

**ALAMO COLLEGES FOUNDATION, INC.**  
**(A Texas nonprofit Foundation &  
Component unit of Alamo Colleges)**

**AUDITED  
FINANCIAL STATEMENTS**

**Year Ended  
December 31, 2015**



ALAMO COLLEGES FOUNDATION, INC.  
(A Texas nonprofit Foundation &  
Component unit of Alamo Colleges)  
Contents  
December 31, 2015 and 2014

	<u>Page</u>
<b>Audited Financial Statements:</b>	
Independent Auditor's Report.....	1
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6

R. D. Harrison, CPA

*Certified Public Accountant*

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Member American Institute of Certified Public Accountants  
Registered with the Public Company Accounting Oversight Board

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Alamo Colleges Foundation, Inc.

I have audited the accompanying financial statements of Alamo Colleges Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alamo Colleges Foundation, Inc. as of December 31, 2015 and 2014, 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.



R. D. Harrison, CPA  
Certified Public Accountant  
San Antonio, Texas

July 14, 2016

**ALAMO COLLEGES FOUNDATION, INC.**  
**(A Texas nonprofit Foundation & component unit of Alamo Colleges)**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

	December 31	
	2015	2014
<b>ASSETS</b>		
Cash and Certificates of Deposit	\$ 1,997,135	\$ 4,400,239
Contributions receivable	1,076,871	1,230,410
Investments:		
Fixed Income Securities	3,176,983	1,794,634
Mutual Funds	4,187,152	5,400,706
Marketable Securities	<u>9,852,381</u>	<u>8,935,799</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 20,290,522</u></b>	<b><u>\$ 21,761,788</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 21,477	\$ 115,690
Due to affiliates	<u>37,372</u>	<u>32,940</u>
<b>TOTAL LIABILITIES</b>	<b><u>58,849</u></b>	<b><u>148,630</u></b>
<b>NET ASSETS</b>		
Unrestricted	103,233	128,339
Temporarily restricted	6,281,597	8,111,012
Permanently restricted - Endowments	<u>13,846,843</u>	<u>13,373,807</u>
<b>TOTAL NET ASSETS</b>	<b><u>20,231,673</u></b>	<b><u>21,613,158</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 20,290,522</u></b>	<b><u>\$ 21,761,788</u></b>

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

**ALAMO COLLEGES FOUNDATION, INC.**  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
**Statements of Activities**  
**Years ended December 31, 2015 and 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets at January 1, 2014	\$ 147,762	\$ 7,069,876	\$ 12,267,711	\$19,485,349
Support and Revenue:				
Contributions	168,112	3,699,927	971,887	4,839,926
In-kind revenue	551,206	-	-	551,206
Interest and Dividend Income	-	263,410	-	263,410
Gain on Investments	-	233,388	-	233,388
Net Assets Released From Restrictions	<u>3,053,530</u>	<u>(3,053,530)</u>	-	-
Total Revenue	<u>3,772,848</u>	<u>1,143,195</u>	<u>971,887</u>	<u>5,887,930</u>
Expenses:				
Program	3,260,157	-	-	3,260,157
General and Administrative	302,566	-	-	302,566
Fund-raising	<u>197,398</u>	-	-	<u>197,398</u>
Total Expenses	<u>3,760,121</u>	-	-	<u>3,760,121</u>
Increase in Net Assets	12,727	1,143,195	971,887	2,127,809
Designated Transfers	<u>(32,150)</u>	<u>(102,059)</u>	<u>134,209</u>	-
Net Assets at December 31, 2014	128,339	8,111,012	13,373,807	21,613,158
Support and Revenue:				
Contributions	126,532	2,172,704	232,660	2,531,896
In-kind revenue	453,160	-	-	453,160
Interest and Dividend Income	-	233,723	-	233,723
Loss on Investments	-	(510,554)	-	(510,554)
Net Assets Released From Restrictions	<u>3,567,189</u>	<u>(3,567,189)</u>	-	-
Total Revenue	<u>4,146,881</u>	<u>(1,671,316)</u>	<u>232,660</u>	<u>2,708,225</u>
Expenses:				
Program	3,592,687	-	-	3,592,687
General and Administrative	363,262	-	-	363,262
Fund-raising	<u>133,761</u>	-	-	<u>133,761</u>
Total Expenses	<u>4,089,710</u>	-	-	<u>4,089,710</u>
Increase (decrease) in Net Assets	57,171	(1,671,316)	232,660	(1,381,485)
Designated Transfers	<u>(82,277)</u>	<u>(158,099)</u>	<u>240,376</u>	-
Net Assets at December 31, 2015	<u>\$ 103,233</u>	<u>\$ 6,281,597</u>	<u>\$ 13,846,843</u>	<u>\$20,231,673</u>

