

**COLLEGE OF MARIN FOUNDATION**

**FINANCIAL STATEMENTS**

June 30, 2012

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS  
June 30, 2012

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# COLLEGE OF MARIN FOUNDATION

## Transmittal Letter

### Background

Public accounting firm Crowe Horwath LLP ("Auditor") is completing its audit of College of Marin Foundation ("Foundation") financial activities for fiscal year 2011-2012, which ended on June 30, 2012. The Auditor has provided the Foundation Board of Directors ("Board") with preliminary Foundation financial results. The Board is submitting this Management Plan to the Auditor for inclusion with the audit report.

For fiscal year 2012 (July 1, 2011 through June 30, 2012) and continuing until September 17, 2012, the Board consisted of nine community members ("Community Directors") and two ex-officio members (the College President and President of the college's Board of Trustees, hereinafter referred to as the "Ex-Officio Directors").

The Foundation's bookkeeper of almost 20 years prepared monthly statements reporting on Foundation financial activities from July of 2011 through February of 2012. The Community Directors started excluding the Ex-Officio Directors from the Foundation Board's decision-making process in March of 2012. In April of 2012, the Community Directors discharged the Foundation's bookkeeper prior to his completion of financial statements for March of 2012.

The Community Directors retained accounting firm KPMG in June of 2012 to conduct an investigation. Due to a lack of current financial statements, KPMG recommended that the Community Directors hire a consultant to prepare financial statements and supporting documentation. The Community Directors hired a consultant to perform this work starting in June of 2012; however, the Community Directors continued to incur expenses from March through June of 2012 despite the fact that they were operating without financial statements. As of June 30, 2012, the Community Directors had spent all unrestricted funds available to pay for Foundation operations. In addition, they had improperly spent \$329,094 of restricted funds on operating expenses.

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The Community Directors resigned from the Board on September 17, 2012. This left only the Ex-Officio Directors on the Board. The accountant retained by the Community Directors had not completed or provided financial statements to the Board by the time the Community Directors resigned. Despite lacking financial statements, the Community Directors continued to incur significant unbudgeted expenses from July 1, 2011 until their resignation. When the Community Directors resigned on September 17, 2012, their continued deficit spending on operations had resulted in a total incursion on restricted funds of approximately \$464,000.

After the Community Directors resigned, the Ex-Officio Directors undertook efforts to determine the Foundation's financial status. The accountant retained by the Community Directors thereafter completed financial statements for March of 2012 through June of 2012. She provided them to the Ex-Officio Directors in December 2012. Crowe Horwath was unable to complete the Foundation's portion of the district's fiscal year 2011-2012 audit until the Foundation provided these reports.

In addition, the Ex-Officio Directors arranged for district personnel under the supervision of the vice president of college operations to retroactively construct financial statements for the months of July of 2012 through December of 2012. Based on those financial statements, the office of the vice president for operations prepared an unaudited analysis and report on the Foundation's financial activities for the period ending December 31, 2012.

A copy of this unaudited Foundation financial report as of December 31, 2012, is attached below:

		<u>2012</u>					
<b>ASSETS</b>			<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
Cash	\$	(215)					
Investments		3,862,974					
Receivables		1,350					
Prepaid expenses		1,628					
Depreciable capital assets, net		<u>4,049</u>					
<b>Total assets</b>		<u>\$ 3,869,785</u>					
<b>LIABILITIES</b>							
Accountants payable and accrued liabilities	\$	29,317					
Grants payable		<u>2,800</u>					
<b>Total liabilities</b>		<u>32,117</u>					
<b>NET ASSETS</b>							
<b>Net assets:</b>							
Unrestricted		(464,464)					
Temporarily restricted		4,106,668					
permanently restricted		<u>195,464</u>					
<b>Total net assets</b>		<u>3,837,668</u>					
<b>Total liabilities and net assets.</b>	\$	<u>3,869,785</u>					
			Contributions	\$ 1,614	\$ 47,262	\$ -	\$ 48,876
			Investment (expense) income	70	209,713	-	209,783
			Other operating income	354	567	-	921
			Operating transfers	-	-	-	-
			Net assets released from restriction	<u>90,236</u>	<u>(90,236)</u>	-	-
			<b>Total revenues</b>	<u>92,274</u>	<u>167,306</u>	<u>-</u>	<u>259,580</u>
			<b>Expenses:</b>				
			Grants and related activities	90,236	-	-	90,236
			Salaries and benefits	35,328	-	-	35,328
			Fundraising expense	-	-	-	-
			Professional services	95,235	-	-	95,235
			Operating expenses	6,846	-	-	6,846
			Other transfers	-	-	-	-
			<b>Total expenses</b>	<u>227,644</u>	<u>-</u>	<u>-</u>	<u>227,644</u>
			Increase in net assets	(135,370)	167,306	-	31,936
			Net assets, July 1, 2012	<u>(329,094)</u>	<u>3,939,362</u>	<u>195,464</u>	<u>3,805,732</u>
			Net assets, December 31, 2012	<u>\$ (464,464)</u>	<u>\$ 4,106,668</u>	<u>\$ 195,464</u>	<u>\$ 3,837,668</u>

