



**Coconino Community College Foundation**  
**Financial Statements**  
For the Year Ended June 30, 2020

**COCONINO COMMUNITY COLLEGE FOUNDATION  
YEAR ENDED JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Coconino Community College Foundation

### **Report on Financial Statements**

We have audited the accompanying financial statements of Coconino Community College Foundation (Foundation) which comprise the statement of financial position as of June 30, 2020, 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.

### ***Auditor's 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 the Coconino Community College Foundation as of June 30, 2020, 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 Foundation's 2019 financial statements, and our report dated September 30, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Change in Accounting Principle***

As described in Note 1, the Foundation implemented the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), for the year ended June 30, 2020, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
September 30, 2020

# Coconino Community College Foundation

## Statement of Financial Position

June 30, 2020

(With comparative totals for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 296,988	\$ 640,311
Prepaid expenses	7,105	7,868
Contributions receivable, current	332,668	332,666
<i>Total Current Assets</i>	<u>636,761</u>	<u>980,845</u>
<i>Long-Term Assets</i>		
Contributions receivable, net of discount	-	330,080
Investments, at market	1,653,484	1,476,179
<i>Total Long-Term Assets</i>	<u>1,653,484</u>	<u>1,806,259</u>
Total Assets	<u>\$ 2,290,245</u>	<u>\$ 2,787,104</u>
 <u>Liabilities and Net Assets</u>		
<i>Current Liabilities</i>		
CCC College Payable	\$ 194,578	\$ 24,406
Refundable Advance	5,000	3,000
<i>Total Current Liabilities</i>	<u>199,578</u>	<u>27,406</u>
<i>Net Assets</i>		
Net Assets without donor restrictions	\$ 518,243	631,036
Net Assets with donor restrictions	1,572,424	2,128,662
<i>Total Net Assets</i>	<u>2,090,667</u>	<u>2,759,698</u>
Total Liabilities and Net Assets	<u>\$ 2,290,245</u>	<u>\$ 2,787,104</u>

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

**Coconino Community College Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**  
**(With comparative totals for the year ended June 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
<b>Revenue, Gains and Other Support</b>				
Public Contributions and Grants	\$ 45,059	\$ 398,164	\$ 443,223	\$ 1,470,223
Donated services	225,270	-	225,270	262,326
Investment earnings, net of fees	13,582	12,193	25,775	23,205
Realized gains on investments	23,738	24,159	47,897	60,351
Unrealized gains (losses) on investments	12,672	13,031	25,703	38,319
Net assets released from restrictions	1,003,785	(1,003,785)	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>1,324,106</b>	<b>(556,238)</b>	<b>767,868</b>	<b>1,854,424</b>
<b>Expenses</b>				
Program Services	1,306,270		1,306,270	474,843
Supporting Services	130,629		130,629	132,117
	<b>1,436,899</b>	<b>-</b>	<b>1,436,899</b>	<b>606,960</b>
<b>Change in Net Assets</b>	<b>(112,793)</b>	<b>(556,238)</b>	<b>(669,031)</b>	<b>1,247,464</b>
<b>Net Assets, beginning of Year, as restated</b>	<b>631,036</b>	<b>2,128,662</b>	<b>2,759,698</b>	<b>1,512,234</b>
<b>Net Assets, end of Year</b>	<b>\$ 518,243</b>	<b>\$ 1,572,424</b>	<b>\$ 2,090,667</b>	<b>\$ 2,759,698</b>

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

**Coconino Community College Foundation**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**  
**(With comparative totals for the year ended June 30, 2019)**

	Program Services	Supporting Services	Totals	
			2020	2019
Salaries and benefits	\$ 117,815	\$ 96,310	\$ 214,125	\$ 246,583
Events expenses	9,266		9,266	15,175
Facilities expense		11,145	11,145	7,942
Grants, scholarships and awards	1,178,313		1,178,313	307,372
Marketing	2,576	3,165	5,741	7,308
Meeting expenses	980	1,204	2,184	2,494
Miscellaneous expenses	4,182	4,346	8,528	6,049
Postage	454	558	1,012	1,341
Printing and copying	1,229	1,510	2,739	3,796
Professional fees		11,505	11,505	22,476
Supplies	721	886	1,607	1,599
Total expenses by function	1,315,536	130,629	1,446,165	622,135
Less expenses included with revenues on the statement of activities:				
Events expenses	(9,266)		(9,266)	(15,175)
Total expenses included in the expense section on the statement of activities	\$ 1,306,270	\$ 130,629	\$ 1,436,899	\$ 606,960