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

**ALAMO COLLEGES FOUNDATION, INC.**  
**(A Texas nonprofit Foundation & component unit of Alamo Colleges)**  
**Statements of Cash Flows**  
**December 31, 2015 and 2014**

	December 31	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ (1,381,485)	\$ 2,127,809
Adjustments to reconcile (decrease) increase in net assets		
To net cash (used in) provided by operating activities:		
Contributions restricted for endowments	(232,660)	(971,887)
Net loss (gain) on investments	510,554	(233,388)
Change in operating assets and liabilities:		
Contributions receivable	153,539	283,233
Accounts payable and accrued liabilities	(94,213)	112,766
Due to affiliate	<u>4,432</u>	<u>(31,736)</u>
Net cash (used in) provided by operating activities	(1,039,833)	1,286,797
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment purchases and sales, net	(1,595,931)	(817,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for endowments	<u>232,660</u>	<u>971,887</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,403,104)	1,440,688
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>4,400,239</u>	<u>2,959,551</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,997,135</u>	<u>\$ 4,400,239</u>

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



ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 1 – Organization**

The Alamo Colleges Foundation, Inc. (the "Foundation") was organized in the State of Texas in 1985 to function as a nonprofit foundation. The purposes for which the Foundation was organized are (1) to maintain, develop, increase and extend the facilities and services of the Alamo Colleges; (2) to provide broad educational opportunities to the Alamo Colleges' students, staff, faculty and the residents of the geographical area that the Alamo Colleges serves; (3) to solicit and receive by gift, grant, devise, or otherwise, property, both real and personal, and to manage and administer the same; and (4) to make contributions, grants, gifts and transfers of property to or for the benefit of the Alamo Colleges, or to the benefit of other organizations identified and associated with the Alamo Colleges and which are tax-exempt organizations.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*, the Foundation is considered to be a component unit of Alamo Colleges because of the nature and significance of its relationship with Alamo Colleges. The economic resources received or held by the Foundation are almost entirely for the direct benefit of Alamo Colleges; Alamo Colleges is entitled to, or can otherwise access, a majority of these resources; and the resources received or held by the Foundation are no longer insignificant to Alamo Colleges.

**Note 2 – Summary of Significant Accounting Policies**

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted Net Assets* – These are net assets that are not subject to donor-imposed restrictions and may be used for any operating purpose of the Foundation.
- *Temporarily Restricted Net Assets* – These are net assets that are subject to donor imposed stipulations that require the passage of time and/or the occurrence of a specific event.
- *Permanently Restricted Net Assets* – These are net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

In addition, the Foundation is required to present a statement of cash flows.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates. Estimates that have the most

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 2 – Summary of Significant Accounting Policies, continued**

impact on financial position and results of operations primarily relate to the collectability and present value of contributions receivables, the fair value of investments, and the allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

**Cash and cash equivalents**

The Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains cash and cash equivalents at financial institutions, which at times may not be federally insured or may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

**Investments**

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reported in the statements of activities as changes in temporarily restricted net assets, unless restricted by donor or law. Donated marketable securities are recorded as contributions at their estimated fair value at the date of the donation.

The investments of the Foundation are managed under agreement with the Bank of America Merrill Lynch in a manner consistent with the investment goals and policies established by the Board of Trustees of the Foundation.

