

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
FOUNDATION**

**FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**



**WINDES & McCLAUGHRY  
ACCOUNTANCY CORPORATION**

*Certified Public Accountants  
& Consultants*

## CONTENTS

Independent Auditors' Report .....	1
Statements of Financial Position .....	2
Statements of Activities.....	3-4
Statements of Functional Expenses .....	5-6
Statements of Cash Flows .....	7
Notes to the Financial Statements.....	8-12



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ACCOUNTANCY CORPORATION**

*Certified Public Accountants  
& Consultants*

Landmark Square  
111 West Ocean Boulevard  
Twenty-Second Floor  
Long Beach, CA 90802

Tel: (562) 435-1191  
Fax: (562) 495-1665

[www.windes.com](http://www.windes.com)

*Other Offices:  
Irvine  
Torrance*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the  
El Camino Community College District Foundation

We have audited the accompanying statements of financial position of the El Camino Community College District Foundation as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 the El Camino Community College District Foundation as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Long Beach, California  
November 9, 2007

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,205,062	\$ 1,099,510
Investments	5,213,633	4,604,047
Promises to give	201,000	1,500
Contributions receivable from split-interest agreements	212,592	171,803
Other assets	<u>4,500</u>	<u>4,500</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,836,787</u></b>	<b><u>\$ 5,881,360</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 19,891	\$ 15,539
Total Liabilities	<u>19,891</u>	<u>15,539</u>
<b>NET ASSETS</b>		
Unrestricted	1,028,740	832,583
Temporarily restricted	4,371,861	3,822,005
Permanently restricted	<u>1,416,295</u>	<u>1,211,233</u>
Total Net Assets	<u>6,816,896</u>	<u>5,865,821</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,836,787</u></b>	<b><u>\$ 5,881,360</u></b>

The accompanying notes are an integral part of these statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND PROGRAM REVENUES</b>				
Contributions	\$ 160,116	\$ 920,836	\$ 100,000	\$ 1,180,952
Gifts in kind		66,749		66,749
Contributed services	96,118			96,118
Investment income	98,794	97,705		196,499
Realized and unrealized gain on investments, net	103,344	405,444		508,788
Change in value of split-interest agreements		14,658		14,658
	<u>458,372</u>	<u>1,505,392</u>	<u>100,000</u>	<u>2,063,764</u>
<b>NET ASSETS RELEASED FROM PURPOSE AND TIME RESTRICTIONS</b>	850,474	( 850,474)		
<b>NET ASSETS RECLASSIFIED TO PERMANENTLY RESTRICTED</b>		<u>( 105,062)</u>	<u>105,062</u>	
<b>TOTAL SUPPORT AND PROGRAM REVENUES AND NET ASSETS RECLASSIFIED</b>	<u>1,308,846</u>	<u>549,856</u>	<u>205,062</u>	<u>2,063,764</u>
<b>EXPENSES</b>				
Program activities	798,640			798,640
General and administrative	187,964			187,964
Fund-raising	126,085			126,085
	<u>1,112,689</u>			<u>1,112,689</u>
<b>CHANGE IN NET ASSETS</b>	196,157	549,856	205,062	951,075
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>832,583</u>	<u>3,822,005</u>	<u>1,211,233</u>	<u>5,865,821</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,028,740</u>	<u>\$ 4,371,861</u>	<u>\$ 1,416,295</u>	<u>\$ 6,816,896</u>

The accompanying notes are an integral part of these statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND PROGRAM REVENUES</b>				
Contributions	\$ 87,386	\$ 1,236,057	\$ 1,100	\$ 1,324,543
Gifts in kind		19,925		19,925
Contributed services	96,118			96,118
Investment income	100,662	34,575		135,237
Realized and unrealized gain on investments, net	5,448	117,630		123,078
Change in value of split-interest agreements		( 5,181)		( 5,181)
Other support	2,131	202,187		204,318
	291,745	1,605,193	1,100	1,898,038
<b>NET ASSETS RELEASED FROM PURPOSE AND TIME RESTRICTIONS</b>				
	<u>592,085</u>	<u>( 592,085)</u>		
<b>TOTAL SUPPORT AND PROGRAM REVENUES AND NET ASSETS RELEASED FROM PURPOSE AND TIME RESTRICTIONS</b>				
	<u>883,830</u>	<u>1,013,108</u>	<u>1,100</u>	<u>1,898,038</u>
<b>EXPENSES</b>				
Program activities	754,260			754,260
General and administrative	178,927			178,927
Fund-raising	70,986			70,986
	<u>1,004,173</u>			<u>1,004,173</u>
<b>CHANGE IN NET ASSETS</b>	( 120,343)	1,013,108	1,100	893,865
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>952,926</u>	<u>2,808,897</u>	<u>1,210,133</u>	<u>4,971,956</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 832,583</u>	<u>\$ 3,822,005</u>	<u>\$ 1,211,233</u>	<u>\$ 5,865,821</u>

