

*Annual Financial Report of*

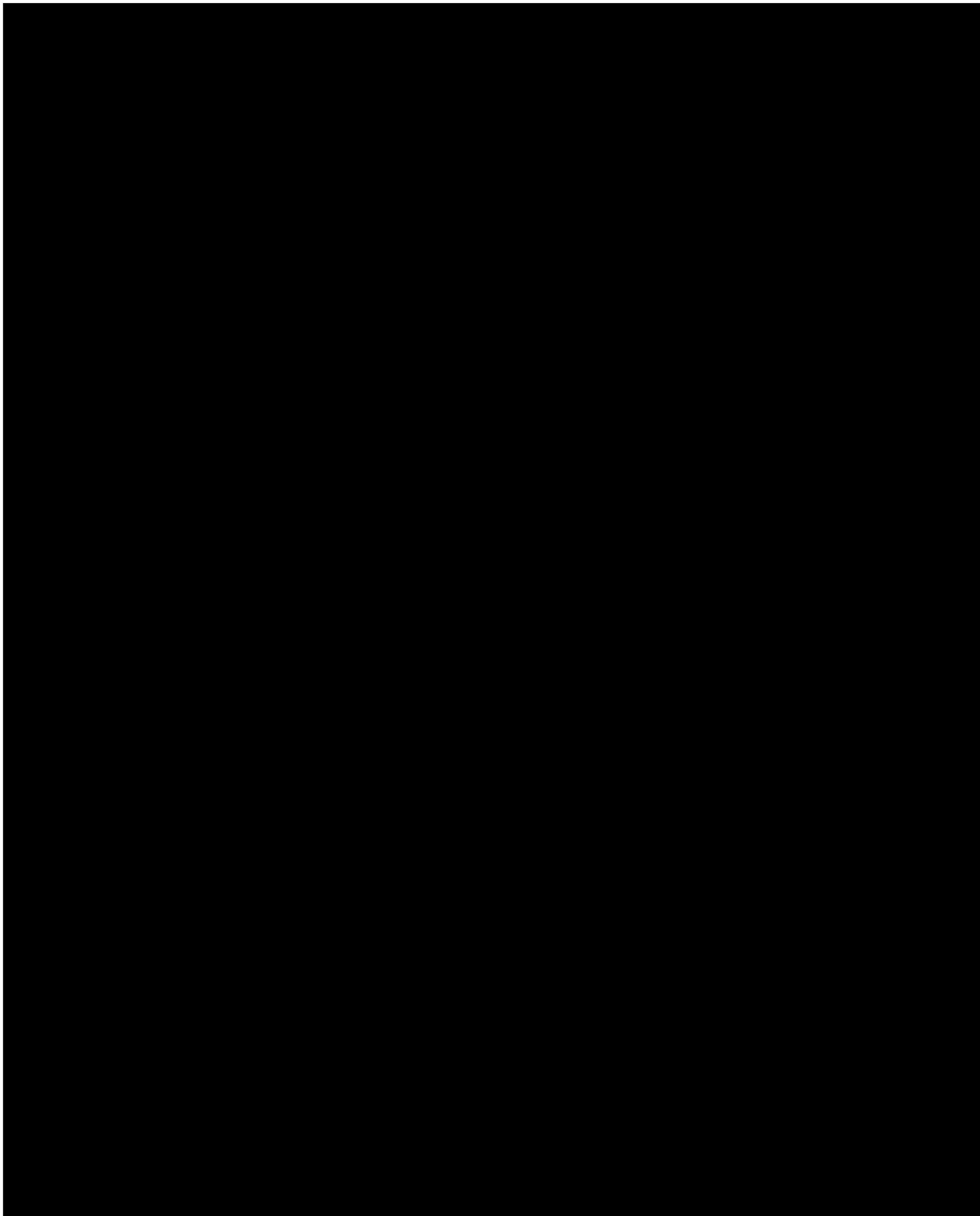
**FOUNDATION FOR  
CALIFORNIA COMMUNITY COLLEGES**

*June 30, 2008 and 2007*

# FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statement of Activities and Change in Net Assets 2008	3
Statements of Activities and Change in Net Assets 2007	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12



**FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2008 and 2007

	2008	2007
ASSETS		
(restated, see Note 10)		
Current assets:		
Restricted cash	\$ 3,800,259	\$ 4,103,705
Accounts receivable	8,305,489	8,503,289
Current portion of contributions receivable - Note 2	2,532,782	2,200,939
Prepaid expenses and inventory	103,126	61,282
Total current assets	14,741,656	14,869,215
Investments - Note 3	37,424,647	13,541,903
Contributions receivable, long-term portion, net - Note 2	-	2,550,348
Capital assets: - Note 4		
Property and equipment, net of accumulated depreciation of \$617,228 and \$689,001, respectively	457,555	504,769
Facility Program (FUSION) Development Costs, net of accumulated amortization of \$194,522 and \$156,335, respectively	546,557	584,744
Total capital assets	1,004,112	1,089,513
Deposits and other assets	12,389	34,264
Total assets	\$ 53,182,804	\$ 32,085,243
LIABILITIES AND NET ASSETS		
Current liabilities:		
Cash overdraft	\$ 529,541	\$ 242,965
Line of Credit - Note 5	1,200,000	-
Accounts payable	2,749,423	3,362,273
Accrued expenses	1,862,477	1,120,835
Grants payable	1,194,712	2,330,641
Deferred revenue	1,995,491	2,435,091
Total current liabilities	9,531,644	9,491,805
Commitments and Contingencies - Notes 7, 8 and 9		
Net assets:		
Unrestricted	1,280,872	1,897,100
Temporarily restricted	17,364,288	20,696,338
Permanently restricted	25,006,000	-
Total net assets	43,651,160	22,593,438
Total liabilities and net assets	\$ 53,182,804	\$ 32,085,243

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

**FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES**

**STATEMENT OF ACTIVITES AND CHANGE IN NET ASSETS**

For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, support, and income:				
Fees for service activities and programs	\$ 5,495,508	\$ -	\$ -	\$ 5,495,508
Foundation grant revenues	-	1,248,137	25,006,000	26,254,137
Government service contracts	21,609,298	-	-	21,609,298
Contributions and donations	120,000	-	-	120,000
Investment and interest income, net	7,228	(736,748)	-	(729,520)
Net assets released from restriction	<u>3,843,439</u>	<u>(3,843,439)</u>	<u>-</u>	<u>-</u>
Total revenues, support, and income	<u>31,075,473</u>	<u>(3,332,050)</u>	<u>25,006,000</u>	<u>52,749,423</u>
Expenses:				
Grant and program expenses	27,661,798	-	-	27,661,798
General and administrative expenses	3,384,428	-	-	3,384,428
Business development expenses	<u>645,475</u>	<u>-</u>	<u>-</u>	<u>645,475</u>
Total expenses	<u>31,691,701</u>	<u>-</u>	<u>-</u>	<u>31,691,701</u>
Change in net assets	(616,228)	(3,332,050)	25,006,000	21,057,722
Net assets, beginning of year	<u>1,897,100</u>	<u>20,696,338</u>	<u>-</u>	<u>22,593,438</u>
Net assets, end of year	<u>\$ 1,280,872</u>	<u>\$ 17,364,288</u>	<u>\$ 25,006,000</u>	<u>\$ 43,651,160</u>

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

**FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	(restated, see Note 10)			
Revenues, support, and income:				
Fees for service activities and programs	\$ 5,371,083	\$ -	\$ -	\$ 5,371,083
Foundation grant revenues	1,195,706	4,985,795	-	6,181,501
Government service contracts	15,986,060	-	-	15,986,060
Contributions and donations	233,750	-	-	233,750
Investment and interest income, net	42,826	2,029,123	-	2,071,949
Net assets released from restriction	<u>1,392,372</u>	<u>9,327,700</u>	<u>(10,720,072)</u>	<u>-</u>
Total revenues, support, and income	<u>24,221,797</u>	<u>16,342,618</u>	<u>(10,720,072)</u>	<u>29,844,343</u>
Expenses:				
Grant and program expenses	22,359,747	-	-	22,359,747
General and administrative expenses	2,045,282	-	-	2,045,282
Business development expenses	<u>132,568</u>	<u>-</u>	<u>-</u>	<u>132,568</u>
Total expenses	<u>24,537,597</u>	<u>-</u>	<u>-</u>	<u>24,537,597</u>
Change in net assets	(315,800)	16,342,618	(10,720,072)	5,306,746
Net assets, beginning of year	<u>2,212,900</u>	<u>4,353,720</u>	<u>10,720,072</u>	<u>17,286,692</u>
Net assets, end of year	<u>\$ 1,897,100</u>	<u>\$ 20,696,338</u>	<u>\$ -</u>	<u>\$ 22,593,438</u>