Under the laws of the State of Texas, the Board of Trustees may appropriate for expenditure, for the uses and purposes for which the endowment was established, a prudent rate of spending considering the duration and preservation of the endowment. The Board of Trustees determines the amount of such appropriation annually. The aggregate accumulated unallocated gains and losses on donor-restricted endowment net asset balances are included in temporarily restricted net assets in the financial statements.

**Contributions receivable**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions receivable are amounts recorded for unconditional or conditional promises to give by third parties. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material.

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 2 – Summary of Significant Accounting Policies, continued**

Conditional promises to give are recorded as refundable advances when received, and are recognized as revenues when the conditions have been met.

If contributions receivable become doubtful of collection, allowances are made to the extent the amounts are determined to be doubtful, and are charged to expense. If doubtful amounts are subsequently determined to be uncollectible, they are written off against allowances in the period determined. Contributions are recorded when received in cash as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of the donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value. The Foundation considers contributions receivable to be fully collectible.

**Fixed assets**

The Foundation operates from facilities provided by the Alamo Colleges and does not own any buildings, equipment, or other capital assets. See Note 7 for an estimated amount of in-kind contributions provided by the Alamo Colleges that includes an estimate of donated rent. Donated rents are included in the financial statements as unrestricted in-kind revenue.

**Presentation of expenses**

The cost of providing the various programs and activities of the Foundation has been summarized on a functional basis in the accompanying statement of activities.

- Program consists of scholarships and program support payments made to Alamo Colleges for tuition and books on behalf of specified students, staff, and faculty of the Alamo Colleges and the residents of the geographical area that the Alamo Colleges serve; and to maintain, develop, increase, and extend the facilities and services of the Alamo Colleges.
- Administration consists of general supporting services that are necessary for the Foundation's daily operations and coordination of program activities and includes salaries and benefits related to administrative personnel.
- Fundraising activities are directed at soliciting and receiving funds, gifts, grants, and property to enable the Foundation to fulfill its purpose. It also includes salaries and benefits paid to fundraising personnel.

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 2 – Summary of Significant Accounting Policies, continued**

**Income taxes**

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, as an organization described in Section 501 (c)(3) of the Code. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under Section 511 of the Code. The Foundation did not conduct any unrelated business activities in the current fiscal year. Therefore, the Foundation made no provision for federal income taxes in the accompanying financial statements. Accordingly, contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation has also been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's federal income tax filings prior to 2013 are no longer subject to examination by federal taxing authorities.

**Donated materials, services, and facilities**

The salaries of certain Foundation employees were donated by the Alamo Colleges. The Alamo Colleges also provides office space and equipment at no cost to the Foundation. The value of these contributed services is provided in Note 7 and is included in the financial statements as unrestricted in-kind revenue.

**Revenue recognition**

The Foundation records contributions at fair value when an unconditional commitment is received from the donor. Contributions that are restricted by the donor and are to be used in future periods is reported as an increase in temporarily restricted net assets in the reporting period in which the contribution is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted in perpetuity by the donor are recorded as permanently restricted net assets. In accordance with donor restrictions, income earned from permanently restricted net assets are recorded as temporarily restricted net assets until such income is released from restrictions.

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 3 – Investments**

The composition of the Foundation's investments is as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income securities	\$ 3,194,836	\$ 3,176,983	\$ 1,760,233	\$ 1,794,634
Mutual funds	4,460,377	4,187,152	5,566,427	5,400,706
Marketable securities	<u>8,868,389</u>	<u>9,852,381</u>	<u>7,529,012</u>	<u>8,935,799</u>
Total	<u>\$16,523,602</u>	<u>\$17,216,516</u>	<u>\$14,855,672</u>	<u>\$16,131,139</u>

Net investment income is comprised of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 233,723	\$ 263,410
(Loss) gain on investments	<u>(510,554)</u>	<u>233,388</u>
Total	<u>\$ (276,831)</u>	<u>\$ 496,798</u>

The Foundation elects to net investment expenses with earnings from investments. Total investment expenses in 2015 and 2014 were \$155,791 and \$143,806, respectively.