The accompanying notes are an integral part of these statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Program Activities</u>	<u>General and Administrative</u>	<u>Fund-raising</u>	<u>Total</u>
Grants and Allocations				
Books and supplies				
- instructional	\$ 57,774			\$ 57,774
Campus programs	101,371			101,371
Equipment	138,666	\$ 1,078		139,744
Scholarships and awards	81,072			81,072
Accounting fees		46,270		46,270
Advertising		375		375
Bank charges		1,506		1,506
Building rental		2,752		2,752
Computer software	10,511			10,511
Conferences, conventions, and meetings	36,820	427	\$ 4,453	41,700
Contract services	110,762	1,175		111,937
Contributions	1,100			1,100
Credit card fees		128		128
Dues and memberships		641	1,302	1,943
Events			25,660	25,660
Filing fees		579		579
Hospitality	45,685	406	6,942	53,033
Investment fees		17,222		17,222
Maintenance contracts		2,549		2,549
Parking			1,862	1,862
Plaques and awards		50	16,521	16,571
Postage	1,916	176	1,709	3,801
Printing		1,263	14,472	15,735
Publications and periodicals	15,405			15,405
Repro	7,300			7,300
Salaries and wages	143,049	108,322	50,287	301,658
Special events	250			250
Supplies	27,798	3,045	1,578	32,421
Telephone	172		856	1,028
Travel	18,989		443	19,432
	<u>\$ 798,640</u>	<u>\$ 187,964</u>	<u>\$ 126,085</u>	<u>\$ 1,112,689</u>

The accompanying notes are an integral part of these statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Program Activities</u>	<u>General and Administrative</u>	<u>Fund-raising</u>	<u>Total</u>
Grants and Allocations				
Books and supplies				
- instructional	\$ 65,325			\$ 65,325
Campus programs	144,512			144,512
Equipment	111,954	\$ 1,926		113,880
Scholarships and awards	85,116			85,116
Accounting fees		43,130		43,130
Building rental		2,752		2,752
Computer software	16,227			16,227
Conferences, conventions, and meetings	49,697	123	\$ 3,476	53,296
Contract services	134,592	51		134,643
Contributions	200			200
Credit card fees		1,246		1,246
Dues and memberships		385		385
Events			1,712	1,712
Filing fees		430		430
Hospitality	24,338	779	7,144	32,261
Insurance		2,174		2,174
Maintenance contracts		2,500	3,300	5,800
Mileage, transportation, and parking		32	2,047	2,079
Plaques and awards		1,117	1,269	2,386
Postage	46	1,680	3,597	5,323
Printing		187	18,378	18,565
Publications and periodicals	6,620	2,817		9,437
Repro	6,616			6,616
Salaries and wages	68,524	114,713	27,133	210,370
Supplies	35,448	1,700	1,012	38,160
Telephone	269	49	1,073	1,391
Travel	4,776	74	845	5,695
Other expenses		1,062		1,062
	<u>\$ 754,260</u>	<u>\$ 178,927</u>	<u>\$ 70,986</u>	<u>\$ 1,004,173</u>

The accompanying notes are an integral part of these statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 951,075	\$ 893,865
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	( 508,788)	( 123,078)
Realized gain on sale of property		( 3,176)
Contributions for long-term investment		( 1,100)
Change in value of split-interest agreements	( 14,658)	5,181
Change in operating assets and liabilities:		
Promises to give	( 199,500)	6,750
Contributions receivable from split-interest agreements	( 26,131)	( 117,680)
Other receivables		2,207
Accounts payable	4,351	( 5,225)
Net Cash Provided By Operating Activities	206,349	657,744
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	( 1,433,354)	( 4,121,091)
Proceeds from sale of investments	1,332,557	3,554,688
Proceeds from sale of property		103,176
Net Cash Used In Investing Activities	( 100,797)	( 463,227)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for long-term investment		1,100
Net Cash Provided By Financing Activities		1,100
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	105,552	195,617
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,099,510	903,893
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,205,062</b>	<b>\$ 1,099,510</b>

The accompanying notes are an integral part of these statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2007 AND 2006**

**NOTE 1 – Summary of Significant Accounting Policies**

***Organization***

The El Camino Community College District Foundation (Foundation) is a nonprofit, tax-exempt corporation, incorporated in the state of California on April 28, 1983 and organized to develop financial support for the El Camino Community College District (District) by receiving gifts, funds, and property. Such financial support is used to provide financial assistance to students to pay for curriculum development, cultural programs, athletic programs, and other expenses related to the educational programs of the District, at the discretion of the Foundation.