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

**FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES**

**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2008 and 2007

	2008	2007
		(restated, see Note 10)
Cash Flows from Operating Activities:		
Cash received from donors, grants and support	\$ 30,449,648	\$ 22,888,686
Cash paid to suppliers and employees	(32,478,955)	(23,863,367)
Investment income and interest received	(729,520)	2,071,949
Cash paid for interest	40,310	-
Cash (used for) provided by operating activities	(2,718,517)	1,097,268
Cash Flows from Investing Activities:		
Net purchase of investments	(23,882,744)	(1,668,535)
Net purchase of property and equipment	(194,761)	(208,539)
Cash used for investing activities	(24,077,505)	(1,877,074)
Cash Flows from Financing Activities:		
Proceeds received from endowment contributions	25,006,000	-
Increase (decrease) in cash overdraft	286,576	(394,206)
Net change in line of credit	1,200,000	-
Cash provided by (used for) financing activities	26,492,576	(394,206)
Net decrease in cash	(303,446)	(1,174,012)
Cash and cash equivalents, beginning of year	4,103,705	5,277,717
Cash and cash equivalents, end of year	\$ 3,800,259	\$ 4,103,705
<u>Reconciliation of Change in Net Assets to Cash (Used for) Provided by Operating Activities:</u>		
Change in net assets	\$ 21,057,722	\$ 5,306,746
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	269,080	294,550
Loss on disposal of assets	11,082	192,021
Collection of permanently restricted endowment funds	(25,006,000)	-
(Increase) decrease in assets:		
Accounts receivable	197,800	(2,222,834)
Contributions receivable	2,218,505	(1,803,161)
Prepaid expenses and inventory	(41,844)	18,655
Deposits and other assets	21,875	(382)
Increase (decrease) in liabilities:		
Accounts payable	(612,850)	875,496
Accrued expenses	741,642	626,309
Grants payable	(1,135,929)	(1,332,419)
Deferred revenue	(439,600)	(857,713)
Cash (used for) provided by operating activities	\$ (2,718,517)	\$ 1,097,268

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

# FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

**NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Foundation for California Community Colleges (Foundation) is the official foundation for the California Community Colleges Board of Governors and System Office. It's mission is to benefit, support, and enhance the missions of the California Community Colleges. Areas of service include program and grant management, resource development, fiscal sponsorship services, workforce development/career training programs, research and information systems, and system wide purchasing contracts.

The Foundation receives grant funds from government agencies and contributions from private foundations, organizations, corporations, and individuals. The Foundation also charges fees for services provided under various programs. Major revenue sources, by program, are as follows:

Grant revenues are awarded from State of California and Federal agencies and require the Foundation to provide specific services for the agencies. The Foundation enters into a contractual arrangement with each agency that sets out the terms, including the work plan and required services to be performed, total contract revenues, a cost budget, and other terms. Grant revenues are earned when costs are incurred and services have been provided.

The Foundation receives donations and contributions from private foundations, organizations, corporations, and individuals. Some of these donations are temporarily or permanently restricted by the donor; other donations are received without restriction and can be used for any Foundation purpose. Significant restricted donations include contributions from the Bill & Melinda Gates Foundation to fund the Early College High School Initiative, from WellPoint Inc. to fund nursing education programs, and from The Bernard Osher Foundation to fund student scholarships through the California Community Colleges Scholarship Endowment.

The Foundation serves as a fiscal sponsor overseeing, receiving, and administering funds for projects and grants associated with the California Community Colleges or public agencies in California. Fees for these services are earned over the term of the project administered.

Technician Training program revenues are earned from services provided under the State of California Smog Referee Program. The Foundation charges a fee for managing and facilitating this program for the Bureau of Automotive Repair.

The Career Pathway program contracts with government agencies and private corporations to provide student assistants for employment and career training. Employers pay fees to the Foundation based on a percentage of the costs of the contract, depending on the level of service selected.

The Foundation derives fees from facilities management services provided to colleges and educational institutions. These services include facility assessments and the use of FUSION (Facilities Utilization, Space Inventory Options Net), a proprietary database with information reporting systems.