**ALAMO COLLEGES FOUNDATION, Inc.**  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 4 – Functional Expenses**

The cost of providing the various programs and activities of the Foundation has been summarized on a functional basis in the accompanying statements of activities. Functional expenses categorized by program, general and administrative, and fundraising costs for the years ended December 31, 2015 and 2014 are as follows:

	Program	General and Administrative	Fundraising	Total
<b>Year ended December 31, 2015:</b>				
Scholarships and educational support	\$ 3,510,106	\$ -	\$ -	\$ 3,510,106
Salaries and benefits	74,451	166,522	112,028	353,001
Office and administrative	1,884	5,785	2,588	10,257
Rent	-	61,612	-	61,612
Professional services	-	96,719	-	96,719
Professional development, fees and subscriptions	2,438	7,629	3,487	13,554
Software acquisition, maintenance and support	49	109	73	231
Other	3,759	24,886	15,585	44,230
Total	<u>\$ 3,592,687</u>	<u>\$ 363,262</u>	<u>\$ 133,761</u>	<u>\$ 4,089,710</u>

	Program	General and Administrative	Fundraising	Total
<b>Year ended December 31, 2014:</b>				
Scholarships and educational support	\$ 3,164,909	\$ -	\$ -	\$ 3,164,909
Salaries and benefits	79,095	221,643	151,028	451,766
Office and administrative	6,160	17,261	12,106	35,527
Rent	-	7,177	-	7,177
Professional services	5,402	27,859	13,433	46,694
Professional development, fees and subscriptions	1,439	4,032	4,576	10,047
Software acquisition, maintenance and support	1,868	5,233	3,566	10,667
Other	1,284	19,361	12,689	33,334
Total	<u>\$ 3,260,157</u>	<u>\$ 302,566</u>	<u>\$ 197,398</u>	<u>\$ 3,760,121</u>

**Note 5 – Endowment Net Assets**

The Foundation's endowment consists of 158 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (the Act) 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

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 5 – Endowment Net Assets, continued**

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 Foundation in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, 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 Board-designated and donor-restricted endowment funds
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

Realized and unrealized investment gains/losses are recorded as temporarily restricted net assets.

Endowment net assets and classifications of related unappropriated income at December 31, 2015 and 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
As of December 31, 2015 Endowment Funds	<u>\$ 2,190,336</u>	<u>\$ 13,846,843</u>	<u>\$ 16,037,179</u>
As of December 31, 2014 Endowment Funds	<u>\$ 3,211,071</u>	<u>\$ 13,373,807</u>	<u>\$ 16,584,878</u>

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 5 – Endowment Net Assets, continued**

The changes in endowment net assets and related income classification for the year ended December 31, 2015 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of the year	\$ 3,211,071	\$ 13,373,807	\$ 16,584,878
Contributions	-	232,660	232,660
Investment return:			
Interest and dividends	233,723	-	233,723
Loss on investments	<u>(510,554)</u>	<u>-</u>	<u>(510,554)</u>
Total revenues	(276,831)	232,660	(44,171)
Designated transfer	(243,478)	240,376	(3,102)
Deductions:			
Net assets released from restrictions	<u>(500,426)</u>	<u>-</u>	<u>(500,426)</u>
(Decrease) increase in net assets	<u>(1,020,735)</u>	<u>473,036</u>	<u>(547,699)</u>
End of year	<u>\$ 2,190,336</u>	<u>\$ 13,846,843</u>	<u>\$ 16,037,179</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 or the Act requires the Foundation to retain as a fund of perpetual duration.

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 organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds.

The Board of Trustees through its Investment Committee has adopted a specific investment objective for the Foundation. The investment objective is to invest all endowments and other available funds to optimize the return on investment to the extent possible, balanced with the appropriate level of risk.



