

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***Mercer County Community  
College Foundation***

*for the*

*Years Ended  
June 30, 2015 and 2014*

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

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# SUPLEE, CLOONEY & COMPANY

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Mercer County Community  
College Foundation  
West Windsor, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Mercer County Community College Foundation, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activity and cash flows 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 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.

## **SUPLEE, CLOONEY & COMPANY**

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 Mercer County Community College Foundation as of June 30, 2015 and 2014, 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.

### ***Report on Summarized Comparative Information***

We have previously audited Mercer County Community College Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 4, 2015

MERCER COUNTY COMMUNITY COLLEGE FOUNDATIONSTATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 686,364	\$ 1,271,688
Investments	8,254,110	7,750,567
Pledges Receivable, Net of Discount	130,014	140,342
Interest Receivable	4,407	16,351
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 9,074,895</u>	<u>\$ 9,178,948</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 63,932	\$ 14,519
Due to Mercer County Community College	56,970	165,932
	<hr/>	<hr/>
<u>Total Liabilities</u>	<u>120,902</u>	<u>180,451</u>
 <u>Net Assets</u>		
Unrestricted:		
Board Designated for Scholarships and Programs	116,445	15,221
Board Designated for Student Assistance	1,000,000	1,000,000
Undesignated - Major Gifts Campaign	462,679	459,191
Undesignated	1,002,336	1,168,212
Temporarily Restricted	4,941,590	4,951,745
Permanently Restricted	1,430,943	1,404,128
	<hr/>	<hr/>
<u>Total Net Assets</u>	<u>8,953,993</u>	<u>8,998,497</u>
	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 9,074,895</u>	<u>\$ 9,178,948</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	2015			2014	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
<u>Support and Revenues</u>					
Pledges - Capital Campaign	\$ -	\$ 48,516	\$ -	\$ 48,516	\$ 86,575
Gifts/Contributions	62,505	187,250	26,815	276,570	405,848
Gifts/Contributions - Capital Campaign	-	137,108	-	137,108	35,417
Interest and Dividend Income	112,852	84,164	-	197,016	165,976
Fundraising:					
Special Event - Spring Event	89,555	-	-	89,555	94,982
Special Event - Golf Outing	42,051	-	-	42,051	35,390
Special Event - Other Events	10,806	-	-	10,806	-
Brick Memorial	-	-	-	-	150
Howie Landa	-	-	-	-	100
Realized Gain (Loss)	(136,915)	10,350	-	(126,565)	305,988
Unrealized Gain	47,079	-	-	47,079	140,170
Net Assets Released from Restrictions	477,543	(477,543)	-	-	-
<u>Total Support and Revenues</u>	<u>705,476</u>	<u>(10,155)</u>	<u>26,815</u>	<u>722,136</u>	<u>1,270,596</u>
<u>Expenses</u>					
Scholarships	366,987	-	-	366,987	312,030
Fundraising:					
Special Event - Spring Event	16,144	-	-	16,144	18,615
Special Event - Golf Outing	18,280	-	-	18,280	15,333
Special Event - Other Events	6,764	-	-	6,764	-
Allocations	230,424	-	-	230,424	116,266
Operating:					
Senior Giving Officer	52,875	-	-	52,875	-
Professional Fees	22,188	-	-	22,188	21,925
Investment Fees	42,006	-	-	42,006	37,959
Bank Fees	2,444	-	-	2,444	2,200
Other Operating Expenses	8,528	-	-	8,528	9,048
<u>Total Expenses</u>	<u>766,640</u>	<u>-</u>	<u>-</u>	<u>766,640</u>	<u>533,376</u>
Change in Net Assets	(61,164)	(10,155)	26,815	(44,504)	737,220
Net Assets, Beginning of Year	2,642,624	4,951,745	1,404,128	8,998,497	8,261,277
Net Assets, End of Year	<u>\$ 2,581,460</u>	<u>\$ 4,941,590</u>	<u>\$ 1,430,943</u>	<u>\$ 8,953,993</u>	<u>\$ 8,998,497</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MERCER COUNTY COMMUNITY COLLEGE FOUNDATIONSTATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ (44,504)	\$ 737,220
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized (Gains) Losses on Investments	79,486	(446,158)
Contributions Restricted for Long-Term Purposes	(212,439)	(144,092)
Donated Securities	-	(68,522)
Proceeds from Sale of Donated Securities	-	26,002
Increase (Decrease) in Cash from:		
Interest Receivable	11,944	9,883
Pledges Receivable	10,328	98,717
Accounts Payable	49,413	(2,614)
Due to Mercer County Community College	(108,962)	125,472
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(214,734)</u>	<u>335,908</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from Sales of Investments	16,374,064	3,814,642
Purchases of Investments	(16,957,093)	(4,373,147)
<u>Net Cash Used by Investing Activities</u>	<u>(583,029)</u>	<u>(558,505)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from Sale of Donated Securities	-	42,520
Contributions Restricted for Long-Term Purposes	212,439	144,092
<u>Net Cash Provided by Financing Activities</u>	<u>212,439</u>	<u>186,612</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(585,324)	(35,985)
Cash and Cash Equivalents, Beginning of Year	1,271,688	1,307,673
Cash and Cash Equivalents, End of Year	<u>\$ 686,364</u>	<u>\$ 1,271,688</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