The District maintains one campus, located in Torrance, California. The Foundation maintains a separate governing body from the District.

***Financial Statement Presentation***

The Foundation reports information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence and/or nature of donor-imposed restrictions.

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***Use of Estimates and Assumptions***

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2007 AND 2006**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2007 and throughout the year, the Foundation has maintained cash balances in its bank in excess of federally insured limits.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

*Allocation of Functional Expenses*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Taxes*

The Foundation has received tax-exempt status from the Internal Revenue Service and the California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements.

*Gifts in Kind and Contributed Services*

Gifts in kind are recorded at their fair value when an unconditional promise to give has been made or when the gifts have been received. Contributed services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**NOTE 2 – Investments**

The Foundation maintains a portfolio of marketable securities that have been both donated and purchased and is intended to provide investment income to be used for the Foundation’s programs and services. The Foundation’s investments at fair value included the following:

	<b>June 30,</b>	
	<u><b>2007</b></u>	<u><b>2006</b></u>
Equities	\$ 2,683,560	\$ 3,085,212
Bonds	2,174,503	1,518,835
Institutional funds	<u>355,570</u>	<u>                    </u>
	<u><b>\$ 5,213,633</b></u>	<u><b>\$ 4,604,047</b></u>

**NOTE 3 – Contributions Receivable for Split-Interest Agreements**

The Foundation is the beneficiary of nine split-interest charitable gift annuity agreements for which the Foundation is not the administrator. The Foundation recognizes the present value of the estimated future benefits to be received as temporarily restricted contribution revenue and as a receivable. Adjustments to the receivable to reflect amortization of the discount and revaluation of the present value of the estimated future payments to the lifetime beneficiary are recognized in the statement of activities as a change in the value of split-interest agreements.

Contributions receivable from split-interest agreements totaled \$212,592 and \$171,803 at June 30, 2007 and 2006, respectively. These receivables represent the portion of the charitable gift annuity agreements for which the Foundation is the designated beneficiary.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**NOTE 4 – Restrictions on Net Assets**

Unrestricted net assets were designated by the Board of Directors as follows:

	<b>June 30,</b>	
	<b>2007</b>	<b>2006</b>
Unrestricted net assets:		
Board designated endowment	\$ 388,029	\$ 388,029
Board designated for Endowment		
Challenge Grant Program	79,470	63,858
Undesignated	561,241	380,696
	\$ 1,028,740	\$ 832,583

Temporarily restricted net assets are available for the following purposes:

	<b>June 30,</b>	
	<b>2007</b>	<b>2006</b>
Cancer study and training of persons in the care of cancer patients	\$ 718,476	\$ 529,961
Endowment Challenge Grant Program*	1,207,424	1,098,711
Scholarships	1,335,695	1,221,279
Center for the Arts	225,259	197,759
For subsequent periods	212,592	171,803
Other programs	672,415	602,492
	\$ 4,371,861	\$ 3,822,005

\* Such net assets have been restricted for specific educational purposes under the U.S. Department of Education’s Endowment Challenge Grant Program (Program) authorized by Title III of the Higher Education Act of 1965, as amended. Under the terms of the Program, the Foundation may only withdraw and spend up to 50% of the total aggregate endowment income during the 20-year grant period ending in 2017.

**EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**NOTE 4 – Restrictions on Net Assets (Continued)**

Permanently restricted net assets consists of investments to be held in perpetuity as follows:

	<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>
The Ella Rose Madden Endowment Fund, the income from which is to be used for the study of cancer and the training of persons in the care and special needs of cancer patients	\$ 1,130,295	\$ 1,130,295
Other permanently restricted donations, the income from which is expendable to support Foundation programs and operations	<u>286,000</u>	<u>80,938</u>
	<u>\$ 1,416,295</u>	<u>\$ 1,211,233</u>

**NOTE 5 – Related-Party Transactions**

*El Camino College District*

Under an agreement with the Foundation, the District contributes to the Foundation the costs of salaries and related expenses incurred and paid by the District on behalf of the Foundation. For each of the years ended June 30, 2007 and 2006, the District contributed \$93,366 to the Foundation with respect to such agreement.

In addition, the District also contributes to the Foundation the rental costs of District-owned facilities occupied by Foundation personnel. For each of the years ended June 30, 2007 and 2006, the District contributed \$2,752 to the Foundation with respect to such arrangement.