

**COLLIN COUNTY COMMUNITY COLLEGE  
DISTRICT FOUNDATION, INC.**

Financial Statements

For the years ended December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**Collin County Community College District Foundation, Inc.**

We have audited the accompanying financial statements of Collin County Community College District Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Collin County Community College District Foundation, Inc. as of December 31, 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.

*Evans, Pingleton and Howard, PLLC*

Frisco, Texas  
August 3, 2016

## **FINANCIAL STATEMENTS**

**COLLIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC.**  
**Statement of Financial Position**  
**December 31, 2015 and 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Cash & Cash Equivalents	\$ 753,851	649,444
Investments	10,142,424	10,578,030
Accounts Receivable	36,189	-
Pledges Receivable	260,627	244,706
Prepaid Expenses	<u>500</u>	<u>1,350</u>
<b>Total Assets</b>	<b><u>\$ 11,193,591</u></b>	<b><u>11,473,530</u></b>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 14,103	4,021
Other Liabilities	<u>46,500</u>	<u>42,725</u>
<b>Total Liabilities</b>	<b><u>60,603</u></b>	<b><u>46,746</u></b>
<b>Net Assets:</b>		
Unrestricted	502,118	544,688
Temporarily Restricted	4,382,997	4,719,378
Permanently Restricted	<u>6,247,873</u>	<u>6,162,718</u>
<b>Total Net Assets</b>	<b><u>11,132,988</u></b>	<b><u>11,426,784</u></b>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>\$ 11,193,591</u></b>	<b><u>11,473,530</u></b>

The accompanying notes are an integral part of this financial statement.

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**  
**Statement of Activities**  
**December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Change in Net Assets:</b>				
<b>Revenues, Gain &amp; Other Support:</b>				
Donations & Grants	\$ 1,695	443,358	63,185	508,238
Special Events & Fundraising	65,949	120,978	3,500	190,427
Less: Cost of Direct Benefit to Donors	(41,578)	-	-	(41,578)
Investment Income	52,906	235,711	10,879	299,496
Realized Gains/(Loss) on Investments	37,290	102,015	7,591	146,896
Net Assets Released from Restrictions	630,409	(630,409)	-	-
Total Revenues, Gains, & Other Support	746,671	271,653	85,155	1,103,479
<b>Expenses:</b>				
<b>Program Services:</b>				
Scholarships	548,324			548,324
Scholarship Reception	41,849			41,849
Program Enhancements	62,181			62,181
Total Program Services	652,354			652,354
<b>Management &amp; Fundraising:</b>				
Accounting Fees	8,200			8,200
Insurance	1,299			1,299
Investment Expense	22,263			22,263
Miscellaneous	4,421			4,421
Fundraising	609			609
Total Management & Fundraising	36,792			36,792
Total Expenses	689,146			689,146
<b>Change in Net Assets from Operations</b>	57,525	271,653	85,155	414,333
<b>Non-Operating Income/(Expense)</b>				
Unrealized Gain/(Loss) on Investments	(100,095)	(608,034)	-	(708,129)
Total Other Income/(Expense)	(100,095)	(608,034)	-	(708,129)
<b>Total Change in Net Assets</b>	(42,570)	(336,381)	85,155	(293,796)
<b>Net Assets at Beginning of Year</b>	544,688	4,719,378	6,162,718	11,426,784
<b>Net Assets at End of Year</b>	\$ 502,118	4,382,997	6,247,873	11,132,988

The accompanying notes are an integral part of this financial statement.