CollegeBuys program revenues are derived from the sale of products and services to Community Colleges, staff, faculty, and students, under cooperative purchasing programs. The Foundation arranges special pricing with major suppliers under purchasing contracts on behalf of colleges and related educational institutions.

*NOTE 1:* **NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Financial Statement Presentation**

The Foundation reports information regarding its financial position according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets. Accordingly, all financial transactions have been recorded and reported in the following net asset classifications:

***Unrestricted Net Assets***

Unrestricted net assets represent resources over which the Foundation has discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

***Temporarily Restricted Net Assets***

Temporarily restricted net assets represent resources whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

***Permanently Restricted Net Assets***

Permanently restricted net assets represent resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

In September 2005, the Foundation's Purchasing Program secured a contract with Office Depot to purchase discounted office products for the community colleges. In connection with this contract the Foundation was awarded \$500,000. The board designated \$300,000 of this amount for direct grants to colleges. At June 30, 2008, \$259,000 remains board designated.

**Accounting Policies**

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

The financial statements of the Foundation have been prepared under the accrual basis of accounting.

**Grant and contribution revenue recognition**

The Foundation's accounting for grant and contribution revenues depends on whether the transfer of assets, including promises to give, is received with donor imposed conditions or donor imposed restrictions. A donor imposed condition specifies a future and uncertain event whose occurrence or failure to occur gives the donor the right of return of the assets or releases the donor from the obligation to transfer assets in the future. A donor imposed restriction limits the use of the contribution to a specific future event with relative certainty of occurrence. A donor imposed condition is considered to be unconditional if the possibility is remote that the condition will not be met. The Foundation accounts for contributions with donor imposed conditions as deferred revenue until the condition has been substantially met or the conditions have been explicitly waived by the donor. Unconditional contributions with donor imposed restrictions are accounted for as temporarily restricted revenue and unconditional contributions without donor imposed restrictions are accounted for as unrestricted revenue.

**FUSION Program Development Costs**

Software development costs, including costs to acquire software for programs and services provided by the Foundation, are capitalized. These costs are amortized over the estimated useful life of the program commencing in the period the project is completed. Other costs and indirect costs associated with the development project are expensed when incurred.

*NOTE 1:* **NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Cash & Cash Equivalents**

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash designated by management for future use to meet donor-imposed stipulations is classified as restricted. Unrestricted cash overdrafts represent book balances and are classified as a current liability. Actual bank balances are not overdrawn.

**Restricted Cash**

Restricted cash consists of funds on deposit in bank accounts and money market funds. These funds were received from grants and contributions for a specific purpose and are designated by management as restricted cash until such activity or purpose is met.

**Accounts Receivable and Credit Risk**

Management evaluates credit risk associated with accounts receivable and evaluates the need for an allowance for doubtful accounts. Management believes that all accounts are collectible and no allowance is necessary. Accounts receivable includes amounts owed from grants and contracts receivable.

**Inventory**

Inventory consists of computer media that will be sold to employees and students of selected colleges. Inventory is stated at cost on a first-in, first-out (FIFO) basis. Inventory is classified with prepaid expenses.

**Investments**

Investments include money market funds, equity mutual funds and bond funds. Investments are stated at fair value as determined by quoted market prices. Realized and unrealized gains or losses are included in investment income in the statement of activities.

**Property and Equipment**

Property and equipment with useful lives of three or more years are stated at original cost and depreciated over estimated economic useful lives.

Depreciation is computed for financial statement purposes using the straight-line method. The estimated useful lives for depreciated assets are as follows:

Equipment	5 years
Furniture and fixtures	7 years
Computers and administration software programs	3 years
Tenant improvements	3 years
FUSION program developmental costs	20 years

**Compensated Absences**

Accumulated unpaid employee vacation and personal leave benefits are recognized as liabilities of the Foundation. Unused vacation time is payable at termination of employment. At June 30, 2008 and 2007, accrued unpaid vacation and personal leave was \$299,389 and \$307,646, respectively.

**Income Taxes**

The Foundation is a nonprofit organization as described in Internal Revenue Code Section 501(c)(3) and is exempt from federal and state income taxes. The Foundation is subject to income taxes from activities unrelated to their tax-exempt purposes.

**Reclassifications**

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. See note 10 for additional detail.

**NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentrations**

The Foundation maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management does not believe that the Foundation is exposed to significant credit risk related to cash. The Foundation receives revenues from various government agencies. At June 30, 2008 three government agencies represent 21%, 12%, and 12% of total unrestricted revenues and 13%, 13%, and 20% of accounts receivable. At June 30, 2007 these government agencies represent 30%, 15%, and 13% of total revenues and 38%, 34%, and 28% of accounts receivable.

**Estimates and Assumptions**

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.

**NOTE 2: CONTRIBUTIONS RECEIVABLE**

The Foundation recognizes contributions at estimated fair value. Fair value is determined by calculating the present value of the estimated future cash flows for amounts expected to be collected beyond a twelve month period. Contributions receivable at June 30, 2008 represent undiscounted cash flows expected to be collected during fiscal year 2009.

**NOTE 3: INVESTMENTS**

Investments consist of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Money Market Funds	\$ 28,384,353	\$ 316,391
Equity Mutual Funds:		
DFA International Small Co	365,953	543,448
CREF Institutional Equity Fund	809,966	1,454,666
CREF Real Estate Fund	547,007	787,385
CREF S&P 500 Indexed Fund	3,703,750	5,355,987
CREF Small Cap Equity Fund	<u>568,373</u>	<u>802,234</u>
Total equity funds	<u>5,995,049</u>	<u>8,943,720</u>
Bond Funds:		
CREF High Yield Bond Fund	750,572	609,913
CREF Institutional Bond Fund	479,245	2,505,878
CREF Short-Term Bond Fund	<u>1,815,428</u>	<u>1,166,001</u>
Total bond funds	<u>3,045,245</u>	<u>4,281,792</u>
Total investments	<u>\$ 37,424,647</u>	<u>\$ 13,541,903</u>

**NOTE 4: CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciable capital assets consist of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
FUSION database	\$ 741,079	\$ 741,079
Computers	454,235	538,744
Software	201,394	175,531
Equipment	144,909	108,671
Tenant improvements	127,923	187,252
Furniture and fixtures	89,640	125,476
Fixed assets in progress	<u>56,682</u>	<u>58,096</u>
	1,815,862	1,934,849
Less accumulated depreciation and amortization	<u>811,750</u>	<u>845,336</u>
Capital assets, net	<u>\$ 1,004,112</u>	<u>\$ 1,089,513</u>

Depreciation and amortization expense totaled \$269,080 and \$304,550 during the years ended June 30, 2008 and 2007, respectively.

**NOTE 5: LINE OF CREDIT**

The Foundation has a \$4,500,000 line of credit agreement with a bank which expires November 30, 2009. The Foundation may borrow amounts up to 90% of eligible accounts receivable. Interest is charged at the Wall Street Journal prime rate (5% at June 30, 2008.) Borrowings are collateralized by substantially all assets of the Foundation. At June 30, 2008 and 2007, amounts outstanding under this agreement totaled \$1,200,000 and \$0, respectively. The agreement contains certain restrictive covenants, which include maintaining a minimum amount of net assets and limiting capital expenditures. Interest expense for the years ended June 30, 2008 and 2007 totaled \$40,310 and \$12,234, respectively.

The Foundation was not in compliance with the requirement to submit audited annual financial statements to the bank within 120 days of year-end. The Foundation obtained a waiver of noncompliance from the bank.

**NOTE 6: DEFINED CONTRIBUTION PENSION PLAN**

The Foundation offers a defined contribution pension plan (the "Plan") to employees in accordance with Internal Revenue Code Section 403(b). The Plan is available to all full-time employees of the Foundation. This Plan allows for employee deferrals, employer matching, and elective employer contributions. Participants are immediately 100% vested in all contributions to the Plan. The Foundation also has an IRS Section 457 deferred salary plan for certain employees. The Foundation made no contributions to these plans in 2008 and 2007.

**NOTE 7: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**Plan Description**

Effective September 30, 2004, all full-time employees were eligible to participate in the California Public Employees Retirement System (PERS), a multiple-employer public employee defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by contract with the Foundation and PERS. Copies of PERS annual financial reports may be obtained from the executive office at 400 P Street, Sacramento, CA 95814.

