Lamar Community College Foundation
Auditor's Report and Financial Statements
June 30, 2016 and 2015

Lamar Community College Foundation
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Independent Auditor's Report

Board of Directors
LCC Foundation

We have audited the accompanying financial statements of LCC Foundation , which comprise the basic statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 basic 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 basic 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of LCC Foundation as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

rfarmer, llc

September 7, 2016

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Lamar Community College Foundation
Statements of Net Assets
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash	$ 227,276	$ 19,924
TOTAL CURRENT ASSETS	227,276	19,924
Restricted Assets:		
Cash	308,685	255,225
Investments	26,374	217,514
TOTAL RESTRICTED ASSETS	335,059	472,739
TOTAL ASSETS	$ 562,335	$ 492,663
LIABILITIES		
Current Liabilities:		
Accounts Payable	33,103	10,401
TOTAL LIABILITIES	33,103	10,401
NET ASSETS		
Unrestricted	20,711	9,523
Temporarily Restricted	456,759	420,609
Permanently Restricted	51,762	52,130
TOTAL NET ASSETS	529,232	482,262
TOTAL LIABILITIES AND NET ASSETS	$ 562,335	$ 492,663

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

Lamar Community College Foundation
Statements of Activities
For the years ended June 30, 2016 and 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016	2015
SUPPORT AND REVENUE					
Support:					
Contributions	$ 29,586	$ 632,201	$ -	$ 661,787	$ 388,588
Revenue:					
Investment income (loss)	(75)	10,691	507	11,123	3,536
TOTAL SUPPORT AND REVENUE	29,511	642,892	507	672,910	392,124
RELEASE FROM RESTRICTIONS	607,617	(607,617)	-	-	-
EXPENSES					
Program Services					
Scholarships & Programs	130,364	-	-	130,364	181,779
Programs	477,253	-	-	477,253	-
Support Services					
General and administrative	11,914	-	-	11,914	45,874
Fund Raising	6,409	-	-	6,409	14,210
TOTAL EXPENSES	625,940	-	-	625,940	241,863
Changes in net assets	11,188	35,275	507	46,970	150,261
Adjustment between temporarily and permanently restricted	-	875	(875)	-	-
Net assets, beginning	9,523	420,609	52,130	482,262	332,001
NET ASSETS, End of Year	$ 20,711	$ 456,759	$ 51,762	$ 529,232	$ 482,262

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

Lamar Community College Foundation
Statements of Cash Flows
For the years ended June 30, 2016 and 2015

		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Contributions	$	661,787	$	388,588
Investment income (loss)		11,123		3,536
Cash paid for scholarships & programs		(584,988)		(191,150)
Cash paid for general and administrative support		(11,841)		(54,305)
Cash paid for fundraising		(6,409)		(14,210)
Net Cash Provided (Used) by Operating Activities		69,672		132,459
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) Decrease in restricted cash and investments		191,140		(217,514)
Net Cash Provided by (Used in) Investing Activities		191,140		(217,514)
Net Increase (Decrease) in Cash		260,812		(85,055)
Cash, Beginning of Year		275,149		360,204
Cash, End of Year	$	535,961	$	275,149
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income	$	46,970	$	150,261
Changes in assets and liabilities related to operations:				
Accounts Payable		22,702		(17,802)
Net Cash provided (used) by operating activities	$	69,672	$	132,459

Cash includes Cash and Restricted Cash.

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

Lamar Community College Foundation
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 Summary of Significant Accounting Policies

This summary of significant accounting policies for Lamar Community College Foundation (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to the generally accepted accounting principles as promulgated by the AICPA Industry Audit and Accounting Guide for Not-for-Profit Entities.

Nature of Operations

The Foundation was formed in 1973 as Lamar Community College Development Corporation. The name was changed in 1977 to the Lamar Community College Foundation. The primary activities of the Foundation are to raise funds and distribute them to promote the educational purpose of the Lamar Community College (the College) and purchase, lease, or improve real and personal property for the College.

For financial reporting purposes, the Foundation may be a component unit of Lamar Community College, which is a Colorado governmental unit.

Basis of Accounting

The accrual basis of accounting is employed where support and revenue are recorded when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investment securities purchased with an original maturity of three months or less to be cash equivalents.

Contributions and Promises to Give

The Foundation has adopted the Statement of Financial Accounting Standards relating to contributions received and contributions made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions.

Unconditional promises to give are recognized as receivables in the period in which the Foundation is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they are dependent are substantially met.

The Foundation did not have any unconditional or conditional promises to give as of June 30, 2016 and 2015.