Between July 1, 2011 and December 31, 2012, the Foundation held all of its assets in a single pool for investment and expenditure purposes. The total amount of financial assets held by the Foundation as of December 31, 2012, was \$3,869,785.

The Foundation held and managed three categories of assets during the period of July 1, 2011 through December 31, 2012. The total amount of those three categories as of December 31, 2012, should have been \$4,302,132 allocated as follows:

1. Charitable funds donated to the Foundation as restricted endowments. Expenditure of those funds was restricted to the purposes for which the funds were given, which included scholarships and support for specific programs. Ending balance: \$3,855,886\*
2. Grant funding restricted to the purposes specified in the grant. Ending balance: \$115,688\*
3. Annual funds and program funds held on behalf of various campus departments, programs and initiatives. Expenditure of those funds was restricted to spending for the specified department, program or initiative. Ending balance: \$330,558\*

<u>Classification</u>	<u>Balance</u>	<u>Foundation Categories</u>	<u>Balance</u>
Temporarily Restricted Net Assets	\$ 4,106,668	1. Charitable Restricted Endowments	\$ 3,855,886
Permanently Restricted Net Assets	<u>195,464</u>	2. Grant Funds	115,688
		3. Program Funds	<u>330,558</u>
 Total	 <u>\$ 4,302,132</u>	 Total	 <u>\$ 4,302,132</u>

\*The source of these figures is the unaudited financial records of the College of Marin Foundation as of December 31, 2012.

However, the Community Directors improperly spent an amount approximately equal to the restricted grant and program funds totaling \$464,464 on accounting, legal, general consultants and contractors, temporary employees, offsite lease, moving costs, bank charges and other miscellaneous expenses. At the time the Community Directors resigned, there were no remaining funds available to continue normal Foundation operations. Accordingly, the Ex-Officio Directors suspended all normal Foundation operations.

Despite the improper spending noted above, 142 scholarships were awarded to students in the amount of \$67,420 at the annual scholarship awards ceremony in May 2012. The annual scholarship program will proceed as in years past in May 2013.

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
College of Marin Foundation  
Marin, California

We have audited the accompanying statement of financial position in liquidation of College of Marin Foundation (the "Foundation") as of June 30, 2012, and the related statements of activities and cash flows in liquidation for the year 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 5 to the financial statements, management of College of Marin Foundation approved a plan of liquidation, and the Foundation is in process of commenced liquidation. As a result the Foundation has changed its basis of accounting from the going concern basis to a liquidation basis.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position in liquidation of College of Marin Foundation as of June 30, 2012, and the change in net assets and its cash flows in liquidation for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Crowe Horwath LLP

Sacramento, California  
March 28, 2013

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
STATEMENT OF FINANCIAL POSITION IN LIQUIDATION  
June 30, 2012

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**ASSETS**

Current assets:

Cash and cash equivalents (Note 2)	\$ 309,444
Investments (Note 2)	3,654,237
Receivables	1,350
Prepaid expenses	1,628
Depreciable capital assets, net	<u>4,048</u>

Total assets \$ 3,970,707

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable and accrued expenses	\$ 158,650
Grants payable	<u>6,325</u>

Total liabilities 164,975

Net assets:

Unrestricted	(329,094)
Temporarily restricted	3,939,362
Permanently restricted	<u>195,464</u>

Total net assets 3,805,732

Total liabilities and net assets \$ 3,970,707

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See accompanying notes to financial statements.