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Statement of Activities

December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Change in Net Assets:</b>				
<b>Revenues, Gain &amp; Other Support:</b>				
Donations & Grants	\$ 2,510	1,898,089	65,483	1,966,082
Special Events & Fundraising	48,753	147,651	8,500	204,904
Less: Cost of Direct Benefit to Donors	(31,398)	-	-	(31,398)
Investment Income	58,339	248,356	12,689	319,384
Realized Gains/(Loss) on Investments	27,641	74,793	6,084	108,518
Net Assets Released from Restrictions	514,713	(514,713)	-	-
<b>Total Revenues, Gains,         &amp; Other Support</b>	<u>620,558</u>	<u>1,854,176</u>	<u>92,756</u>	<u>2,567,490</u>
<b>Expenses:</b>				
<b>Program Services:</b>				
Scholarships	418,711			418,711
Scholarship Reception	31,209			31,209
Program Enhancements	76,689			76,689
<b>Total Program Services</b>	<u>526,609</u>			<u>526,609</u>
<b>Management &amp; Fundraising:</b>				
Accounting Fees	8,200			8,200
Insurance	1,599			1,599
Investment Expense	21,932			21,932
Miscellaneous	3,344			3,344
Fundraising	116			116
<b>Total Management &amp; Fundraising</b>	<u>35,191</u>			<u>35,191</u>
<b>Total Expenses</b>	<u>561,800</u>			<u>561,800</u>
<b>Change in Net Assets from Operations</b>	<u>58,758</u>	<u>1,854,176</u>	<u>92,756</u>	<u>2,005,690</u>
<b>Non-Operating Income/(Expense)</b>				
Unrealized Gain/(Loss) on Investments	(21,455)	(183,996)	-	(205,451)
<b>Total Other Income/(Expense)</b>	<u>(21,455)</u>	<u>(183,996)</u>	<u>-</u>	<u>(205,451)</u>
<b>Total Change in Net Assets</b>	37,303	1,670,180	92,756	1,800,239
<b>Net Assets at Beginning of Year</b>	<u>507,385</u>	<u>3,049,198</u>	<u>6,069,962</u>	<u>9,626,545</u>
<b>Net Assets at End of Year</b>	<u>\$ 544,688</u>	<u>4,719,378</u>	<u>6,162,718</u>	<u>11,426,784</u>

The accompanying notes are an integral part of this financial statement.

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Statement of Cash Flows

For the Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (293,796)	1,800,239
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
(Increase)/Decrease in Accounts Receivable	(36,189)	-
(Increase)/Decrease in Pledges Receivable	(15,921)	2,036,478
(Increase)/Decrease in Prepaid Expenses	850	(1,350)
Increase/(Decrease) in Accounts Payable	10,082	3,707
Increase/(Decrease) in Other Liabilities	3,775	(841)
Net Cash Provided/(Used) by Operating Activities	<u>(331,199)</u>	<u>3,838,233</u>
Cash Flows from Investing Activities:		
Net (Increase)/Decrease in Investments	<u>435,606</u>	<u>(3,758,115)</u>
Net Cash Provided/(Used) by Investing Activities	<u>435,606</u>	<u>(3,758,115)</u>
Net Increase/(Decrease) in Cash	104,407	80,118
Cash & Cash Equivalents at Beginning of Year	<u>649,444</u>	<u>569,326</u>
Cash & Cash Equivalents at End of Year	<u>\$ 753,851</u>	<u>649,444</u>

The accompanying notes are an integral part of this financial statement.



**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2015

**(1) BACKGROUND & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Background**

Collin County Community College District Foundation, Inc. ("Foundation") is a nonprofit organization established to maintain, develop, increase, and extend the facilities and services of the Collin County Community College District ("District") and to provide broader educational service opportunities to its students, staff, and faculty.

The Foundation is supported primarily through contributions, grants, and fundraising activities.

**B. Basis of Accounting**

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America. The financial statements of the Foundation were prepared using the accrual basis of accounting. Material amounts of goods and services are recorded as assets or expenses at the time the liabilities arise, which is normally when title to the goods pass or when the services are received.

**C. Basis of Presentation**

In order to comply with accounting principles generally accepted in the United States of America, the Foundation must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standards Board. The Board requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. It requires reporting amounts for the Foundation's total assets, liabilities, and net assets in a statement of financial position; reporting the change in the Foundation's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

The Board also requires classification of the Foundation's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

**D. Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contribution of assets other than cash are recorded at their estimated fair value.

