

FRIENDS OF CHABOT COLLEGE
Hayward, California

FINANCIAL STATEMENTS
June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Friends of Chabot College
Hayward, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Friends of Chabot College (the "Foundation") which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. 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 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 the Friends of Chabot College as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
January 12, 2016

FRIENDS OF CHABOT COLLEGE
STATEMENT OF FINANCIAL POSITION
June 30, 2015

	<u>2015</u>
ASSETS	
Cash and cash equivalents	\$ <u>55,225</u>
Total assets	<u>\$ 55,225</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ <u>6,358</u>
NET ASSETS	
Unrestricted	25,295
Temporarily restricted	<u>23,572</u>
Total net assets	<u>48,867</u>
Total liabilities and net assets	<u>\$ 55,225</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions and grants	\$ 9,406	\$ 33,922	\$ 43,328
Special events and other revenues	29,768	-	29,768
Net assets released from restrictions	<u>15,750</u>	<u>(15,750)</u>	<u>-</u>
Total support and revenues	<u>54,924</u>	<u>18,172</u>	<u>73,096</u>
Expenses:			
Program	15,750	-	15,750
Management and General	13,308	-	13,308
Fundraising	<u>9,107</u>	<u>-</u>	<u>9,107</u>
Total expenses	<u>38,165</u>	<u>-</u>	<u>38,165</u>
Change in net assets	<u>16,759</u>	<u>18,172</u>	<u>34,931</u>
Net assets, beginning of year	<u>8,536</u>	<u>5,400</u>	<u>13,936</u>
Net assets, end of year	<u>\$ 25,295</u>	<u>\$ 23,572</u>	<u>\$ 48,867</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

	<u>2015</u>
Cash flows from operating activities:	
Change in net assets	\$ 34,931
Increase in accounts payable and accrued expenses	<u>6,358</u>
Net cash provided by operating activities	<u>41,289</u>
Increase in cash and cash equivalents	41,289
Cash and cash equivalents – beginning of year	<u>13,936</u>
Cash and cash equivalents – end of year	<u>\$ 55,225</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Friends of Chabot College (the "Foundation") is a not-for-profit public benefit corporation organized to provide support and for the benefit of various programs and functions of Chabot College, by providing funding and services to help students achieve their educational, vocational and personal goals. Further, the Foundation provides a link between the District and the community. Chabot College is a part of the Chabot-Las Positas College District (the "District"), and provides higher education instruction in the surrounding area.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations 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.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on 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.

Cash Equivalents: The Foundation considers cash and cash equivalents to include cash in commercial checking accounts and demand deposits in money market funds that are used for operational purposes with original maturity dates of three month or less.

Restricted Net Assets: Net assets which have been restricted represent contributions whose use by the Foundation is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. At June 30, 2015, the Foundation had \$23,572 of temporarily restricted net assets, which were restricted for scholarships. For the year ended June 30, 2015, \$15,750 were released from restriction due to the satisfaction of donor restrictions. There were no permanently restricted net assets at June 30, 2015.

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when the 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 are considered available for unrestricted use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period as the events occur.

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FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk: The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2015, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was \$55,225 and the bank balance was \$65,725. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was \$65,725.

Tax Status: The Foundation has been granted tax-exempt status by the Internal Revenue Service pursuant to code section 501(c)(3) and also by the California revenue and tax code section 23701e.

The Foundation has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Foundation uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. Management does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the year ended June 30, 2015, the Foundation did not recognize any interest or penalties. The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2014 and beyond, and the California returns for tax years 2014 and beyond, remain subject to examination by the taxing authorities.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Functional Allocation of Expenses: The costs of providing the various activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – SUBSEQUENT EVENTS

The Foundation evaluated all events or transactions that occurred from June 30, 2015 to January 12, 2016, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.