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

**Coconino Community College Foundation**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2020**  
**(With comparative totals for the year ended June 30, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (669,031)	\$ 1,247,464
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:		
Realized and unrealized gains on investments	(73,600)	(98,670)
Investment earnings, net	(25,775)	(23,205)
Contributions restricted for long-term purposes	(33,720)	(110,608)
Decrease (increase) in operating assets:		
Prepaid expenses	763	(7,868)
Contributions receivable	330,078	(662,746)
Increase (decrease) in operating liabilities:		
CCC College Payable	170,172	(32,147)
Accounts Payable	-	(96,140)
Refundable Advance	2,000	3,000
	(299,113)	219,080
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investment securities	(417,828)	(308,833)
Gifts of investments	-	27,480
Investment earnings, net	25,775	23,205
Proceeds from sales of investments, net	314,123	108,880
	(77,930)	(149,268)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions to donor restricted endowment	33,720	130,821
	33,720	130,821
Net increase in cash and cash equivalents	(343,323)	200,633
Cash and cash equivalents, beginning of year	640,311	439,678
Cash and cash equivalents, end of year	\$ 296,988	\$ 640,311
<u>Supplemental Data</u>		
Noncash investing and financing activities:		
Gifts of investments	\$ -	\$ 27,480

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



**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Coconino Community College Foundation (Foundation) was founded in 1993 under Arizona law as a nonprofit organization. The mission of the Foundation is to promote the purposes and goals of Coconino Community College (College), thereby enhancing the opportunities of Coconino residents. It is the fundraising organization for the solicitation, receipt and management of all private gifts, donations, and contributions, including gifts-in-kind. Funds are disbursed exclusively for charitable and educational purposes within the meaning of the Internal Revenue Code Section 501(c)(3), including providing scholarships and financial aid, to fulfill the teaching and service functions of the College, and to make or receive grants and loans of corporate property for the purposes of the College. The Foundation's primary source of revenue is from private contributions. An operating agreement between the Foundation and the College is reviewed and renewed annually.

**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.

**Basis of Presentation**

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Foundation is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. The Board, through its investment policy, has designated net assets to safeguard against investment variability. These designated funds represent accumulated unrealized earnings that are not allocated to net assets with donor restrictions.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.**

**Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. 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 differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

The Foundation reports investments at fair value in the Statement of Financial Position. Realized and unrealized gains and losses are included in the Statement of Activities. Donated securities are received directly into the Fidelity Investments account at market values as of the date executed. On an annual basis, all investment income, which consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense, is allocated between net assets with donor restrictions and net assets without donor restrictions in accordance with the Foundation's policy.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Foundation maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Foundation's deposits was \$296,988 and the bank balance was \$296,586. At year end, none of the Foundation's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation's investments do not represent significant concentrations of market risk inasmuch as the Foundation's investment portfolio is adequately diversified among issuers. Additionally, funds deposited with Fidelity Investments and Edward Jones are protected by the SIPC up to a ceiling of \$500,000 including a maximum of \$250,000 for cash claims.

**Contributions Receivable**

Unconditional promises to give are recognized as revenues when the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**COCONINO COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.**

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with this donor, and accordingly has made no allowance for doubtful accounts.

**Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments for future events received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

**Donated Services and In-Kind Contributions**

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the Foundation’s program services, administration, and fundraising activities; however the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Primary function
All other expenses	Full time equivalent

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.**

**Income Tax Status**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation's Form 990, *Return of Organization Exempt from Income Taxes* is generally subject to examination by the Internal Revenue Service for three years after the date filed.

**New Accounting Pronouncement**

During the fiscal year, the Foundation adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue standard (ASU 2014-09 *Revenue from Contracts with Customers*), and aims to minimize diversity in the classification of grants and contracts that exists under current guidance. The Foundation has adjusted the presentation of these statements accordingly.

**Date of Management's Review**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 30, 2020, which is the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The following were included in cash and cash equivalents as of June 30:

	<u>2020</u>
Checking	\$ 172,584
Money market	109,460
Petty cash	200
Investment cash	<u>14,744</u>
	\$ <u>296,988</u>

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The following represents the Foundation's financial assets at fiscal year-end:

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 – LIQUIDITY AND AVAILABILITY, cont.**

Cash and cash equivalents	\$	296,988
Contributions receivable		332,668
Investments		<u>1,653,484</u>
Total financial assets		2,283,140
Less amounts not available to be used within one year:		
Net assets with donor restrictions		1,572,424
Less: Net assets with purpose restrictions to be met in less than one year		<u>(117,885)</u>
		<u>1,454,539</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>828,601</u></u>

The Board requires that at least 5% of investments be available in cash equivalents. Additionally, it is general practice that all significant endowment gifts are sent to the investment account as soon as practical.

The Board designated net assets represent accumulated unallocated unrealized gains on investments and are being accounted for separately as per the Foundation’s investment policy. The funds represent a cushion against down turning investment markets.

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that the Foundation would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Foundation’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1: Quoted prices in active markets for identical investments.

**COCONINO COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS, cont.**

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

Investments	Hierarchy	
	Level	Fair Value
Fixed income investments	Level 1	\$ 529,678
Equities	Level 1	750,094
Mutual funds	Level 1	31,808
ETPs	Level 1	341,904
Total investment assets		<u>\$ 1,653,484</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

*Investments* – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Foundation recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the current fiscal year.