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
STATEMENT OF ACTIVITIES IN LIQUIDATION  
For the Year Ended June 30, 2012

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 33,899	\$ 348,868	\$ 1,683	\$ 384,450
Investment (expense) income	(10,310)	80,172	-	69,862
Other operating income	100	59,063	-	59,163
Net assets released from restrictions	<u>857,828</u>	<u>(857,828)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>881,517</u>	<u>(369,725)</u>	<u>1,683</u>	<u>513,475</u>
Expenses:				
Grants and related activities	455,854	-	-	455,854
Salaries and benefits	202,435	-	-	202,435
Fundraising expense	70,843	-	-	70,843
Professional services	403,362	-	-	403,362
Operating expenses	35,019	-	-	35,019
Other transfers	<u>49,014</u>	<u>-</u>	<u>-</u>	<u>49,014</u>
Total expenses	<u>1,216,527</u>	<u>-</u>	<u>-</u>	<u>1,216,527</u>
Decrease in net assets	(335,010)	(369,725)	1,683	(703,052)
Net assets, July 1, 2011	<u>5,916</u>	<u>4,309,087</u>	<u>193,781</u>	<u>4,508,784</u>
Net assets, June 30, 2012	<u>\$ (329,094)</u>	<u>\$ 3,939,362</u>	<u>\$ 195,464</u>	<u>\$ 3,805,732</u>

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See accompanying notes to financial statements.

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
STATEMENT OF CASH FLOWS IN LIQUIDATION  
For the Year Ended June 30, 2012

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Cash flows from operating activities:	
Donations received from contributions and other revenues	\$ 440,425
Payments to employees	(202,435)
Payments to suppliers for goods and services	(367,839)
Payments to/on behalf of students	(325,910)
Other receipts and payments	<u>(231,878)</u>
Net cash used in operating activities	<u>(687,637)</u>
Cash flows from investing activities:	
Purchase of investments	(82,858)
Proceeds from sales and maturities of investments	485,070
Purchase of depreciable capital assets	<u>(4,048)</u>
Net cash provided by investing activities	<u>398,164</u>
Cash flows from financing activities:	
Contributions restricted for long-term investment	<u>1,683</u>
Net decrease in cash and cash equivalents	(287,790)
Cash and cash equivalents, July 1, 2011	<u>597,234</u>
Cash and cash equivalents, June 30, 2012	<u><u>\$ 309,444</u></u>
Reconciliation of change in net assets to cash (used in) operating activities:	
Change in net assets	\$ (703,052)
Change in value of investments	25,019
Interest and dividends	(93,293)
Investment management fees	(1,588)
Contributions restricted for long term investments	(1,683)
Change in assets and liabilities:	
Receivables	(750)
Prepaid expenses	(142)
Accounts payable and accrued expenses	141,527
Grant payable	<u>(53,675)</u>
Net cash used in operating activities	<u><u>\$ (687,637)</u></u>

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See accompanying notes to financial statements.

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES**

Organization: College of Marin Foundation (the "Foundation") is a nonprofit, tax-exempt organization. The purpose of the Foundation is to provide supportive services and specialized programs for the general benefit of the Marin Community College District (the "District") and the District's various organizations.

Basis of Accounting: The accompanying financial statements are prepared on the liquidation basis of accounting during the process of liquidation. Assets held by the Foundation are liquid and stated at their current fair value. Other assets held by the Foundation not revalued for liquidation are not significant to the Foundation's financial position.

Basis of Presentation: In accordance with Codification Topic 958, net assets are classified on the Statement of Financial Position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.

The Foundation's net assets are classified as follows:

*Unrestricted:* Net assets not subject to donor-imposed stipulations.

*Temporarily restricted:* Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or passage of time.

*Permanently restricted:* Net assets subject to donor-imposed stipulations that require that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restriction on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents: The Foundation considers cash in operating bank accounts, money market accounts, certificates of deposits, and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times, cash balances may exceed federally insured limits.

Investments: The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values. Unrealized gains and losses are reported in the statement of activities.

Property and Equipment: Purchases are recorded at cost; donated items of property and equipment used in operations are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. The Foundation's policy is to capitalize property and equipment greater than \$500.

Depreciation and Amortization: Fixed assets are depreciated using the straight-line method over 5 – 39 years, depending on asset types.

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(Continued)

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**Restricted and Unrestricted Revenue and Support:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

**Net Assets:** The Foundation accounts for its endowments in accordance with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to and Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds* (Codification Topic 958-205). The Foundation's endowment currently consist of one individual fund established for the purpose of supporting education at the District. The endowment include donor-restricted endowment funds. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted 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 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. 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 organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows the Foundation's 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 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-specific period(s).

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income and equity instruments with the objective of maintaining a balanced portfolio in accordance with the Foundation's investment policy.

**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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Impairment of Long-Lived Assets:** The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Once an impairment charge is recorded, the carrying amount cannot be increased. There was no impairment recorded for the years ended June 30, 2012 and 2011.

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(Continued)

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES (Continued)**

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Tax Status: The Foundation has been granted tax-exempt status by the Internal Revenue Service pursuant to code section 501(c)(3) and also by the California revenue and tax code section 23701e.

