

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

McKinney, Texas

Financial Statements

Years Ended December 31, 2018 and 2017

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

Financial Statements

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Collin County Community College District Foundation, Inc. (the "Foundation"), a Texas nonprofit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

***Auditors' 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 audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Foundation'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 Foundation'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, 2018 and 2017, 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.

PSK LLP

Arlington, Texas  
July 2, 2019

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

Statements of Financial Position

December 31, 2018 and 2017

ASSETS		
	2018	2017
Cash and cash equivalents	\$ 781,464	\$ 870,333
Accounts receivable	28,750	60
Pledges receivable, net of discount	184,549	212,263
Prepaid expenses	14,422	11,260
Investments	12,263,941	13,344,494
Total assets	\$ 13,273,126	\$ 14,438,410
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 106,655	\$ 145,190
Deferred revenues	25,625	42,838
Total liabilities	132,280	188,028
Net Assets		
Without donor restrictions	758,274	866,495
With donor restrictions	12,382,572	13,383,887
Total net assets	13,140,846	14,250,382
Total liabilities and net assets	\$ 13,273,126	\$ 14,438,410

*The accompanying notes are an integral part of these financial statements.*

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

Statement of Activities  
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Donations and grants, net of adjustment to discount on pledges receivable	\$ 1,566	\$ 813,191	\$ 814,757
Special events and fundraising	71,813	150,846	222,659
Less: cost of direct benefits to donors	(56,001)	(3,325)	(59,326)
Net investment losses	(118,833)	(876,248)	(995,081)
In-kind contributions	493,703	-	493,703
Net assets released from restrictions	<u>1,085,779</u>	<u>(1,085,779)</u>	<u>-</u>
Total revenues and other support	<u>1,478,027</u>	<u>(1,001,315)</u>	<u>476,712</u>
Expenses:			
Program expenses	<u>1,155,099</u>	<u>-</u>	<u>1,155,099</u>
Supporting services:			
General and administrative	156,383	-	156,383
Fundraising	<u>274,766</u>	<u>-</u>	<u>274,766</u>
Total supporting services	<u>431,149</u>	<u>-</u>	<u>431,149</u>
Total expenses	<u>1,586,248</u>	<u>-</u>	<u>1,586,248</u>
Total change in net assets	(108,221)	(1,001,315)	(1,109,536)
Net assets at beginning of year	<u>866,495</u>	<u>13,383,887</u>	<u>14,250,382</u>
Net assets at end of year	<u>\$ 758,274</u>	<u>\$ 12,382,572</u>	<u>\$ 13,140,846</u>

*The accompanying notes are an integral part of these financial statements.*

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

Statement of Activities  
Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Donations and grants, net of adjustment to discount on pledges receivable	\$ (437)	\$ 818,365	\$ 817,928
Special events and fundraising	55,401	115,848	171,249
Less: cost of direct benefits to donors	(43,672)	(7,391)	(51,063)
Net investment returns	279,898	1,729,292	2,009,190
In-kind contributions	496,210	-	496,210
Net assets released from restrictions	<u>859,882</u>	<u>(859,882)</u>	<u>-</u>
Total revenues and other support	<u>1,647,282</u>	<u>1,796,232</u>	<u>3,443,514</u>
Expenses:			
Program expenses	<u>953,172</u>	<u>-</u>	<u>953,172</u>
Supporting services:			
General and administrative	144,642	-	144,642
Fundraising	<u>293,631</u>	<u>-</u>	<u>293,631</u>
Total supporting services	<u>438,273</u>	<u>-</u>	<u>438,273</u>
Total expenses	<u>1,391,445</u>	<u>-</u>	<u>1,391,445</u>
Total change in net assets	255,837	1,796,232	2,052,069
Net assets at beginning of year	<u>610,658</u>	<u>11,587,655</u>	<u>12,198,313</u>
Net assets at end of year	<u>\$ 866,495</u>	<u>\$ 13,383,887</u>	<u>\$ 14,250,382</u>

*The accompanying notes are an integral part of these financial statements.*

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

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Expenses	Supporting Services		Total
		General and Administrative	Fundraising	
Scholarships	\$ 805,726	\$ -	\$ -	\$ 805,726
Program enhancements	221,839	-	-	221,839
Scholarship reception	41,355	-	-	41,355
In-kind personnel	67,697	104,731	215,397	387,825
In-kind facilities	18,482	28,592	58,804	105,878
Accounting fees	-	14,000	-	14,000
Other	-	9,060	565	9,625
	<u>\$ 1,155,099</u>	<u>\$ 156,383</u>	<u>\$ 274,766</u>	<u>\$ 1,586,248</u>

*The accompanying notes are an integral part of these financial statements.*

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

Statement of Functional Expenses  
Year Ended December 31, 2017

		<u>Supporting Services</u>		
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships	\$ 680,072	\$ -	\$ -	\$ 680,072
Program enhancements	158,275	-	-	158,275
Scholarship reception	41,583	-	-	41,583
In-kind personnel	59,007	104,731	236,030	399,768
In-kind facilities	14,235	25,266	56,941	96,442
Accounting fees	-	8,200	-	8,200
Other	-	6,445	660	7,105
	<u>\$ 953,172</u>	<u>\$ 144,642</u>	<u>\$ 293,631</u>	<u>\$ 1,391,445</u>