#### NATURE OF ACTIVITIES

The Mercer County Community College Foundation (the "Foundation") is a not-for-profit foundation organized under Section 501(c)(3) of the Internal Revenue Code (the "Code"). It is operated exclusively for the purpose of assisting the board of trustees of Mercer County Community College (the "College") in holding, investing and administering property and making expenditures to or for the benefit of the College, its students and its faculty.

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

##### Basis of Presentation

Financial reporting for not-for-profit organizations requires that the Foundation report information regarding its financial position and activity according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

##### Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes unrestricted time deposits, certificates of deposit and highly liquid instruments with initial maturities of three months or less. In addition, the statement of cash flows excludes permanently restricted cash.

Cash balances maintained at financial institutions may exceed federally insured limits. The Foundation monitors the health of these banking institutions. Historically, the Foundation has not experienced any credit-losses.

##### Public Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present values of their net realizable values, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.



MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (which happens either when a stipulated time period ends or when a purpose restriction is accomplished) during the reporting period in which the income and gains are recognized.

Pledge receivables with expected collection terms of greater than two years are presented at their net present value. They are discounted utilizing the applicable discount rate of approximately 0.11%, which is in effect at June 30, 2015 and 2014.

Investments

The Foundation carries investments at fair market value. Unrealized gains and losses occurring during the years ended June 30, 2015 and 2014 are presented in the accompanying statement of activity.

Income Taxes

The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrecognized tax benefits at June 30, 2015.

The Foundation files a tax return in the U.S. federal jurisdiction. The Foundation has no open years prior to June 30, 2012. The Foundation does not have any income tax related penalties or interest for the periods reported on these financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not support and revenue or changes in net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(2) INVESTMENTS

Investments are stated at fair market value as of June 30, 2015 and 2014, respectively. The unrealized appreciation (depreciation) reflects differences from cost on a cumulative basis, and consists of the following:

	<b>June 30, 2015</b>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Corporate fixed income	\$ 2,998,663	\$ 2,947,656	\$ (51,007)
Mutual funds	5,285,488	5,306,454	20,966
	<u>\$ 8,284,151</u>	<u>\$ 8,254,110</u>	<u>\$ (30,041)</u>

  

	<b>June 30, 2014</b>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation</u>
Corporate fixed income	\$ 259,065	\$ 283,857	\$ 24,792
Common stocks	536,290	731,182	194,892
Mutual funds	2,616,956	2,722,602	105,646
Exchange-traded and closed-end funds	682,418	717,266	34,848
Certificates of deposit	3,201,120	3,295,660	94,540
	<u>\$ 7,295,849</u>	<u>\$ 7,750,567</u>	<u>\$ 454,718</u>

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(2) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the Statement of Activity:

	<b>Year Ended June 30, 2015</b>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 112,852	\$ 84,164	\$ -	\$ 197,016
Net realized and unrealized gains (losses)	(89,836)	10,350	-	(79,486)
Total investment return	<u>\$ 23,016</u>	<u>\$ 94,514</u>	<u>\$ -</u>	<u>\$ 117,530</u>

	<b>Year Ended June 30, 2014</b>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 100,863	\$ 65,113	\$ -	\$ 165,976
Net realized and unrealized gains	446,158	-	-	446,158
Total investment return	<u>\$ 547,021</u>	<u>\$ 65,113</u>	<u>\$ -</u>	<u>\$ 612,134</u>

(3) FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, 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

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(3) FAIR VALUE MEASUREMENTS (CONTINUED)

In accordance with ASC 820, the following tables represent the Foundation's fair value hierarchy for its financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of June 30, 2015 and 2014.