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2015

**(1) BACKGROUND & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Donated Services and Facilities**

Many individuals volunteer their time and perform a variety of tasks that help the Foundation provide expanded educational opportunities in Collin County. These donated services are not reflected in the financial statements.

The District allows the Foundation to use certain office space, personnel and equipment at no cost. The value of these in kind contributions are not reflected in the financial statements.

**F. Cash & Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the Foundation.

**G. Investments**

Investments in marketable debt and equity securities are stated at fair value. Fair value is based upon quoted market prices.

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**(2) DEPOSITS**

As of December 31, 2015, the Foundation's carrying amount of deposits was \$753,851, which includes \$241,665 with JP Morgan Chase Bank, N.A., \$100 of petty cash, \$449,565 with Northern Trust, NA and \$62,521 with Concord Trust Company. The bank balance at JP Chase Morgan Bank, N.A. is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the bank balance was fully insured.

As of December 31, 2014, the Foundation's carrying amount of deposits was \$649,444, which includes \$289,849 with JP Morgan Chase Bank, N.A., \$100 of petty cash, \$329,432 with Northern Trust, NA and \$30,063 with Concord Trust Company. The bank balance at JP Chase Morgan Bank, N.A. is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2014, \$6,302 was not insured.

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2015

**(3) INVESTMENTS**

Investments are stated at fair value and consist mainly of equity and fixed income securities. Investments are summarized as follows:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Marketable Debt & Equity Securities				
Northern Trust, NA	\$ 8,453,409	8,181,363	\$ 8,225,791	8,537,063
Concord Trust Company	2,098,549	1,941,972	2,047,190	2,022,923
	<u>10,551,958</u>	<u>10,123,335</u>	<u>10,272,981</u>	<u>10,559,986</u>
Cash Value of Life Insurance	19,097	19,089	18,111	18,044
Total Investments	<u>\$ 10,571,055</u>	<u>10,142,424</u>	<u>\$ 10,291,092</u>	<u>10,578,030</u>

Fair value is defined 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. Fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value.

Level 1      Quoted prices in active markets for identical assets or liabilities

Level 2      Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3      Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation has only Level 1 investments.

	2015	2014
Reconciliation of Investment Income/(Loss):		
Interest & Dividends	\$ 299,496	319,384
Unrealized Gains/(Losses)	(708,187)	(205,341)
Realized Gains/(Losses)	146,896	108,518
Increase/(Decrease) in Cash Value of Life Insurance Policies		
- Net of Premiums	58	(110)
Investment Expenses	<u>(22,263)</u>	<u>(21,932)</u>
Gain/(Loss) on investments	<u>\$ (284,000)</u>	<u>200,519</u>

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2015

**(3) INVESTMENTS (continued)**

Gain/(Loss) on Investments by Fund	<u>2015</u>	<u>2014</u>
Investment Gain/(Loss) reported in:		
Unrestricted Fund	\$ (32,162)	42,593
Temporarily Restricted Fund	(270,308)	139,153
Permanently Restricted Fund	<u>18,470</u>	<u>18,773</u>
Gain/(Loss) on Investments	<u>\$ (284,000)</u>	<u>200,519</u>

The Foundation has an investment policy which directs that investments be managed as follows:

