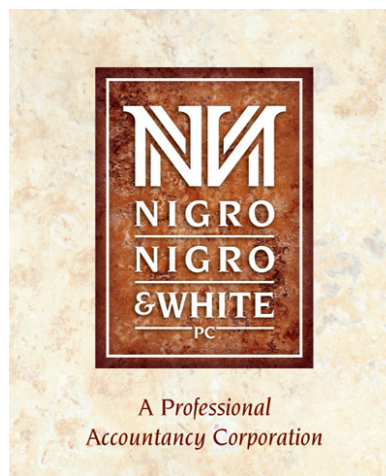


Grossmont College Foundation
(A California Nonprofit Corporation)

Audit Report

June 30, 2008



**GROSSMONT COLLEGE FOUNDATION
(A CALIFORNIA NONPROFIT CORPORATION)
AUDIT REPORT
June 30, 2008**

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of the Grossmont College Foundation (the "Foundation") (a California Nonprofit Corporation) as of June 30, 2008, and the related statements of activities and cash flows as of and 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 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, 2008, 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.

San Diego, California
September 22, 2008

Financial Section

Grossmont College Foundation
(A California Nonprofit Corporation)
Statement of Financial Position
June 30, 2008

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 197,608
NON CURRENT ASSETS	
Investments	224,638
TOTAL ASSETS	\$ 422,246
LIABILITIES AND NET ASSETS	
LIABILITIES	
Cash overdraft	\$ 7,232
Deferred revenue	530
TOTAL LIABILITIES	7,762
NET ASSETS	
Unrestricted	89,830
Temporarily restricted	324,654
TOTAL NET ASSETS	414,484
TOTAL LIABILITIES AND NET ASSETS	\$ 422,246

See accompanying notes to financial statements.

Grossmont College Foundation
(A California Nonprofit Corporation)
Statement of Activities
For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 98,121	\$ 30,406	\$ 128,527
Department fundraising	-	189,705	189,705
Special events fundraising	177,282	-	177,282
Net assets released from restriction	259,206	(259,206)	-
Total revenues and support	<u>534,609</u>	<u>(39,095)</u>	<u>495,514</u>
EXPENSES			
Support services	36,997	-	36,997
Program expenses	314,298	-	314,298
Fundraising expenses	155,344	-	155,344
Total expenses	<u>506,639</u>	<u>-</u>	<u>506,639</u>
OTHER REVENUES AND EXPENSES			
Interest and investment income	20,669	-	20,669
Unrealized loss on investment	(2,836)	-	(2,836)
Total other revenues and expenses	<u>17,833</u>	<u>-</u>	<u>17,833</u>
CHANGE IN NET ASSETS	<u>45,804</u>	<u>(39,095)</u>	<u>6,709</u>
NET ASSETS, BEGINNING OF YEAR	<u>44,026</u>	<u>363,749</u>	<u>407,775</u>
NET ASSETS, END OF YEAR	<u>\$ 89,830</u>	<u>\$ 324,654</u>	<u>\$ 414,484</u>

See accompanying notes to financial statements.

Grossmont College Foundation
(A California Nonprofit Corporation)
Statement of Cash Flows
For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 6,709
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Decrease in accounts receivable	5,000
Increase in cash overdraft	7,232
Increase in deferred revenue	530
Decrease in accounts payable	(16,194)
Interest and dividends restricted for long-term investment	(14,898)
Net unrealized and realized losses on long-term investments	2,836
Net cash flows from operating activities	<u>(8,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(11,754)
Proceeds from sales of investments	172,993
Net cash flows from investing activities	<u>161,239</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	152,454
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>45,154</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 197,608</u>

See accompanying notes to financial statements.

Grossmont College Foundation
(A California Nonprofit Corporation)
Statement of Functional Expenses
For the Year Ended June 30, 2008

	Support	Program	Fundraising	Total
Professional fees	\$ 10,478	\$ 20,955	\$ 38,418	\$ 69,851
Accounting	4,625	-	-	4,625
Office supplies	1,120	-	-	1,120
Equipment and software	3,479	-	-	3,479
Travel and conferences	12,777	-	-	12,777
Dues and subscriptions	1,543	-	-	1,543
Other general administration	2,975	-	-	2,975
Postage and printing	-	-	1,679	1,679
Marketing	-	-	9,629	9,629
Departmental support	-	243,974	-	243,974
Scholarships	-	24,982	-	24,982
Campus services	-	22,438	-	22,438
Special events:				
Gala	-	-	54,480	54,480
Golf tournament	-	-	31,180	31,180
Retiree recognition	-	1,949	-	1,949
Other special events	-	-	19,958	19,958
TOTAL EXPENSES	\$ 36,997	\$ 314,298	\$ 155,344	\$ 506,639

See accompanying notes to financial statements.