*The accompanying notes are an integral part of these financial statements.*



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

Statements of Cash Flows  
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,109,536)	\$ 2,052,069
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Adjustment to discount on pledges receivable	(1,848)	2,364
Net realized and unrealized loss (gain) on investments	1,342,724	(1,662,731)
Endowment contributions	(286,275)	(105,500)
(Increases) decreases in assets:		
Accounts receivable	(28,690)	1,210
Pledges receivable	29,562	(2,033)
Prepaid expenses	(3,162)	(11,260)
Increases (decreases) in liabilities:		
Accounts payable	(38,535)	31,011
Deferred revenues	<u>(17,213)</u>	<u>6,040</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>(112,973)</u>	<u>311,170</u>
Cash flows from investing activities:		
Purchases of investments	(3,188,137)	(2,420,580)
Proceeds from sale of investments	<u>2,925,966</u>	<u>2,105,354</u>
Net cash and cash equivalents used in investing activities	<u>(262,171)</u>	<u>(315,226)</u>
Cash flows from financing activities:		
Endowment contributions	<u>286,275</u>	<u>105,500</u>
Net change in cash and cash equivalents	(88,869)	101,444
Cash and cash equivalents at beginning of year	<u>870,333</u>	<u>768,889</u>
Cash and cash equivalents at end of year	<u>\$ 781,464</u>	<u>\$ 870,333</u>

*The accompanying notes are an integral part of these financial statements.*

# COLLIN COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.

## Notes to Financial Statements

### 1 - Background

Collin County Community College District Foundation, Inc. (the “Foundation”) is a nonprofit corporation established to maintain, develop, increase, and extend the facilities and services of the Collin County Community College District (the “District”) and to provide broader educational service opportunities to its students, staff, and faculty. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as other than a private foundation.

### 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP.”)

Adoption of New Accounting Standards - In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-14: *Presentation of Financial Statements for Not-for-Profit Entities* (“ASU 2016-14”), which is an amendment to the FASB Accounting Standards Codification (“FASB ASC”) Topic 958. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Adopting ASU 2016-14 has had the following impact on the Foundation’s financial statements:

- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements now include a statement of functional expenses.
- The notes to financial statements include a new disclosure about liquidity and availability of resources (Note 3).
- Investment return is now simply reported in the aggregate, net of investment expenses.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Revenues and Support - Revenues and support for the Foundation are primarily derived through contributions, grants, and fundraising activities.

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

## Notes to Financial Statements

**2 - Significant Accounting Policies (continued)**

Programs - The Foundation pursues its objectives through the execution of the following programs:

Scholarships - Student scholarships represent the largest fundraising priority for the Foundation. Thanks to the generosity of individual, corporate, foundation, and alumni donors, the Foundation is able to offer scholarships to outstanding students with financial need.

Scholarship reception - The Foundation hosts two scholarship receptions per year: a large event celebrating fall scholarships and a smaller event honoring spring recipients. At these receptions, donors meet the students who receive their scholarships and learn first-hand how their gifts are making a difference.

Program enhancements - The Foundation also assists in securing support for strategic academic and technical programs for the District. To name just a few, past projects have included support for veteran center programming, career center initiatives, fire science equipment, IT lab equipment, health science camps, cybersecurity camps and more.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Foundation considers all bank deposits and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition.

Pledges Receivable - Pledges receivable are comprised of uncollected pledges and are considered fully collectible at December 31, 2018 and 2017.

Investments - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the FASB ASC, investments in marketable equity securities with readily determinable fair values and investments in debt securities are valued at their fair values in the statements of financial position. Net realized and unrealized gains and losses are included in the changes in net assets.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services and Facilities - Individuals volunteer their time and perform a variety of tasks that help the Foundation pursue its objectives. The value of these donated services is not reflected in the financial statements.

The District allows the Foundation to use designated office space, personnel, and equipment at no cost. The values of these in-kind contributions were \$493,703 and \$496,210 as of December 31, 2018 and 2017, respectively, and are included in revenues and expenses on the accompanying statements of activities. Of these amounts, \$274,201 and \$292,971, respectively, are considered fundraising expenses for the years ended December 31, 2018 and 2017.

Use of Estimates - Management used estimates and assumptions in preparing these financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

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

## Notes to Financial Statements

**2 - Significant Accounting Policies (continued)**

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort.

Income Taxes - The Foundation follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Foundation is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2018, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2015 through 2018 tax years remain subject to examination by the Internal Revenue Service.

Endowment Funds - The Foundation maintains endowment funds for the purpose of providing scholarships to students of the District. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair values of the original donor-restricted gifts to the endowment funds, as of the gift dates, absent explicit donor stipulations to the contrary.

