be made twice annually for no more than 15 years, with the final installment due before June 30, 2027. As of June 30, 2015, the Foundation had drawn down \$351,347.

Year Ending June 30,		
2016	\$	45,000
2017		30,000
2018		30,000
2019		30,000
2020		30,000
2021-2025		150,000
2026-2027		36,347
		351,347
Less amounts representing interest		(57,259)
	\$	294,088

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2015</u>	Amounts Due Within <u>One Year</u>
Student housing bonds	\$ 2,200,000	\$ -	\$ 170,000	\$ 2,030,000	\$ 175,000
Feather River fitness and recreation mortgage	86,337	-	52,443	33,894	33,894
Residence hall loan	220,649	-	-	220,649	-
Meadows apartment loan, net	-	294,088	-	294,088	45,000
	<u>\$ 2,506,986</u>	<u>\$ 294,088</u>	<u>\$ 222,443</u>	<u>\$ 2,578,631</u>	<u>\$ 253,894</u>

(Continued)

FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 4 – LONG-TERM LIABILITIES (Continued)

A schedule of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
Student housing bonds	\$ 2,360,000	\$ -	\$ 160,000	\$ 2,200,000	\$ 170,000
Feather River fitness and recreation mortgage	125,253	-	38,916	86,337	40,604
Residence hall loan	<u>220,649</u>	<u>-</u>	<u>-</u>	<u>220,649</u>	<u>-</u>
	<u>\$ 2,705,902</u>	<u>\$ -</u>	<u>\$ 198,916</u>	<u>\$ 2,506,986</u>	<u>\$ 210,604</u>

The Foundation is subject to certain financial covenants in accordance with its long-term liability agreements. At June 30, 2015, the Foundation was in compliance with these financial covenants.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, are as follows:

	<u>2015</u>	<u>2014</u>
Restricted for campus activities and scholarships	<u>\$ 120,182</u>	<u>\$ 366,683</u>

Releases of temporarily restricted net assets were \$492,125 in 2015, and \$195,098 in 2014.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Foundation is economically dependent on the District and the financial statements may not necessarily be indicative of the conditions or results of operations which would have existed had the Foundation been operated as an unaffiliated entity.

The Foundation and the District have entered into an agreement regarding Feather River Fitness and Recreation whereby the District shall reimburse the Foundation for the cost of insurance and to repay the debt created by its purchase. For the fiscal years ended June 30, 2015 and 2014, these payments totaled \$56,000 and \$54,000, respectively, and are included in contributions by Feather River College on the Statement of Activities.

The Foundation and the District entered into an agreement where the District agrees to pay any shortfalls to the Foundation if occupancy of the residence halls falls below a 90% occupancy target. There were no payments under this agreement for the years ended June 30, 2015 and 2014.

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FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 – ENDOWMENT NET ASSETS - FOUNDATION

Changes in endowment net assets for the fiscal year ended June 30, 2015, consisted of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 4,467	\$ 50,587	\$ 55,054
Investment income	-	343	-	343
Appropriation of endowment assets for expenditure	-	(2,667)	-	(2,667)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,143</u>	<u>\$ 50,587</u>	<u>\$ 52,730</u>

Changes in endowment net assets for the fiscal year ended June 30, 2014, consisted of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ (607)	\$ 50,587	\$ 49,980
Investment income	-	7,741	-	7,741
Appropriation of endowment assets for expenditure	-	(2,667)	-	(2,667)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,467</u>	<u>\$ 50,587</u>	<u>\$ 55,054</u>

For the fiscal years ended June 30, 2015 and 2014, all endowments were donor-restricted. There were no board-restricted endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no individual endowment funds with such deficiencies as of June 30, 2015 or 2014.

NOTE 8 – SUBSEQUENT EVENTS

The Foundation has reviewed all events occurring from June 30, 2015 through November 25, 2015, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.