The Foundation has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Foundation uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. The Foundation is not subject to any tax liability. Management does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred.

The Foundation would recognize any interest and penalties related to unrecognized tax benefits in tax expense. During the year ended June 30, 2012, the Foundation did not recognize any interest or penalties. The Foundation is subject to the filing of U.S. Federal and California informational returns. Federal returns for 2009 through 2011 and California returns for 2008 through 2011 are currently open for potential Federal and State examination.

**NOTE 2 – CASH AND INVESTMENTS**

The Foundation limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to \$250,000 and noninterest-bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2012, the carrying amount of the Foundation's cash on hand and in banks was \$309,444 and the bank balance was \$347,711. The bank balance amount insured by the FDIC was \$347,711.

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(Continued)

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Foundation Investments

The following presents information about the Foundation's assets measured at fair value on a recurring basis as of June 30, 2012, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 – Quoted market prices or identical instruments traded in active exchange markets.

Level 2 – Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual Fund	\$ 3,654,237	\$ 3,654,237	\$ -	\$ -

There were no changes in the valuation techniques used during the year ended June 30, 2012.

The Foundation had no non recurring assets and liabilities at June 30, 2012, which were required to be disclosed using the fair value hierarchy.

**NOTE 3 - ENDOWMENT NET ASSETS - FOUNDATION**

Changes in endowment net assets for the fiscal year ended June 30, 2012, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 11,419	\$ 193,781	\$ 205,200
Investment Income	-	4,083	-	4,083
Change in fair value of investments	-	(4,581)	-	(4,581)
Contributions	-	-	1,683	1,683
Appropriation of endowment assets for expenditure	-	(9,333)	-	(9,333)
Endowment net assets, end of year	\$ -	\$ 1,588	\$ 195,464	\$ 197,052

(Continued)

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE 3 - ENDOWMENT NET ASSETS – FOUNDATION (Continued)**

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2012, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 1,588	\$ 195,464	\$ 197,052
Board-designated endowment Funds	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,588</u>	<u>\$ 195,464</u>	<u>\$ 197,052</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no individual endowment funds with such deficiencies as of June 30, 2012.

**NOTE 4 – USE OF DONOR RESTRICTED ASSETS**

The Foundation has utilized certain donor-restricted assets amounting to \$329,094, for ongoing operations. The amount of certain donor-restricted net assets used for ongoing operations totaled \$464,464 at December 31, 2012. These donor-restricted funds are required to be reestablished by the Foundation or the donor must approve the removal of the restriction. At June 30, 2012, the Foundation had not received the approval to remove certain restrictions from donors.

**NOTE 5 – FUNCTIONAL EXPENSES**

Certain costs were allocated among services categories based on resource usage for reporting functional expenses. For 2012, management estimates that approximately 47% of functional expenses related to program services and 53% relate to supporting services.

**NOTE 6 – MANAGEMENT'S PLAN OF LIQUIDATION**

Management has developed a plan to liquidate the Foundation. The Ex-Officio Directors' plan is to protect the remaining restricted funds to ensure that they will be spent, to the degree possible, on their intended, restricted purposes. The Ex-Officio Directors will act in consultation with and as may be directed by the office of the Attorney General as follows:

- Report on the Foundation's financial status in a meeting with interested parties including donors and grantors.
- Contact Attorney General's Office through legal counsel and provide all information pertinent to the Attorney General's oversight role for California non-profit public benefit corporations.
- Consult with the office of the Attorney General to identify any potential legal recourse to address alleged mismanagement of Foundation funds.

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(Continued)

COLLEGE OF MARIN FOUNDATION  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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**NOTE 6 – MANAGEMENT’S PLAN OF LIQUIDATION (Continued)**

- Seek assistance from the District’s Board of Trustees to make up the deficit in grant funding necessary to fulfill the terms of the grants.
- Develop short and long term plans in consultation with the District’s Board of Trustees to mitigate potential consequences to district programs due to the loss of program funds held in trust by the Foundation.
- Identify potential methods of repaying restricted funds that have been used for operational expenses.
- Close depleted program accounts and permanently discontinue the Foundation’s custodial and management role of those accounts.
- The District will assume responsibility for future fund raising for college programs, establishing new program accounts and assume all management and accounting responsibilities.
- Explore options with the Attorney General’s office for management of funds held by the Foundation with consideration to transfer of the assets to an appropriate entity and the possibility of dissolving and winding up the Foundation as a non-profit public benefit corporation.

**NOTE 7 – SUBSEQUENT EVENTS**

The Foundation has reviewed all events occurring from June 30, 2012 through March 28, 2013, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.