

CYPRESS COLLEGE FOUNDATION
(A California Nonprofit Corporation)

ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2018 AND 2017

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

JUNE 30, 2018 AND 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Cypress College Foundation
Cypress, California

Report on the Financial Statements

We have audited the accompanying financial statements of Cypress College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. 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 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 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 Cypress College Foundation as of June 30, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019, on our consideration of Cypress College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cypress College Foundation's internal control over financial reporting and compliance.

Vawter Tume Day & Co LLP

Rancho Cucamonga, California
April 22, 2019

CYPRESS COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2018	2017
ASSETS		
Current Assets		
Cash - unrestricted	\$ 456,460	\$ 104,844
Noncurrent Assets		
Beneficial interest in assets held by the Foundation for California Community Colleges	227,295	227,295
Investments - restricted	2,791,650	2,637,530
Due from North Orange County Community College District	35,025	-
Accounts receivable	11,953	-
Total Noncurrent Assets	3,065,923	2,864,825
Total Assets	\$ 3,522,383	\$ 2,969,669
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Due to North Orange County Community College District	\$ 14,449	\$ 28,031
Amounts held for others	195,325	133,822
Total Current Liabilities	209,774	161,853
NET ASSETS (DEFICIT)		
Unrestricted	(242,510)	(335,696)
Temporarily restricted	2,685,145	2,294,887
Permanently restricted	869,974	848,625
Total Net Assets	3,312,609	2,807,816
Total Liabilities and Net Assets	\$ 3,522,383	\$ 2,969,669

See the accompanying notes to financial statements.

CYPRESS COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Contributions	\$ 281,647	\$ 568,935	\$ 19,781	\$ 870,363
Grants	-	-	-	-
Donated facilities	8,500	-	-	8,500
Special events	145,302	-	-	145,302
Other revenues	34,709	4,277	-	38,986
Assets released from restrictions	312,047	(311,647)	(400)	-
Total Revenues	782,205	261,565	19,381	1,063,151
EXPENSES				
Operating expenses	32,612	-	-	32,612
Program expenses	521,506	-	-	521,506
Fundraising expenses	173,726	-	-	173,726
Total Expenses	727,844	-	-	727,844
OTHER INCOME (EXPENSE)				
Net unrealized gain (loss) distribution	(151,350)	151,350	-	-
Net unrealized gain (loss)	90,137	(22,657)	1,968	69,448
Interest and dividends	100,038	-	-	100,038
Total Other Income (Expense)	38,825	128,693	1,968	169,486
CHANGE IN NET ASSETS	93,186	390,258	21,349	504,793
NET ASSETS, BEGINNING OF YEAR	(335,696)	2,294,887	848,625	2,807,816
NET ASSETS, END OF YEAR	\$ (242,510)	\$ 2,685,145	\$ 869,974	\$ 3,312,609

See the accompanying notes to financial statements.

2017

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 225,615	\$ 289,673	\$ 15,181	\$ 530,469
-	10,206	-	10,206
8,500	-	-	8,500
143,236	-	-	143,236
32,140	5,565	-	37,705
356,699	(356,699)	-	-
<u>766,190</u>	<u>(51,255)</u>	<u>15,181</u>	<u>730,116</u>
35,876	-	-	35,876
585,783	-	-	585,783
176,964	-	-	176,964
<u>798,623</u>	<u>-</u>	<u>-</u>	<u>798,623</u>
(164,571)	164,571	-	-
138,294	(17,284)	-	121,010
77,980	-	-	77,980
<u>51,703</u>	<u>147,287</u>	<u>-</u>	<u>198,990</u>
19,270	96,032	15,181	130,483
(354,966)	2,198,855	833,444	2,677,333
<u>\$ (335,696)</u>	<u>\$ 2,294,887</u>	<u>\$ 848,625</u>	<u>\$ 2,807,816</u>

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

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 504,793	\$ 130,483
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized gain	(69,448)	(121,010)
Contributions and grants restricted for long-term purposes	(588,716)	(315,060)
Changes in Assets and Liabilities		
Accounts receivable	(11,953)	-
Due from North Orange County Community College District	(35,025)	-
Due to North Orange County Community College District	(13,582)	4,615
Amounts held for others	61,503	(19,791)
Net Cash Flows From Operating Activities	(152,428)	(320,763)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(84,672)	(62,675)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions and grants restricted for long-term purposes	588,716	315,060
 CHANGE IN UNRESTRICTED CASH AND CASH EQUIVALENTS	351,616	(68,378)
UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	104,844	173,222
UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 456,460	\$ 104,844

See the accompanying notes to financial statements.

