

**LOWER COLUMBIA COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**June 30, 2017**

# LOWER COLUMBIA COLLEGE FOUNDATION

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## **Independent Auditors' Report**

To the Board of Directors of  
**LOWER COLUMBIA COLLEGE FOUNDATION**

We have audited the accompanying financial statements of Lower Columbia College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses 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.

### **Auditors' 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Columbia College Foundation as of June 30, 2017, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Lower Columbia College Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*GL Booth · JG Davis & Associates, PLLC*

**GL Booth · JG Davis & Associates, PLLC**  
Longview, Washington  
December 14, 2017

# LOWER COLUMBIA COLLEGE FOUNDATION

## STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With Comparative Totals For June 30, 2016)

### Assets

	<u>2017</u>	<u>Restated 2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,471,630	\$ 1,293,026
Marketable securities	13,799,248	12,329,076
Pledges receivable, net	115,879	85,727
Prepaid expenses	1,746	941
Fixtures and equipment	36,760	22,900
Land held for sale	260,900	260,900
	<u>\$ 15,686,163</u>	<u>\$ 13,992,570</u>

### Liabilities and Net Assets

<b>LIABILITIES</b>		
Accrued expenses	\$ 42,902	\$ 57,388
Annuity payment liability	2,655	2,843
	<u>45,557</u>	<u>60,231</u>
<b>NET ASSETS</b>		
Unrestricted	2,905,132	3,077,706
Temporarily restricted	4,380,101	3,082,381
Permanently restricted	8,355,373	7,772,252
	<u>15,640,606</u>	<u>13,932,339</u>
	<u>\$ 15,686,163</u>	<u>\$ 13,992,570</u>

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

**LOWER COLUMBIA COLLEGE FOUNDATION**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2017**

**(With Comparative Totals For the Year Ended June 30, 2016)**

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>Restricted</u> <u>Net Assets</u>	<u>Permanently</u> <u>Restricted</u> <u>Net Assets</u>	<u>Combined Total</u>	
				<u>2017</u>	<u>Restated</u> <u>2016</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Contributions	\$ 33,986	\$ 392,438	\$ 575,416	\$ 1,001,840	\$ 557,826
Investment earnings (losses)	22,205	1,502,174	-	1,524,379	(159,810)
Vending machine revenue	34,918	-	-	34,918	38,535
Other revenues and gains	(733)	2,070	-	1,337	2,145
In-kind contributions	276,619	-	-	276,619	705,227
Impairment of land value	-	-	-	-	(142,189)
Special event revenue, gross	-	84,250	-	84,250	-
Reclassifications of net assets					
Satisfaction of program restrictions	637,063	(637,063)	-	-	-
Interfund transfer	38,444	(46,149)	7,705	-	-
	<u>1,042,502</u>	<u>1,297,720</u>	<u>583,121</u>	<u>2,923,343</u>	<u>1,001,734</u>
<b>Total revenues, gains and other support</b>					
<b>EXPENSES</b>					
Program services	939,828	-	-	939,828	985,108
General and administrative	166,221	-	-	166,221	254,284
Fundraising	109,027	-	-	109,027	126,523
	<u>1,215,076</u>	<u>-</u>	<u>-</u>	<u>1,215,076</u>	<u>1,365,915</u>
<b>Total expenses</b>					
<b>CHANGE IN NET ASSETS</b>	(172,574)	1,297,720	583,121	1,708,267	(364,181)
<b>NET ASSETS, beginning of year</b>	<u>3,077,706</u>	<u>3,082,381</u>	<u>7,772,252</u>	<u>13,932,339</u>	<u>14,296,520</u>
<b>NET ASSETS, end of year</b>	<u>\$2,905,132</u>	<u>\$4,380,101</u>	<u>\$8,355,373</u>	<u>\$15,640,606</u>	<u>\$13,932,339</u>

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

**LOWER COLUMBIA COLLEGE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2017  
(With Comparative Totals For the Year Ended June 30, 2016)**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fund Raising</b>	<b><u>Combined Total</u> 2017</b>	<b>Restated 2016</b>
Scholarships	\$ 253,857	\$ -	\$ -	\$ 253,857	\$ 282,175
Grants	39,509	-	-	39,509	88,654
Program support	356,728	-	-	356,728	480,690
Art contributed to LCC	26,500	-	-	26,500	-
Equipment contributed to LCC	82,440	-	-	82,440	10,133
Salaries	110,327	100,694	63,721	274,742	350,780
Administrative expenses	65,967	16,492	450	82,909	70,089
Special event direct costs	-	-	16,287	16,287	-
Donor recognition	-	-	25,509	25,509	29,690
In-kind rent expense	4,500	10,440	3,060	18,000	18,000
Professional services	-	14,000	-	14,000	12,500
Software	-	17,727	-	17,727	17,566
Insurance	-	3,328	-	3,328	3,538
Depreciation	-	3,540	-	3,540	2,100
	<u>\$ 939,828</u>	<u>\$ 166,221</u>	<u>\$ 109,027</u>	<u>\$ 1,215,076</u>	<u>\$ 1,365,915</u>