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5 – CONTRIBUTIONS RECEIVABLE**

Unconditional contributions receivable consist of the following:

Contributions receivable before unamortized discount	\$	332,668
Less unamortized discount		-
Total		332,668
Less allowance for uncollectibles		-
Net contributions receivable	\$	332,668
Amounts due in:		
Less than one year	\$	332,668
More than one year		-
Total	\$	332,668

**NOTE 6 - ENDOWMENTS**

The Foundation’s endowment consists of approximately 25 individual funds established for a variety of purposes. Its endowment includes donor-restricted funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Foundation has interpreted the State of Arizona’s version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – ENDOWMENTS, cont.**

- a. The duration and preservation of the fund
- b. The purpose of the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of year-end:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		\$ 675,971	\$ 675,971
Accumulated investment gains		109,670	109,670
Board-designated endowment funds	\$ 81,589	-	81,589
	<u>\$ 81,589</u>	<u>\$ 785,641</u>	<u>\$ 867,230</u>

**Investment Return Objectives, Risk Parameters and Strategies**

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of four percent, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.



**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – ENDOWMENTS, cont.**

**Spending Policy**

The Foundation has a policy of appropriating for distribution each year four percent of its endowment fund’s prior year-end balance. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to continue to grow. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Foundation has a scholarship committee made up of Foundation, community and College faculty and staff members which meets approximately six times per year to advise the Board of Directors as to how much money to allocate to scholarships.

Scholarship values vary based on the annual interest earned on the endowment. At the Foundation’s discretion, an award or awards may be granted for an entire academic year or for a period of less than one full academic year. If the earnings and income of a scholarship are not sufficient to fund one full award, then the Foundation may, in its discretion, grant an award equal to the amount of such earnings and income or determine not to make any award for the year, in which case, the amount of such earnings and income shall be carried forward to the next academic year.

Changes in Endowment Net Assets as of year-end:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 81,403	\$ 737,304	\$ 818,708
Contributions		33,720	33,720
Investment return, net	186	36,352	36,538
Amounts appropriated for expenditure		<u>(21,735)</u>	<u>(21,735)</u>
Endowment net assets, end of year	<u>\$ 81,589</u>	<u>\$ 785,641</u>	<u>\$ 867,230</u>

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – NET ASSETS**

Net assets without donor restrictions are as follows:

Total	\$ 518,243
Less: Board designation in accordance with investment policy	<u>81,589</u>
Undesignated	<u><u>\$ 436,654</u></u>

Net assets with donor restrictions are as follows:

Specific Purpose	
Scholarships	\$ 1,040,095
Programs	199,661
Construction program enhancements	<u>332,668</u>
	<u><u>\$1,572,424</u></u>

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	<u>\$ 1,003,785</u>
	<u><u>\$ 1,003,785</u></u>

**NOTE 8 – DONATED SERVICES**

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the current year ended is as follows:

Salaries and benefits	\$ 214,125
Facilities expense	<u>11,145</u>
	<u><u>\$ 225,270</u></u>

**NOTE 9 – CONCENTRATIONS**

The Foundation has consistently retained long-term donors, one of which gives in excess of \$100,000 annually, representing more than 12 percent of revenues in a typical year. Loss of such a donor in the near-term could cause a significant reduction in the Foundation's ability to disburse grants and awards.

In the prior fiscal year, the Foundation received a nearly \$1 million grant from the Del E. Webb Foundation. The grant, payable over three years, is for the College's Construction and Technology programs and will go towards updating the teaching facilities and expanding program offerings.

**COCONINO COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - CONTINGENT LIABILITY**

For the year ended June 30, 2020, the Foundation had scholarships that have been awarded but not paid in the amount of \$117,885. These scholarships are awarded in two payments, with the first payment given upon enrollment for the fall semester; the second payment is made conditionally upon enrollment for the spring semester. As the scholarships are contingent upon enrollment and paid out over the following fiscal year, they are not recorded as a liability as of June 30, 2020.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

Coconino Community College contributes to the Foundation certain supporting services per a written agreement. Employees of the College perform the Foundation administrative and accounting duties. The amounts included in public contributions without donor restrictions for these services were \$214,125. An additional \$11,145 was contributed for facilities related expenses. In the opinion of management, such transactions were on substantially the same terms as those that would prevail with other unrelated persons and entities.

**NOTE 12 – PRIOR PERIOD RECLASSIFICATION**

The July 1, 2019 beginning net assets do agree to the prior year financial statements. However, there was a reclassification of \$18,075 from net assets with donor restrictions to net assets without donor restrictions to conform to a reclassification error between unrealized and realized gains. There was no impact on total assets or changes in total net assets reported.

**NOTE 13 – RISK MANAGEMENT AND COVID-19**

During March of 2020, most of the nation went into lockdown due to the COVID-19 pandemic. Numerous activities and events had to be canceled or postponed including the Foundation's annual Palate to Palette fundraiser as well as other group meetings. The College also went into lockdown and all classes shifted to a virtual format. Students were given the option to have their tuition refunded and some did take advantage of this. Additionally, some scholarships were given back as well. The College has experienced enrollment declines as a result of the pandemic as students are opting out of online learning. The long-term impacts are unknown and the College has developed additional contingency plans accordingly. Likewise, the future of the Foundation's fundraising and social events is also uncertain. Scholarships are being given out but there is a risk that students may decide to not attend.