CYPRESS COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2018			
	Operating	Program	Fundraising	Total
Salaries and benefits	\$ 13,928	\$ 185,707	\$ 32,499	\$ 232,134
Donated facilities	1,700	5,100	1,700	8,500
Scholarships	-	289,649	-	289,649
Conferences and travel	-	253	-	253
Professional fees	2,560	8,448	1,792	12,800
Postage and printing	81	1,086	190	1,357
Investment expenses	840	13,152	-	13,992
Hospitality	173	2,303	403	2,879
Special events - other operating expenses	8,540	-	133,788	142,328
Supplies	3,875	12,788	2,713	19,376
Other operating expenses	915	3,020	641	4,576
TOTAL EXPENSES	\$ 32,612	\$ 521,506	\$ 173,726	\$ 727,844

See the accompanying notes to financial statements.

2017

Operating	Program	Fundraising	Total
\$ 14,136	\$ 188,476	\$ 32,983	\$ 235,595
1,700	5,100	1,700	8,500
-	335,779	-	335,779
-	524	-	524
3,947	13,025	2,763	19,735
50	672	118	840
1,013	15,875	-	16,888
496	6,609	1,157	8,262
8,557	-	134,059	142,616
2,346	7,740	1,642	11,728
3,631	11,983	2,542	18,156
<u>\$ 35,876</u>	<u>\$ 585,783</u>	<u>\$ 176,964</u>	<u>\$ 798,623</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Cypress College Foundation (the Foundation) is a nonprofit organization founded in 1972 for the purpose of receiving contributions for the support and advancement of education on behalf of Cypress College (the College). The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the College.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the College are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Public Support and Revenue

The Foundation receives substantially all of its revenue from direct donations, pledges, and corporate grants. Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized gains/losses and unrealized gains/losses on investments and 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. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis. Certain reclassifications may have been made to conform with the current year presentation.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Donated Assets, Services, and Facilities

The Foundation records the value of donated assets and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the accompanying statements at their estimated values at date of donation and fair market value of facilities for the year. Donated assets are capitalized at the stated donated value and depreciated in accordance with Foundation policies, unless they are passed through to the College.

Use of 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 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.

Income Taxes

The Foundation is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The Foundation's Federal informational tax returns for the years ended June 30, 2015, 2016, and 2017, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2014, 2015, 2016, and 2017, are open to audit by State authorities.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2018 and June 30, 2017, the Foundation had cash balances in the amount of \$190,414 and \$0, respectively, held in financial institutions in excess of the FDIC coverage.

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Investments

Investments in marketable securities with readily determinable fair values are presented at their fair values in the statements 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 and gains are recognized.

Functional Allocation of Expenses

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

NOTE 2 - RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2018:

Scholarships	\$ 1,122,029
Student assistance	7,633
Title V Grant	1,434,239
Others	<u>121,244</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 2,685,145</u></u>

Temporarily restricted net assets consist of the following at June 30, 2017:

Scholarships	\$ 732,614
Student assistance	9,931
Title V Grant	1,381,261
Others	<u>171,081</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 2,294,887</u></u>

Permanently restricted net assets consist of the following at June 30, 2018:

Scholarships and programs for the College	\$ 642,679
Assets held by others	<u>227,295</u>
Total Permanently Restricted Net Assets	<u><u>\$ 869,974</u></u>

Permanently restricted net assets consist of the following at June 30, 2017:

Scholarships and programs for the College	\$ 621,330
Assets held by others	<u>227,295</u>
Total Permanently Restricted Net Assets	<u><u>\$ 848,625</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 - DONATED SERVICES

During the year, many individuals, College staff, and administrators donate significant amounts of time and services to the Foundation in an effort to advance the programs and objectives of the Foundation. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

NOTE 4 - INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2018:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Mutual funds	\$ 2,722,202	\$ 2,791,650	\$ 69,448

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2017:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Mutual funds	\$ 2,516,520	\$ 2,637,530	\$ 121,010

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2018:

Interest and dividends	\$ 100,038
Net unrealized gain	69,448
	\$ 169,486

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2017:

Interest and dividends	\$ 77,980
Net unrealized gain	121,010
	\$ 198,990

CYPRESS COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 - OSHER ENDOWMENT SCHOLARSHIP

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the College and its donors have contributed \$227,295. As of June 30, 2018 and 2017, the ending balance of the Osher Endowment Scholarship was \$227,295. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

NOTE 6 - INVESTMENT SECURITIES

Market Value of Financial Assets and Liabilities

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; 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 or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2018. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2018.