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

# LOWER COLUMBIA COLLEGE FOUNDATION

## STATEMENT OF CASH FLOWS

**For the Year Ended June 30, 2017**  
**(With Comparative Totals For the Year Ended June 30, 2016)**

	<u>2017</u>	<u>Restated 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,708,267	\$ (364,181)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,540	2,100
Investment (gain) loss	(1,221,047)	97,112
(Gain) loss on sale of assets	(400)	53,084
In-kind contributions received	(20,900)	(512,500)
Restricted contributions to endowment	(544,871)	(265,118)
Impairment of land value	-	142,189
Donated securities received	(83,217)	(47,226)
(Increase) decrease in assets:		
Pledges receivable	(30,152)	14,553
Prepaid expenses	(805)	252
Increase (decrease) in liabilities:		
Accrued expenses	(14,486)	15,155
Charitable gift annuity payable	(188)	(641)
	<u>(204,259)</u>	<u>(865,221)</u>
Net cash used by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of land	-	63,916
Improvement to land held for sale	-	(8,089)
Proceeds from sale of fixed assets	3,900	-
Purchases of marketable securities/additions to investments	(1,249,491)	(825,666)
Proceeds from sale of marketable securities/withdrawals from investments	1,083,583	2,001,990
	<u>(162,008)</u>	<u>1,232,151</u>
Net cash (used) provided by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long term purposes	544,871	265,118
	<u>544,871</u>	<u>265,118</u>
Net cash provided by financing activities		
<b>NET INCREASE IN CASH</b>	178,604	632,048
<b>CASH, beginning of year</b>	<u>1,293,026</u>	<u>660,978</u>
<b>CASH, end of year</b>	<u>\$ 1,471,630</u>	<u>\$ 1,293,026</u>

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



# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

The Lower Columbia College Foundation (“the Foundation”), a not-for-profit corporation established in the state of Washington, operates in support of Lower Columbia College. The Foundation is dedicated to providing a conduit for private support of the College through scholarship endowments, program grants, and similar types of support. The following is a summary of the significant accounting principles applied by management in the preparation of these financial statements.

#### Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. The Foundation requires a minimum contribution of \$20,000 to establish a new endowment fund. As donor contributions toward endowments are received, they are classified as temporarily restricted contributions until the donor meets the \$20,000 threshold. At that time, the fund’s balance is reclassified as permanently restricted.

#### Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of non-cash assets are recorded at their fair values in the period received. The Foundation receives a wide array of gifts for the different College programs including vehicles, consumable materials and supplies, and artwork. Non-cash donations with estimated values of \$500 or less are passed on to the College. Donations with estimated values greater than \$500 follow IRS guidelines for valuation and disposal.

# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### **Fixtures and Equipment**

The Foundation accepts contributions of non-cash items in the form of real and personal property. Carrying values are generally determined by the donor's estimate of fair market value at the time of the gift. If no value is provided, the Foundation estimates the fair market value using available information. At the financial statement date, donated fixtures and equipment consisted of various vehicles. The Foundation has granted Lower Columbia College the right to use the equipment items as teaching aids as applicable. Items used as teaching aids are depreciated using the straight-line method over the estimated useful lives of the related assets. Upon disposition of the equipment, proceeds are distributed to the college for use in various programs and in accordance with the intent of the donor. Historical items and vehicles held for resale are not depreciated by the Foundation.

#### **Income Taxes**

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for federal income taxes. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Generally, the Foundation's tax returns remain open for three years for federal tax examinations.

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. The majority of the Foundation's cash is held in investment accounts.

#### **Investments**

Investments are recorded at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the statement of activities and investment portfolio on the balance sheet.

# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require 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 revenue and expenses reported during the period. Actual results could differ from those estimates.

#### Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived. Certain amounts in the prior year financial statements may have been reclassified to conform to the current year's presentation.

### 2. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at several financial institutions. The Foundation's cash accounts held at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 each. The Foundation's investment accounts also contain a cash component. These investment accounts are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC). The Foundation's investment balances exceed the SIPC limit.