NOTE 7: **EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (continued)**

**Employee and Employer Contribution Obligations**

All full-time employees are eligible to participate in PERS. The Plan requires an employee contribution of 8% of annual covered salary. Certain employees also contribute an additional \$2 per month for survivor benefits. The Foundation is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by PERS actuaries and actuarial consultants and adopted by the Board of Administration. The employer's contribution was 11.42% and 11.2% of covered payroll for 2008 and 2007, respectively.

**Funding Status and Progress**

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 2008. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% percent per annum; (b) projected salary increases of 3.25 to 14.45% and no post-retirement benefit increases; (c) annual inflation rate of 3%; and (d) payroll growth rate of 3.25%. The actuarial value of PERS assets was determined using the entry age actuarial cost method and techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value).

**Trend Information**

Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2005-06	\$ 694,448	100%	\$ -0-
2006-07	\$ 696,669	100%	\$ -0-
2007-08	\$ 737,755	100%	\$ -0-

**Analysis of Funding Progress**

Funding progress for all members of the PERS group is shown below.  
(dollars in thousands)

Fiscal Year	(1) Actuarial Asset Value	(2) Entry Age Actuarial Accrued Liability	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2) - (1)	(5) Covered Payroll	(6) Unfunded Actuarial Liability as a percentage of Covered Payroll (4) / (5)
2005-06	\$501,707	\$620,492	80.9%	\$118,785	\$126,050	94.2%
2006-07	\$576,070	\$699,664	82.3%	\$123,594	\$139,335	88.7%

Information not available from PERS for 2007/2008 year.

NOTE 8: **LEASE COMMITMENTS**

The Foundation leases office space under non-cancelable leases. As of June 30, 2008 future rent commitments are as follows:

2009	\$ 880,913
2010	485,955
2011	411,710
2012	391,599
2013	387,577
	<u>\$ 2,557,754</u>

Rent expense of \$990,364 and \$863,031 was charged to operations during the years ended June 30, 2008 and 2007, respectively. During 2008 the Foundation also charged to operations lease termination expense of \$81,891.

**NOTE 8: LEASE COMMITMENTS (continued)**

The Foundation entered into a new copier lease agreement effective September 30, 2008. This lease will be classified as an operating lease. Future lease commitments are as follows:

2009	\$	8,243
2010		10,990
2011		10,990
2012		10,990
2013		10,990
	\$	<u>52,203</u>

During 2008 the Foundation bought out a computer lease resulting in a buyout charge to operations of \$36,350. Lease expense, related to this computer lease, of \$87,083 and \$115,623 was charged to operations during the years ended June 30, 2008 and 2007, respectively.

**NOTE 9: CONTINGENCIES**

The Foundation was involved in litigation regarding two employment matters in 2007. These matters have since been resolved in the current year.

**NOTE 10: PRIOR PERIOD RESTATEMENT**

During 2008, management reevaluated the Foundation's revenue recognition and classification policies for grants and contributions. A thorough analysis of significant grant and contribution agreements was performed in accordance with the revised policies. The application of policies in the current year effected the prior year's financial statement presentation. The most significant change to the prior year was reclassification of the WellPoint contribution as a result of a revised MOU and the ability of the board of directors of the Foundation to expend these funds for specific restricted purposes. Net assets for this contribution were reclassified as temporarily restricted. Certain grants that had been treated as temporarily restricted in 2007 were reclassified to deferred revenue and vice versa.

Management has also determined that certain capitalized costs for the ERP database software had been impaired as of June 30, 2007.

The effect of these changes on the previously reported net assets at June 30, 2007 is shown below.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets previously reported at June 30, 2007	\$ 1,847,508	\$ 10,378,663	\$ 9,998,745	\$ 22,224,916
Impairment of ERP database software	(165,136)	-	-	(165,136)
Reclassification of Wellpoint to temporarily restricted net assets	-	9,998,745	(9,998,745)	-
Adjustments to grant and contribution revenues	<u>214,728</u>	<u>318,930</u>	<u>-</u>	<u>533,658</u>
Restated June 30, 2007 net assets	<u>\$ 1,897,100</u>	<u>\$ 20,696,338</u>	<u>\$ -</u>	<u>\$ 22,593,438</u>

**NOTE 11: SUBSEQUENT EVENTS**

Subsequent to year end, some of the major financial market indices have decreased, and consequently the Foundation's equity mutual fund and bond fund investments may have decreased in value. Also, as of December 5, 2008, the nation is experiencing a financial institutions crisis which may result in repercussions that negatively impact the value of the Foundation's investments.