Contributed Services

The Foundation receives volunteer services from its Board of Directors for management and fund raising, from individuals for fund raising, and from the College for accounting services. The value of these services has not been estimated or recognized in these financial statements.

Income Taxes

The Foundation was granted tax-exempt status from federal income taxes by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3).

Taxes, penalties, and interest, if any, would be classified with income tax expense in the financial statements. No tax penalties or interest have been incurred or recognized in the financial statements. Generally, three tax years remain subject to examination by tax jurisdictions.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon the management's best estimates, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

Restrictions on Net Assets

Substantially all of the restrictions on net assets are related to funds raised through contributions to be expended for scholarships to students of the College and real property improvements for the benefit of the College and its students. The release of temporarily restricted net assets consist of funds disbursed to the College on behalf of various scholarship recipients and payments to the College for real property improvements. Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to fund scholarship awards.

Note 2 Marketable Investment Securities

Investments in marketable securities are reported at their fair market values. Earnings, including realized and unrealized gains and losses, from the investment of contributed funds are treated as unrestricted resources, unless such earnings have been specifically restricted by donors.

As of June 30, 2016 and June 30, 2015 respectively, $26,374 and $217,504 was invested in various securities through Charles Schwab. The investments are not FDIC insured and are not insured by any government agency.

Investments consist of the following:

	June 30, 2016		June 30, 2015	
	Cost	Market	Cost	Market
Preferred Stock	$ -	$ -	$ 184,246	$ 195,850
Real Estate Investment Trust	-	-	6,040	4,065
Traded Partnership Interest	25,000	26,374	16,149	17,599
Total	$ 25,000	$ 26,374	$ 206,435	$ 217,514

Note 3 **Disclosures about Fair Value of Assets**

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements,* defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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

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

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include the Foundation's mutual fund investments. If quoted market prices are not available, then fair values are estimated by using the pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The Foundation does not carry any Level 2 securities. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Foundation does not carry any Level 3 securities.

The following table presents the fair value measurements of assets recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within the Topic 820 fair value hierarchy in which the fair value measurements fall at June 30:

	2016			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 26,374	$ 26,374	$ -	$ -

	2015			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 217,514	$ 217,514	$ -	$ -

Note 5 Subsequent Events

Subsequent events have been evaluated through the date of the financial statements and there are not any subsequent events to disclose.

Note 6 Endowments

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation generally classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, 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 organization 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 organization.
7) The investment policies of the organization.

The endowment funds may be invested in high quality, publicly traded common and preferred stocks, convertible bonds, bank common funds, mutual funds, fixed income securities and other assets as authorized by the Board of Directors of the Foundation from time to time. The nature of the assets involved and the long-term objectives of the Foundation suggest utilizing a total return approach to investment management.

The Foundation endowment seeks preservation of principal and to provide a dependable and reasonable rate of long-term investment return consistent with moderate investment risk. The primary investment objective of the endowment is to achieve a total annual return measured on a five-year moving average basis, at least equal to the rate of inflation plus four percent (4%).

The Foundation has a policy of appropriating for distribution each year up to 4% of the average of the permanent endowment's market values on June 30th for each of the five immediately preceding years, as approved by the Foundation Board, in accordance with the endowment mission and purpose. In the years ended June 30, 2016 and 2015, the Board of Directors determined not to appropriate this distribution.

If the spending allocation amount of the permanent endowment would cause the Foundation's permanent endowment's value to fall below its original gift value level, then the annual spending allocation amount is limited to the amount in excess of the original gift value.

The following are the changes in endowment net assets for the year ended June 30, 2016:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	$ 420,609	$ 52,130
Contributions and earnings	642,892	507
Release from restrictions	875	(875)
Adjustment	(607,617)	-
Endowment net assets, end of year	$ 456,759	$ 51,762

The following are the changes in endowment net assets for the year ended June 30, 2015:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	$ 268,382	$ 51,729
Contributions	334,224	401
Release from restrictions	(181,997)	-
Endowment net assets, end of year	$ 420,609	$ 52,130

Note 7 Temporarily Restricted Net Assets

Temporarily restricted assets are available for the following purpose:

	June 30, 2016	June 30, 2015
Unappropriated endowment funds	$ 456,759	$ 420,609

The funds will be used as determined by the donors.

Note 8 **Guarantee Against Loss**

During June 2014, the Foundation entered into an agreement with a donor whereby the donor pledged a certificate of deposit to reimburse the Foundation for investment losses not to exceed $5,000. The donor reserved the right to select the securities to be guaranteed from any losses. The agreement calls for additional requirements by both parties. During July 2016, this agreement was cancelled and losses, if any, were reimbursed by the investor.