- A. Make a reasonable effort to preserve capital, understanding that losses may occur in individual securities. Further, reasonable efforts will be taken to control risk, understanding that risk is present in all types of securities and investment styles and recognizing that some risk is necessary to produce long-term investment results sufficient to meet the Foundation's objectives.
- B. Portfolio will be managed in the following manner with monies being allocated into the following accounts:
  1. Endowment accounts: Asset allocation will be determined by the Board of Directors to facilitate the achievement of the Foundation's long-term objectives. Assets will be diversified to minimize adverse or unexpected results, reducing the detrimental impact of the entire portfolio. The portfolio will be rebalanced by the investment manager to maintain appropriate asset class weights. Appropriations of investment earnings will be voted on by the Board of Directors based on current endowment value compared to historical dollar value of gifts and consistent with terms of the endowment agreements.
  2. Reserve accounts: Funds will include Excellence Funds, annual scholarship, non-endowed funds and operating funds authorized but not expended. Funds will be primarily invested in interest bearing accounts, money market accounts, certificates of deposits, and government securities. When Reserve Account is held with a brokerage firm, certificate of deposits should not exceed the federal insurance limits unless approved by the Board. Investments will be limited in term, with the board approving terms longer than three years.
  3. Operating accounts: Purpose of funds will be to provide cash for expenditures for operational needs of the Foundation. Funds will be held primarily by commercial banks, savings and loans, credit unions and brokerage firms in interest bearing accounts, money market accounts, certificate of deposits and government securities. Certificates of Deposits will not exceed federal insurance limits. Investments will be limited in term, with the board approving terms longer than one year.

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2015

**(3) INVESTMENTS (continued)**

Performance Measurement

The Investment Committee will review and evaluate investment performance quarterly in the context of the prevailing investment environment and consistent with the long-term investment horizon of the portfolio. Performance evaluation will be done at the portfolio level and for each asset class.

The performance review at the portfolio level will evaluate total portfolio performance versus the overall policy benchmark. The performance review at the asset class level will evaluate asset class performance versus the benchmark.

The portfolio risk will be evaluated by standard deviation, and any other metric the committee deems appropriate after discussion with investment managers.

**(4) TEMPORARILY RESTRICTED ASSETS**

The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Temporarily restricted net assets are available for the following purposes:

<u>Purpose</u>	<u>2015</u>	<u>2014</u>
Scholarships	\$ 2,289,625	2,064,050
Excellence Funds	302,680	337,632
Trusts/Quasi-Endowments	2,259,034	2,177,946
Other	(468,342)	139,750
	<u>\$ 4,382,997</u>	<u>4,719,378</u>

Temporarily restricted net assets were released from restriction for the following purposes:

<u>Purpose</u>	<u>2015</u>	<u>2014</u>
Scholarships	\$ 548,324	418,711
Program Enhancements	62,181	76,689
Investment Expenses	19,904	19,313
	<u>\$ 630,409</u>	<u>514,713</u>

**COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2015

**(5) PERMANENTLY RESTRICTED NET ASSETS**

These assets were given with donor imposed restrictions that stipulate the original gift must be permanently maintained but permit the Foundation to use part or all of derived income.

Permanently restricted net assets are held in perpetuity, the income from which is expendable to support:

<u>Purpose</u>	<u>2015</u>	<u>2014</u>
Scholarships	\$ 6,247,873	6,162,718

**(6) OTHER LIABILITIES**

Other liabilities represent revenues received in advance of being earned.

**PLEDGES RECEIVABLE**

Unconditional promises to give are recognized as revenues in the period that the promise is made and at their fair value. Pledges due in one year or more are discounted to a present value using a 2% discount rate.

	<u>2015</u>	<u>2015</u>
Gross Pledges Receivable at December 31st	\$ 271,784	256,698
Discount for Loss in Value of Money	(11,157)	(11,992)
Net Pledges Receivable at December 31st	<u>\$ 260,627</u>	<u>244,706</u>

Estimated Pledge Collection by Fiscal Year:

2016	\$ 145,540
2017	35,243
2018	34,552
2019	15,397
2020	15,096
2021	14,799
	<u>\$ 260,627</u>

It is estimated that all outstanding pledges will be collected.

**(7) IN-KIND SERVICES & FACILITIES**

During the year, individuals at the college have devoted a substantial amount of time developing and cultivating business relationships and planning fundraisers for the Foundation. The value of contributed services and facilities meeting the requirements for recognition in the financial statements was \$274,177. However, the Foundation has elected not to record either the revenue or expense as the results would have no bearing on net assets.

**(8) EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through August 3, 2016, the date which the financial statements were available to be issued, citing no material subsequent events have occurred since the year ended December 31, 2015.