Assets	Level 1
Mutual funds	\$ 2,791,650

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2017. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2017.

Assets	Level 1
Mutual funds	\$ 2,637,530

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis.

NOTE 7 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, represent amounts due to the Foundation as follows:

Due from North Orange County Community College District	\$ 35,025
Other accounts receivable	11,953
Total	\$ 46,978

NOTE 8 - AMOUNTS HELD FOR OTHERS

The Foundation acts as a fiscal agent for departments, organizations, and groups of Cypress College. Accordingly, at June 30, 2018 and 2017, \$195,325 and \$133,822, respectively, of the Foundation's assets belong to other parties. The Foundation does not have legal access nor any discretion over the amounts held for others behalf.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 - ENDOWMENT GRANT

The District provided the Foundation with an endowment grant, which was awarded by the U.S. Department of Education in the fiscal year ended June 30, 2004. The grant was a Title V, Hispanic Serving Institution Grant and its purpose was to expand educational opportunities for, and improve the academic attainment of, Hispanic students, and expand and enhance the academic offerings, program quality, and institutional stability of colleges that are educating Hispanic students. The Foundation received \$300,000 over a five-year period ending June 30, 2010, upon certification that matching funds from acceptable resources were met. The corpus of the endowment was to be invested over a period of twenty years, and the Foundation may not spend more than 50 percent of the aggregate income earned in years six through twenty for allowable expenses. No earnings were allowed to be spent in years one through five. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

NOTE 10 - RELATED PARTY TRANSACTIONS

North Orange County Community College District

The North Orange County Community College District (the District) charges administrative services to the Foundation. Salaries and benefits for the Executive Director, administrative staff, and other services are paid by the District and reimbursed by the Foundation. Accordingly, at June 30, 2018 and 2017, the Foundation owed the District \$14,449 and \$28,031, respectively, for salaries and benefits. In addition, the District provides office space for employees who perform services for the Foundation at no charge. The donated facilities for the fiscal years 2018 and 2017 amounted to \$8,500 each year, and have been reflected in the financial statements as donated facilities.

NOTE 11 - DONOR DESIGNATED ENDOWMENTS

Endowment net asset composition by type of fund as of June 30, 2018, is as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	\$ 1,585,943	\$ 869,974	\$ 2,455,917

CYPRESS COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Changes in endowment net assets as of June 30, 2018, are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ 1,500,503	\$ 848,625	\$ 2,349,128
Contributions	3,110	19,781	22,891
Investment income	2,942	1,968	4,910
Net appreciation	123,291	-	123,291
Prior year adjustment	(442)	-	(442)
Amounts appropriated for expenditures	(43,461)	(400)	(43,861)
Endowment net assets, end of year	<u>\$ 1,585,943</u>	<u>\$ 869,974</u>	<u>\$ 2,455,917</u>

Endowment net asset composition by type of fund as of June 30, 2017, is as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	<u>\$ 1,500,503</u>	<u>\$ 848,625</u>	<u>\$ 2,349,128</u>

Changes in endowment net assets as of June 30, 2017, are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ 1,426,978	\$ 833,444	\$ 2,260,422
Contributions	3,621	15,181	18,802
Investment income	2,099	-	2,099
Net appreciation	135,062	-	135,062
Prior year adjustment	(250)	-	(250)
Amounts appropriated for expenditures	(67,007)	-	(67,007)
Endowment net assets, end of year	<u>\$ 1,500,503</u>	<u>\$ 848,625</u>	<u>\$ 2,349,128</u>

NOTE 12 - UNREALIZED GAINS AND LOSSES DISTRIBUTION

In 2017-2018, the Foundation posted unrealized losses and dividends distributions for their endowed funds to unrealized gain/loss holding accounts in unrestricted matching funds in the amount of \$151,350. As the accounts in unrestricted funds gain credit balances, the holding balance is transferred back to temporarily restricted funds. Their use of the holding accounts is to prevent the temporarily restricted funds from spending unrealized monies.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 13 - SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through April 22, 2019, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Cypress College Foundation
Cypress, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cypress College Foundation (the Foundation) (a California nonprofit corporation), which comprise the Statements of Financial Position, the related Statement of Activities and Cash flows for the years then ended as of June 30, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cypress College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cypress College Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Cypress College Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cypress College Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Foundation in a separate letter dated April 22, 2019.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cypress College Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cypress College Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrek Tume Day & Co LLP

Rancho Cucamonga, California
April 22, 2019