The Foundation has adopted an investment policy that seeks to make a reasonable effort to preserve capital and produce long-term results sufficient to meet the Foundation's objectives. Under this policy, endowment assets are primarily invested in marketable securities and exchange-traded mutual funds.

The majority of the Foundation's scholarship endowment agreements include a spending policy that allows for 80% of the earnings to be made available for scholarships, 10% of the earnings to be returned to the corpus of the endowment funds, and 10% of the earnings to be distributed to the operating fund for administrative purposes. The Foundation has also adopted a spending policy that states that no more than 5% of the endowment fund corpus will be distributed annually, unless otherwise specified by the Board of Directors.

Concentration of Credit Risk - The Foundation maintains accounts at financial institutions which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management believes that the Foundation is not exposed to any significant credit risks on such accounts.

Reclassification - Certain reclassifications were made to the 2017 financial statements presentation in order to conform to the 2018 financial statements presentation.

Subsequent Events - Management has evaluated subsequent events for potential disclosure through July 2, 2019, which is the date the financial statements were available to be issued.

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

## Notes to Financial Statements

**3 - Liquidity and Availability of Resources**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the dates of the statements of financial position at December 31, 2018 and 2017, are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 781,464	\$ 870,333
Investments	12,263,941	13,344,494
	<u>13,045,405</u>	<u>14,214,827</u>
Donor-restricted funds	<u>(12,382,572)</u>	<u>(13,383,887)</u>
Financial assets available to meet general expenditure needs within one year	<u>\$ 662,833</u>	<u>\$ 830,940</u>

**4 - Pledges Receivable**

Pledges are recognized as revenues in the period that they are made. Pledges due in one year or more have been discounted to present value using a 2.00% discount rate.

Pledges receivable at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ 192,324	\$ 221,886
Less: discount to present value	<u>(7,775)</u>	<u>(9,623)</u>
Pledges receivable, net of discount	<u>\$ 184,549</u>	<u>\$ 212,263</u>

**5 - Fair Value Measurements and Disclosures**

The Foundation follows the Fair Value Measurements topic of the FASB ASC for all financial assets and liabilities measured at fair value on a recurring basis. The topic establishes a framework for measuring fair value and enhances disclosure requirements for fair value measurements. The Fair Value Measurements topic of the FASB ASC 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. The topic establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The topic establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

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

## Notes to Financial Statements

**5 - Fair Value Measurements and Disclosures (continued)**

The following is a listing of investments measured at fair value on a recurring basis and where they are classified within the hierarchy as of December 31, 2018 and 2017:

	2018		
	Level I	Level II	Level III
Cash equivalents and short-term investments	\$ 539,427	\$ -	\$ -
Equity securities	8,197,790	-	-
Fixed income securities	2,960,364	-	-
Alternative investments	566,360	-	-
	<u>\$ 12,263,941</u>	<u>\$ -</u>	<u>\$ -</u>
	2017		
	Level I	Level II	Level III
Cash equivalents and short-term investments	\$ 351,948	\$ -	\$ -
Equity securities	9,982,467	-	-
Fixed income securities	2,029,537	-	-
Alternative investments	980,542	-	-
	<u>\$ 13,344,494</u>	<u>\$ -</u>	<u>\$ -</u>

**6 - Net Assets With Donor Restrictions**

The balances of net assets with donor restrictions as of December 31, 2018 and 2017 relate to certain contributions for which the donors have imposed restrictions. These restrictions require the Foundation to expend such funds for scholarships and program enhancements as follows:

	2018	2017
Endowment Funds	\$ 8,122,736	\$ 9,182,027
Excellence Funds	414,419	414,208
Quasi Endowments	2,473,211	2,474,201
Scholarship Funds	1,372,206	1,313,451
	<u>\$ 12,382,572</u>	<u>\$ 13,383,887</u>

Endowment Funds represent funds not yet appropriated for expenditure for endowed scholarships. Excellence Funds represent funds not yet appropriated for expenditure for strategic academic and technical programs, as well as special achievement awards and scholarships. Quasi Endowments represent a) funds which have not yet reached the level required to become endowment funds or which do not yet have signed endowment agreements, or b) funds which are controlled by the District's Board of Trustees. Scholarship Funds represent funds not yet appropriated for expenditure for non-endowed scholarships.

During the years ended December 31, 2018 and 2017, net assets with donor restrictions in the amounts of \$1,085,779 and \$859,882, respectively, have been expended in accordance with donor restrictions and have been reclassified to net assets without donor restrictions.

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

## Notes to Financial Statements

**6 - Net Assets With Donor Restrictions (continued)**

The following is a summary of changes in endowment fund net assets for the years ended December 31, 2018 and 2017:

Balance at December 31, 2016	\$ 7,589,120
Contributions	168,150
Earnings	1,615,327
Appropriations	<u>(190,570)</u>
Balance at December 31, 2017	9,182,027
Contributions	325,273
Earnings	(1,095,963)
Appropriations	<u>(288,601)</u>
Balance at December 31, 2018	<u>\$ 8,122,736</u>