Grossmont College Foundation
(A California Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008

NOTE 1 – 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 and Nature of Activities

The Foundation was formed pursuant to the 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 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 and accordingly, reflect all significant receivables, payables, and other liabilities.

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.

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 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 Forms 990, 199, and RRF-1 with the appropriate agencies. There was no unrelated business income for the year ended June 30, 2008.

Grossmont College Foundation
(A California Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008

NOTE 1 – ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence of any donor restrictions. The Foundation did not have any permanently restricted net assets at June 30, 2008. All donor-restricted contributions are recorded as increases in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, either by passage of time or satisfaction of purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “net assets released from restrictions”.

Cash and Cash Equivalents

For 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 and all investments in debt securities are reported 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 a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income or gains are recognized.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117. Under SFAS No. 117, the corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, fund accounting is not used in its financial statement presentation.

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.

Grossmont College Foundation
(A California Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008

NOTE 2 – CONCENTRATION OF RISK

Cash accounts maintained by the Foundation are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). On June 30, 2008 cash balances held in financial institutions other than credit unions 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 National Credit Union Administration (NCUA) levels.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of June 30, 2008:

Checking and savings accounts	\$ 973
Certificates of deposit - GSFCU	170,351
Money market savings	<u>26,284</u>
Total cash and cash equivalents	<u><u>\$ 197,608</u></u>

NOTE 4 – INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following as of June 30, 2008:

	<u>Adjusted Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of deposit	\$ 101,472	\$ 101,472	\$ -
Franklin U.S. Government Securities Fund	126,002	123,165	(2,836)
Total	<u><u>\$ 227,474</u></u>	<u><u>\$ 224,638</u></u>	<u><u>\$ (2,836)</u></u>

Grossmont College Foundation
(A California Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008

NOTE 5 – RESTRICTIONS ON NET ASSETS

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

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, 2008, the Foundation had no permanently restricted net assets.

Temporarily restricted net assets at June 30, 2008, consisted of the following:

	Available
	June 30, 2008
Adopt-An-Opt	\$ 13,383
Arts Council	7,850
Art Department - Photo	100
Athletics Facilities	7,185
Athletics Fund	144,212
B Chernofsky Book Fund	309
Biology	337
Cardiovascular Technology	740
Career Center	1,703
Child Development Center	3,110
CLCC Annual Retreat	1,614
Counseling Department	126
Creative Writing	2,128
Culinary Arts	8,756
French Department	264
Friends of Music	1,836
Gear Up	28
Geology Education	1,666
German Language	664
LTRC Restricted	847
Model United Nations	19
Music Trust Fund	1,500
Nursing	1,285
Reading	6,672
Sculpture	98
Theater Guild	11,867
Wendell Cutting	10,025
Widmann Trust - DSPS	24,092
Scholarship Accounts	72,238
Total	<u>\$ 324,654</u>

Grossmont College Foundation
(A California Nonprofit Corporation)
Notes to Financial Statements
June 30, 2008

NOTE 6 – DONATED ASSETS AND SERVICES

During the year, many individuals donate significant amounts of time and services 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.

NOTE 7 – 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 2008 year, the Foundation provided \$243,974 in support to the various educational departments and \$14,550 in scholarships to students of Grossmont College.

NOTE 8 – AGREEMENT WITH GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

The Foundation entered into an agreement with the Grossmont-Cuyamaca Community College District (the District) on June 28, 2007, whereby the District provides to the Foundation operating funds of \$180,000 to be paid over three years. Under the terms of the agreement, the Foundation has received payments of \$80,000 and \$60,000 in August 2007 and August 2008, respectively. The remaining \$40,000 payment is scheduled to be paid to the Foundation in August 2009. The Foundation must match the operating funds it receives from the District dollar for dollar during the four year term from 2008 to 2012 by providing gifts, donations, and grants to Grossmont College or its programs or students as a result of direct and indirect Foundation activities.

NOTE 9 – RECLASSIFICATIONS

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.