**Fair Value Measurements as of June 30, 2015**

<b>Investments:</b>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 686,364	\$ 686,364	\$ -	\$ -
Corporate fixed income	2,947,656	2,947,656	-	-
Mutual funds	5,306,454	5,306,454	-	-
	<u>\$ 8,940,474</u>	<u>\$ 8,940,474</u>	<u>\$ -</u>	<u>\$ -</u>

**Fair Value Measurements as of June 30, 2014**

<b>Investments:</b>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 1,271,688	\$ 1,271,688	\$ -	\$ -
Corporate fixed income	283,857	283,857	-	-
Common stocks	731,182	731,182	-	-
Mutual funds	2,722,602	2,722,602	-	-
Exchange-traded and closed-end funds	717,266	717,266	-	-
Certificates of deposit	3,295,660	-	3,295,660	-
	<u>\$ 9,022,255</u>	<u>\$ 5,726,595</u>	<u>\$ 3,295,660</u>	<u>\$ -</u>

(4) PLEDGES RECEIVABLE

Pledges receivable include only unconditional promises to give and are expected to be received subsequent to June 30, 2015 and 2014 as follows:

	<b>June 30,</b>	
	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 130,414	\$ 140,726
Present value discount at 0.11 percent	(400)	(384)
	<u>\$ 130,014</u>	<u>\$ 140,342</u>

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(5) RELATED PARTY TRANSACTIONS

The books of the Foundation are maintained through accounting and administrative services provided by the College. The fair value of these services has not been determined. Therefore, no amounts for these services have been recognized in the statements of activity. "Due to and from Mercer County Community College" accounts are set up to record related party activity between the College and the Foundation. Due to Mercer County Community College was \$56,970 and \$165,932 at June 30, 2015 and 2014, respectively.

(6) RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purpose:

	June 30,	
	<u>2015</u>	<u>2014</u>
Scholarships	\$ 4,083,892	\$ 4,159,796
Programs	501,045	522,158
Capital improvements	356,653	269,791
	<u>\$ 4,941,590</u>	<u>\$ 4,951,745</u>

Net assets were released from donor restrictions as follows:

	June 30,	
	<u>2015</u>	<u>2014</u>
Expense incurred to satisfy donor requirements	\$ 477,543	\$ 154,791

Permanently Restricted Net Assets

Permanently restricted net assets are endowment funds restricted in perpetuity to continue the purpose of the Foundation. Interest and dividend income along with investment gains and losses generated by these assets are unrestricted and available for use by the Foundation.

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(7) ENDOWMENT FUNDS

The Foundation's endowment funds consist of approximately 4 individual funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Foundation's Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Foundation's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted state law as requiring the preservation of the 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by state law. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is as follows:

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(7) ENDOWMENT FUNDS (CONTINUED)

<u>Fund Investment Objectives</u>	<u>Investment Policy</u>	<u>Target Return</u>
Foundation Board Designated Account	Moderate to High risk	8%
Foundation Student Assistance Account	Low to Moderate Risk	7% - 8%
Foundation Athletic Account	Low to Moderate Risk	7% - 8%
Foundation Capital Campaign Account	Low to Moderate Risk	7% - 8%

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7 – 8 percent annually.

Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

MERCER COUNTY COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

(7) ENDOWMENT FUNDS (CONTINUED)

The following table provides information regarding the change in endowment net assets:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ 1,031,051	\$ 191,576	\$ 1,339,508	\$ 2,562,135
Investment return	-	30,080	-	30,080
Contributions	154,791	-	64,620	219,411
Appropriated for expenditure	(401,143)	(39,220)	-	(440,363)
Other changes:				
Reclassification	100,000	-	-	100,000
Board-designated endowments	130,522	-	-	130,522
Endowment net assets, June 30, 2014	1,015,221	182,436	1,404,128	2,601,785
Investment return		45,600		45,600
Contributions	477,543		26,815	504,358
Appropriated for expenditure	(624,240)	(59,514)		(683,754)
Other changes:				
Reclassification	105,509			105,509
Board-designated endowments	142,412			142,412
Endowment net assets, June 30, 2015	<u>\$ 1,116,445</u>	<u>\$ 168,522</u>	<u>\$ 1,430,943</u>	<u>\$ 2,715,910</u>

(8) SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 4, 2015, which is the date the financial statements were available to be issued. Based on this evaluation, the Foundation has determined that no events have occurred which require disclosure in the financial statements.