

**GROSSMONT
COLLEGE FOUNDATION**
(A California Nonprofit Corporation)

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2007

GROSSMONT COLLEGE FOUNDATION
(A California Nonprofit Organization)

JUNE 30, 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grossmont College Foundation
El Cajon, California

We have audited the accompanying statement of financial position of Grossmont College Foundation (the Foundation) (a California nonprofit organization) as of June 30, 2007, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grossmont College Foundation as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rancho Cucamonga, California
October 5, 2007

GROSSMONT COLLEGE FOUNDATION
(A California Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 60,220
Cash and cash equivalents - restricted	106,740
Total Current Assets	<u>166,960</u>

NON CURRENT ASSETS

Investments - restricted	252,009
Accounts receivable	5,000
TOTAL ASSETS	<u><u>\$ 423,969</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 16,194
TOTAL LIABILITIES	<u>16,194</u>

NET ASSETS

Unrestricted	44,026
Temporarily restricted	363,749
TOTAL NET ASSETS	<u>407,775</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 423,969</u></u>

See the accompanying notes to financial statements.

GROSSMONT COLLEGE FOUNDATION
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STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 106,308	\$ 36,771	\$ 143,079
Department fundraising	-	188,653	188,653
Special events fundraising	78,467	-	78,467
License agreements	500	-	500
Net assets released from restriction	253,895	(253,895)	-
Total Revenues and Support	439,170	(28,471)	410,699
 EXPENSES			
Support services	25,140	-	25,140
Program expenses	315,973	-	315,973
Fundraising expenses	118,372	-	118,372
Total Expenses	459,485	-	459,485
 OTHER REVENUES AND EXPENSES			
Interest and investment income	17,576	-	17,576
Total Other Revenues and Expenses	17,576	-	17,576
 CHANGE IN NET ASSETS	(2,739)	(28,471)	(31,210)
 NET ASSETS, BEGINNING OF YEAR	46,765	392,220	438,985
NET ASSETS, END OF YEAR	\$ 44,026	\$ 363,749	\$ 407,775

See the accompanying notes to financial statements.

GROSSMONT COLLEGE FOUNDATION
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (31,210)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Increase in accounts receivable	(5,000)
Increase in accounts payable	5,872
Net Cash Flows From Operating Activities	<u>(30,338)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	<u>40,024</u>
Net Cash Flows From Investing Activities	<u>40,024</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

9,686

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

157,274

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 166,960

See the accompanying notes to financial statements.

GROSSMONT COLLEGE FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Support	Program	Fundraising	Total
Professional fees	\$ 9,742	\$ 19,022	\$ 35,412	\$ 64,176
Accounting	1,910	-	-	1,910
Office supplies	75	-	-	75
Equipment and software	2,784	-	-	2,784
Travel and conferences	3,694	-	-	3,694
Dues and subscriptions	597	-	-	597
Other general administration	6,338	-	-	6,338
Postage and printing	-	-	700	700
Marketing	-	-	638	638
Community outreach	-	-	3,155	3,155
Departmental support	-	253,657	-	253,657
Scholarships	-	12,218	-	12,218
Campus services	-	22,444	-	22,444
Special events				
Gala	-	-	58,191	58,191
Golf tournament	-	-	14,563	14,563
Retiree recognition	-	8,632	-	8,632
Other special events	-	-	5,713	5,713
TOTAL EXPENSES	<u>\$ 25,140</u>	<u>\$ 315,973</u>	<u>\$ 118,372</u>	<u>\$ 459,485</u>

See the accompanying notes to financial statements.

GROSSMONT COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by Grossmont College Foundation (the Foundation) are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Foundation was formed pursuant to the general not-for-profit corporation laws of the State of California as an auxiliary organization of the Grossmont-Cuyamaca Community College District (the District) in accordance with the provisions of Section 72670 of the California Education Code for the primary purpose of encouraging public awareness, the receiving of contributions and, in turn, the making of donations to, and otherwise aiding and supporting Grossmont Community College (the College). Should the Foundation be dissolved, its assets remaining after payment of liabilities shall be distributed to the College.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The statement of activities is a statement of financial activities related to the current reporting period. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a). The Foundation annually files information returns (Forms 990, 199, and RRF-1) with the appropriate agencies.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation has adopted Statement of Financial Accounting Standard (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values are presented at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases/(decreases) in the corresponding restricted fund.

GROSSMONT COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Functional Expenses

The costs of providing the various programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the functional categories based upon management's estimates.

NOTE 2 – CONCENTRATION OF RISK

Cash accounts maintained by the Foundation are insured up to \$100,000 by the Federal Deposit Insurance Corporation. At June 30, 2007, the balances held in financial institutions did not exceed the insured amount. From time to time, the Foundation may receive event deposits that may cause its account relationship with Grossmont Schools Federal Credit Union (GSFCU) to temporarily exceed \$100,000. This may occur prior to expenses being charged/paid or surpluses/net income being transferred to other accounts at other institutions. GSFCU also provides private supplemental insurance of \$250,000 beyond the NCUA levels.

NOTE 3 – INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2007:

	Adjusted Cost	Fair Market Value
Certificates of deposit	\$ 132,016	\$ 132,016
U.S. Government Securities Fund	119,993	119,993
	<u>\$ 252,009</u>	<u>\$ 252,009</u>

NOTE 4 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are contributions that have donor imposed restrictions that expire with the passage of time or the purpose is satisfied. As these restrictions are met, the temporarily restricted net assets are reclassified to unrestricted net assets and reports in the statement of activities as "net assets released from restriction".

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Permanently restricted net assets are gifts of cash and securities restricted by donors in ways that permit only the earnings to be used for specific programs, scholarships, and general operations of the Foundation. As restrictions on the net assets expire due to time passing and earnings becoming available for expenditure, the funds are released to either temporarily restricted net assets or unrestricted net assets as applicable. At June 30, 2007, the Foundation had no permanently restricted net assets.

Temporarily restricted net assets at June 30, 2007, consisted of the following:

	Available June 30, 2007
Widman - DSPS	\$ 24,092
German Language	664
Friends of Music	5,010
Creative Writing	3,034
Theater Guild	11,160
Athletics	169,382
Artists Guild	104
Child Development Center	4,205
French Department	264
Culinary Arts	8,031
Scholarship Accounts	47,121
LTRC Restricted	700
Adopt-An-Opt	58,945
Cardiovascular Technology	440
Arts Council	8,999
B Chernofsky Book	655
Diane Westman Memorial Fund	2,812
Wendell Cutting	8,700
Career Center	6,261
English	2,777
Other	393
Total	\$ 363,749

NOTE 5 – DONATED ASSETS AND SERVICES

During the year, many individuals donate significant amounts of time, services, and non-cash assets to the Foundation in an effort to advance the programs and objectives of the Foundation. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services. The assets received have not been recorded in the financial statements because they are immediately passed on to the program that is to use the assets, or the value of the assets is not readily determinable.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – RELATED PARTY TRANSACTIONS

The Foundation's primary purpose is to provide support to the programs, students, and educational departments of the Grossmont College. In exchange, the College provides office space and administrative support. The cost of this support has not been reflected within the financial statements as a reasonable basis has not been established.

During the 2007 year, the Foundation provided \$253,657 in support to the various educational departments and \$12,218 in scholarships to students of Grossmont College.