### 3. MARKETABLE SECURITIES

Marketable securities held by brokers are carried at their fair market value as determined by the quoted prices on active markets at the financial statement date. Changes in market value are recognized in the period that they occur. The following are the major classes of available-for-sale securities held by the Foundation as of June 30, 2017:

Mutual funds:	
Domestic equities	\$ 5,934,645
Domestic fixed income	4,066,499
International equities	3,795,103
International fixed income	2,010
Alternative investments	<u>991</u>
	<u>\$ 13,799,248</u>

# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 4. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2017, consist of unconditional promises to give to the Foundation which will be temporarily and permanently restricted for various programs.

Receivable in less than one year, net of \$1,199 allowance for uncollectible pledges	\$ 58,750
Receivable in one to five years, net of \$1,248 allowance for uncollectible pledges	<u>61,149</u>
Less amortized discount at 4%	<u>(4,020)</u>
Net pledges receivable	<u>\$ 115,879</u>

### 5. FIXTURES AND EQUIPMENT

The following is a summary of equipment used as teaching aids as of June 30, 2017:

Vehicles held for resale	\$ 12,000
Equipment used in teaching (net of accumulated depreciation of \$45,120)	<u>24,760</u>
	<u>\$ 36,760</u>

### 6. LAND HELD FOR SALE

During the year ended June 30, 2016, land was donated to Lower Columbia College Foundation without restrictions. The property consisted of five parcels and was recorded at the fair market value at the time of donation, \$510,000, based on the valuation performed by an independent certified appraiser. One of the parcels was sold during the year ended June 30, 2016. Additionally, during land clearing undertaken by the Foundation to better market the property, it was discovered that much of the land was less suitable for building than expected. As a result, the Foundation recorded an impairment loss during the year ended June 30, 2016. The fair market value of land held for sale as of June 30, 2017 is \$260,900 and the remaining parcels are still available for sale.

# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 7. CHARITABLE GIFT ANNUITIES

The Foundation has entered into charitable gift annuity agreements whereby the donor contributes assets in exchange for distributions over a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Foundation's use. Assets received are recorded at fair value on the date the agreement is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the Foundation revalues the liability based on applicable mortality tables and a discount rate of 5.25%. The actuarially-estimated liability (\$5,052 at June 30, 2017) is required by the State of Washington to be held in reserve and has been invested in cash funds and government securities. The Foundation estimated the actual gift annuity liability to be \$2,655 at June 30, 2017.

### 8. IN-KIND CONTRIBUTIONS

The Foundation has an agreement with Lower Columbia College to seek to accrue contributions, gifts, bequests, etc. for the benefit of the College and to provide management of those resources. In exchange, the Foundation receives office space and certain employee services required for its operations. These items are recorded as in-kind contributions, in-kind rent expense and payroll expenses in the Foundation's financial statements. In-kind rent and services received from the College totaled \$142,278 for the year ended June 30, 2017.

### 9. INVESTMENT EARNINGS

The details of investment earnings are as follows, as of June 30, 2017:

Interest and dividends	\$ 365,511
Investment gains	1,221,047
Investment management expenses	<u>(62,179)</u>
	<u>\$ 1,524,379</u>

### 10. FUTURE INTERESTS

The Foundation has been named as a beneficiary in the wills of eighteen known donors. These bequests generally specify percentages of the donors' estates, the values of which are not known to the Foundation. Due to their uncertain nature, these amounts are not reflected in the financial statements.

# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 11. NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2017:

Student services	\$ 1,432,310
Exceptional faculty award	763,789
Instruction	962,904
Facilities	11,883
Resource development	426,023
Campaign	<u>783,192</u>
Total temporarily restricted net assets	<u>4,380,101</u>

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

Student services	3,590,400
Exceptional faculty award	650,825
Instruction	3,889,148
Resource development	<u>225,000</u>
Total permanently restricted net assets	<u>8,355,373</u>
Total unrestricted net assets	<u>2,905,132</u>
Total net assets	<u>\$ 15,640,606</u>

### 12. EXCEPTIONAL FACULTY AWARDS

The State of Washington has provided funds to community colleges and their foundations that can be used to provide financial awards to deserving faculty members. These grants require that a matching amount be provided by the college or foundation. The Foundation has accepted state grants toward this purpose, and the board of directors has designated \$650,825 of unrestricted and temporarily restricted net assets to be used to match the state grants. The total funds designated or permanently restricted for exceptional faculty awards are shown below:

Designated funds:	
Unrestricted	\$ 399,224
Temporarily restricted	250,000
Permanently restricted by the state of Washington	650,000
Permanently restricted by other donors	<u>825</u>
	<u>\$ 1,300,049</u>

# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 13. ENDOWMENT FUNDS

In accordance with relevant state law as interpreted by the Foundation's board of directors, net assets associated with endowment funds are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions. Unrestricted net assets include board-designated funds, and any accumulated income and appreciation thereon. Temporarily restricted assets include contributions to endowments that do not meet the minimum \$20,000 threshold and accumulated appreciation on temporarily and permanently restricted funds. Permanently restricted net assets include contributions designated by donors to be invested in perpetuity to produce income for specific purposes.

The Foundation's endowment spending policy aims to preserve the purchasing power of the endowment. Four percent of a three-year rolling average of the value of the endowment may be used to support the fund's purpose for the following academic year. An additional 2% may be transferred to the operating fund for an administrative fee. No assets shall be appropriated for spending whenever the current value of an endowment gift is less than the historic gift amount.

The performance objective is to preserve and enhance the purchasing and earning power of the funds by seeking an annual real rate of return of 4% or total return of Consumer Price Index plus 4%. This objective shall be measured over the long term, 10-15 year time frame, with the intent to preserve over time the principal value of the assets as measured in real inflation adjusted terms. To achieve its long-term rate of return objectives, the Foundation relies on an active strategic asset allocation strategy. Total return is achieved through both capital appreciation and current yield. Investments are diversified among mutual funds comprised of U.S. and international issues, including equities, bonds, multi asset pooled portfolios and alternative investments.

Endowment funds were comprised of the following net asset types at June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ —	\$ 2,514,227	\$ 8,317,123	\$ 10,831,350
Board-designated funds	<u>439,224</u>	<u>250,000</u>	<u>—</u>	<u>689,224</u>
	<u>\$ 439,224</u>	<u>\$ 2,764,227</u>	<u>\$ 8,317,123</u>	<u>\$ 11,520,574</u>

**LOWER COLUMBIA COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017**

**13. ENDOWMENT FUNDS, Continued**

Changes in endowment funds for the year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 439,224	\$ 1,782,501	\$ 7,772,252	\$ 9,993,977
Investment return	–	1,212,324	–	1,212,324
Contributions	–	10,000	537,166	547,166
2% Management fee	–	(35,652)	–	(35,652)
Reclassification of donor funds	–	–	7,705	7,705
Appropriated for expenditure	–	(204,946)	–	(204,946)
	<u>\$ 439,224</u>	<u>\$ 2,764,227</u>	<u>\$ 8,317,123</u>	<u>\$ 11,520,574</u>

**14. FAIR VALUE MEASUREMENT**

The Foundation applies the authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The standard describes 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 inactive markets, 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 and liabilities.



# LOWER COLUMBIA COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 14. FAIR VALUE MEASUREMENT, Continued

The following table presents the assets that are measured at fair value on a recurring basis as of June 30, 2017 and are categorized using the three levels of the fair value hierarchy:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$ 13,799,248	\$ 13,799,248	\$ —	\$ —
Land held for sale	<u>260,900</u>	<u>—</u>	<u>260,900</u>	<u>—</u>
	<u>\$ 14,060,148</u>	<u>\$ 13,799,248</u>	<u>\$ 260,900</u>	<u>\$ —</u>

The following methods and assumptions were used to estimate the value of each class of financial instrument for which it is practicable to estimate that value.

<u>Financial Instrument</u>	<u>Valuation Methods and Assumptions</u>
Investments	Valued at the net asset value of shares held at year end
Land held for sale	Valued by a certified appraiser and by a real estate professional

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### 15. CORRECTION OF AN ERROR

During the year ended June 30, 2017, the Foundation recorded the vending bank account used by the college for hosting events and donors and recorded the revenue and expense for this activity in their financial statements. Previously, the vending bank account was included in the Foundation's cash balance with a contra asset account for "Amounts held in trust for Lower Columbia College" to offset this cash balance on their Statement of Financial Position. The vending revenue and hosting expense should have been reflected in the Foundation's financial statements rather than treating it as held-in-trust for the College. Therefore, the financial statements for the year ended June 30, 2016, were restated to reflect the change in beginning net assets of \$69,109, vending revenue of \$38,534, and hosting expenses of \$30,085.

### 16. SUBSEQUENT EVENTS

Management has evaluated events through the audit report date, the date the financial statements were available to be issued, and determined that no events have occurred that require disclosure.