## **BTOP Sustainable Broadband Adoption Community Anchor Institution Detail Template**

Please complete the Anchor Institution Details worksheet by providing information on Community Anchor Institutions that will be directly involved in or benefit from the project. Add rows as necessary. All community anchor institutions should be given a place on the specified list. A Community Anchor Institution is considered a minority-serving institution if it is a post-secondary educational institution with enrollment of minority students exceeding 25 percent of its total enrollment. The "Role" column only requires a word or two, or a sentence, not a detailed explanation. A detailed explanation of the role of project partners and anchor institutions should be provided in the essay portions of the application.

**The data provided via this template will be subject to automated processing. Applicants are therefore required to provide this attachment as an Excel file, and not to convert it to PDF. Applicants are also required to submit a copy of their application on an appropriate electronic medium, such as CD-ROM, or flash drive. Additionally, applicants should not modify the format of the**

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**U.S. Department of Commerce  
Broadband Technology Opportunities Program  
Authentication and Certifications**

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1. I certify that I am the duly Authorized Organization Representative (AOR) of the applicant organization, and that I have been authorized to submit the attached application on its behalf.
2. I certify that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.
3. I certify that the entity(ies) I represent has and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
4. I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements ("DOC Pre-Award Notification"), published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); the Department of Commerce American Recovery and Reinvestment Act Award Terms (Apr. 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award.
5. I certify that any funds awarded to the entity(ies) I represent as a result of this application will not result in any unjust enrichment of such entity(ies) or duplicate any funds such entity(ies) receives under federal universal service support programs administered by the Universal Service Administrative Corporation (USAC).
6. I certify that the entity(ies) I represent has secured access to pay the 20% of total project cost or has petitioned the Assistant Secretary of NTIA for a waiver of the matching requirement.

3/8/2010  
Date

Emily Shoemaker  
Authorized Organization Representative Signature

Emily Shoemaker  
Print Name

Grants Development Manager  
Title

## ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a -1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	* TITLE Grants Development Manager
* APPLICANT ORGANIZATION Foundation for California Community Colleges	* DATE SUBMITTED 3/9/10



California Community Colleges  
Chancellor's Office  
Academic Affairs Division



**BROADBANDUSA**  
CONNECTING AMERICA'S COMMUNITIES

Mathematics, Engineering, Science Achievement Program  
and  
California Connect Project – Broadband Technology Opportunities Program  
**MESA Student Participation Contract**

District: \_\_\_\_\_ College: \_\_\_\_\_

Student Name: \_\_\_\_\_ Student ID#: \_\_\_\_\_

Student Email: \_\_\_\_\_ Program Year: \_\_\_\_\_

MESA Student Responsibility:

- I agree that I am accepting a laptop computer provided by the MESA program and that it will be used by me and my family members for school, personal, business and community purposes. I understand that the computer is mine to keep and I assume full ownership for the hardware, software updates, and maintenance, etc.
- I agree to participate in an online Microsoft course and certification training and I will select one of the following course and certification options:
  - Microsoft Word    ▪ Microsoft Excel    ▪ Microsoft PowerPoint    ▪ Microsoft Access
- I agree to volunteer a minimum of 12 community service hours per year at the campus library, community library or other computing center as coordinated by the MESA Director.
- I agree to participate in outreach and marketing activities to support digital literacy such as:
  - Volunteering at local middle and high schools.
  - Writing articles of support for the program for campus and local newspapers.
  - Other activities as identified by the MESA Director.

\_\_\_\_\_  
*MESA Student Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*MESA Director Signature*

\_\_\_\_\_  
*Date*

California Connects Grant  
Index of Acronyms

<b>Acronym</b>	<b>Definition</b>
CAHSEE	California High School Exit Exam
CC	California Connects
CCC Technology Center	California Community College Technology Center - (Location: Butte College)
CCCCO	California Community College Chancellor's Office
CENIC	Corporation for Education Network Initiatives in California
CVC	Central Valley Connects
CVIN	Central Valley Independent Network
CWIB	California Workforce Investment Board
FCCC	Foundation for California Community Colleges
GVC	Great Valley Center
K-20 CETC	The K-20 California Educational Technology Collaborative
MESA	Mathematics, Engineering, and Science Achievement
PPIC	Public Policy Institute of California
STEPS	Stepping Into Your Future