ALAMO COLLEGES FOUNDATION, Inc.  
 (A Texas nonprofit Foundation & component unit of Alamo Colleges)  
 Notes to Financial Statements  
 December 31, 2015 and 2014

**Note 5 – Endowment Net Assets, continued**

Under the laws of the State of Texas, the Board of Trustees may appropriate for expenditure, for the uses and purposes for which the endowment was established, a prudent rate of spending considering the duration and preservation of the endowment. The Board of Trustees determines the amount of such appropriation annually. The rate for 2015 was 4.25%. The rate for 2016 has been set at 4.25%.

**Note 6 – Fair Value of Financial Instruments**

The carrying amounts of all applicable asset and liability financial instruments reported in the statements of assets, liabilities and net assets approximate their fair values at December 31, 2015 and 2014. Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The Foundation has categorized its financial instruments, based on the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 (including net asset value) that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy of investments at December 31, 2015 follows:

	2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income Securities	\$ -	\$ 3,176,983	\$ -	\$ 3,176,983
Mutual Funds	4,187,152	-	-	4,187,152
Marketable Securities	<u>9,852,381</u>	<u>-</u>	<u>-</u>	<u>9,852,381</u>
<b>Total</b>	<b><u>\$14,039,533</u></b>	<b><u>\$ 3,176,983</u></b>	<b><u>\$ -</u></b>	<b><u>\$17,216,516</u></b>

ALAMO COLLEGES FOUNDATION, Inc.  
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Notes to Financial Statements  
December 31, 2015 and 2014

**Note 7 – Support Agreement and Related Party Transactions**

By agreement, the Alamo Colleges provide administrative support for the Foundation activities at a level determined by the Alamo Colleges to be appropriate, but only to the extent of availability of funds within the Alamo Colleges' budget. Administrative support provided includes office space and executive director and staff for the Foundation. The total support provided by the Alamo Colleges to the Foundation in the fiscal year ended December 31, 2015 and 2014 was valued at approximately \$453,160 and \$551,206, respectively, and was included in the financial statements as unrestricted in-kind revenue.

From time to time the Foundation remits scholarship funds to the Alamo Colleges to cover tuition, books, and other student fees for specified students of the Alamo Colleges. During the years ended December 31, 2015 and 2014, the Foundation remitted the total of \$1,537,423 and \$2,346,294 to the Alamo Colleges to fund approximately 2,100 and 1,900 scholarships respectively. In addition, for the years ended December 31, 2015 and 2014, the Foundation remitted \$1,134,007 and \$1,527,218, respectively, to Alamo Colleges for program related costs.

The total scholarship funds due from the Foundation to the Alamo Colleges at December 31, 2015 and 2014 was \$37,372 and \$32,940, respectively. These amounts have been included in the due to affiliate balances in the accompanying financial statements.

**Note 8 – Future Commitments**

At December 31, 2015, outstanding donor match commitments for the next five years and thereafter are as follows:

Year Ended December 31,	
2016	\$ 25,000
2017	25,000
2018	25,000
2019	25,000
2020	25,000
Thereafter	<u>25,000</u>
Total	<u>\$ 150,000</u>

**Note 9 – Commitments**

The Parent-Child Scholarship Program provides multi-generational scholarships. Parents who are eligible under this program and complete all requirements qualify their first-born child. The Foundation has not determined what amount, if any, will eventually be payable under this program.

ALAMO COLLEGES FOUNDATION, Inc.  
(A Texas nonprofit Foundation & component unit of Alamo Colleges)  
Notes to Financial Statements  
December 31, 2015 and 2014

**Note 10 – Restricted Title V Funds**

In compliance with the federal grant restrictions, Title V grant funds are deposited into segregated bank accounts and/or other investment accounts.

**Note 11 – Unrestricted Net Assets**

Unrestricted net assets are comprised of net assets that are not subject to donor-imposed stipulations. The balances comprising unrestricted net assets as of December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Undesignated/unrestricted net assets	\$ <u>103,233</u>	\$ <u>128,339</u>

**Note 12 – Subsequent Events**

Management has evaluated subsequent events through July 14, 2016 the date the restated financial statements were available to be issued. No changes are necessary to be made to the financial statements as a result of this evaluation.

