

Galveston College Foundation

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION


August 31, 2016 and 2015



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August 31, 2016 and 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Galveston College Foundation
Galveston, Texas

We have audited the accompanying financial statements of the Galveston College Foundation (a Texas non-profit organization) (the Foundation), which comprise the statement of financial position as of August 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Galveston College Foundation as of August 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Galveston College Foundation as of and for the year ended August 31, 2015 were audited by other auditors whose report dated December 30, 2015, expressed an unmodified opinion on those statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of financial position by fund and activities and changes in net assets by fund on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Caru, Riggs & Ingram, L.L.C.

Houston, Texas
January 5, 2017

**Galveston College Foundation
Statements of Financial Position**

<i>August 31,</i>	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 7,465	\$ 9,120
Investments	11,403,768	9,610,146
Pledges receivable	46,176	959,363
<hr/>		
Total assets	\$ 11,457,409	\$ 10,578,629
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Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 2,230	\$ 21,379
Commitments and contingencies		
Net assets		
Unrestricted	228,851	228,311
Temporarily restricted	3,976,328	3,528,939
Permanently restricted	7,250,000	6,800,000
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Total net assets	11,455,179	10,557,250
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Total liabilities and net assets	\$ 11,457,409	\$ 10,578,629
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The accompanying notes are an integral part of these financial statements.

Galveston College Foundation
Statement of Activities and Changes in Net Assets

<i>For the year ended August 31, 2016</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Contributions and grants	\$ 4,600	\$ 235,896	\$ 300,000	\$ 540,496
Fund raising events	-	17,762	-	17,762
Donated facilities, services and equipment	36,812	-	-	36,812
Interest and dividends	17,826	439,923	-	457,749
Realized gain (loss) on sale of investments, net	(4,826)	(197,987)	-	(202,813)
Unrealized gain (loss) on investments, net	9,102	350,820	-	359,922
Net assets released from restrictions	249,025	(249,025)	-	-
Total support and revenue	312,539	597,389	300,000	1,209,928
Expenses				
Program expenses				
Galveston College scholarships	95,298	-	-	95,298
Universal access scholarships	96,467	-	-	96,467
Management and general expenses				
Donated facilities, services and equipment	36,812	-	-	36,812
Foundation expenses	10,934	-	-	10,934
Investment fees	59,988	-	-	59,988
Professional services	12,500	-	-	12,500
Total expenses	311,999	-	-	311,999
Changes in net assets	540	597,389	300,000	897,929
Net assets at beginning of year	228,311	3,528,939	6,800,000	10,557,250
Reclassification of beginning net assets	-	(150,000)	150,000	-
Net assets at end of year	\$ 228,851	\$ 3,976,328	\$ 7,250,000	\$ 11,455,179

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

Galveston College Foundation
Statement of Activities and Changes in Net Assets

<i>For the year ended August 31, 2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and revenue				
Contributions and grants	\$ 29,993	\$ 220,512	\$ 3,000,000	\$ 3,250,505
Fund raising events	1,786	18,645	-	20,431
Donated facilities, services and equipment	37,863	-	-	37,863
Interest and dividends	27,993	301,137	-	329,130
Realized gain (loss) on sale of investments, net	1,314	2,778	-	4,092
Unrealized gain (loss) on investments, net	(34,854)	(515,645)	-	(550,499)
Net assets released from restrictions	249,604	(249,604)	-	-
Total support and revenue	313,699	(222,177)	3,000,000	3,091,522
Expenses				
Program expenses				
Galveston College scholarships	77,716	-	-	77,716
Universal access scholarships	132,921	-	-	132,921
College program support	11,800	-	-	11,800
Management and general expenses				
Donated facilities, services and equipment	37,863	-	-	37,863
Foundation expenses	12,695	-	-	12,695
Investment fees	56,636	-	-	56,636
Professional services	13,000	-	-	13,000
Total expenses	342,631	-	-	342,631
Changes in net assets	(28,932)	(222,177)	3,000,000	2,748,891
Net assets at beginning of year	257,243	3,751,116	3,800,000	7,808,359
Net assets at end of year	\$ 228,311	\$ 3,528,939	\$ 6,800,000	\$ 10,557,250

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

**Galveston College Foundation
Statements of Cash Flows**

<i>For the years ended August 31,</i>	2016	2015
Operating activities		
Changes in net assets	\$ 897,929	\$ 2,748,891
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Donations restricted for permanent endowments	(300,000)	(3,000,000)
Realized loss (gain) sale of investments, net	202,813	(4,092)
Unrealized (gain) loss on investments, net	(359,922)	550,499
Change in operating assets and liabilities		
Pledges receivable	913,187	623,618
Accounts receivable	-	7,402
Accounts payable	(19,149)	20,014
Net cash provided by operating activities	1,334,858	946,332
Investing activities		
Purchases of Investments	(6,081,805)	(9,603,338)
Proceeds from investment sales and calls	4,445,292	5,656,221
Net cash used in investing activities	(1,636,513)	(3,947,117)
Financing activities		
Donations restricted for permanent endowments	300,000	3,000,000
Net change in cash and cash equivalents	(1,655)	(785)
Cash and cash equivalents, beginning of year	9,120	9,905
Cash and cash equivalents, end of year	\$ 7,465	\$ 9,120

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

Galveston College Foundation

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Galveston College Foundation (the Foundation) is a nonprofit organization (other than a private foundation) chartered under the laws of the State of Texas. The Foundation has been formed to generate philanthropic support for Galveston Community College District, (the College) with a primary emphasis on Universal Access. The Universal Access program is to provide scholarships to graduates of Galveston, Texas high schools, thereby encouraging universal access to higher education. In addition to Universal Access, the Foundation solicits, invests and manages donations and grants to the College for educational support activities conducted by the College.

The Foundation is managed by a Board of Directors of no less than three and no more than twenty-one. The President of the College and the Executive Director of Galveston College Foundation serve as ex-officio members of the Board. The remainder of the Board is elected by a majority of the quorum of the Directors then serving.

Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – These are net assets that are not subject to donor-imposed stipulations, but use can be limited by Board designation.
- Temporarily restricted net assets – These are net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.
- Permanently restricted net assets – These are net assets that are required to be maintained in perpetuity with only the income to be used for operating activities due to donor-imposed restrictions.

All significant interfund balances and transactions have been eliminated.

Galveston College Foundation Notes to Financial Statements

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

Fair Value Considerations

The Foundation uses fair value to measure financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Foundation did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Foundation's remaining financial instruments (primarily cash and cash equivalents, pledges receivables and payables) are carried in the financial statements at amounts that reasonably approximate fair value.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less at date of purchase to be cash equivalents. Cash and cash equivalents held in a money market account are reported as investments instead of cash because the Foundation holds those funds as an endowments.

Pledges Receivable

Pledges receivable are amounts recorded from unconditional 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. Conditional promises to give are not included in support until the conditions have been substantially completed.

If pledges 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. The Foundation considers pledges receivable to be fully collectible, and therefore, no allowance was considered necessary for those receivables.

Galveston College Foundation Notes to Financial Statements

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

Investments and Investment Return

Investments are mostly comprised of endowed funds invested for the purpose of generating income for scholarships. Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values in the statements of financial position. Investment return includes interest, dividends, capital gain distributions and realized and unrealized gains and losses. Investment return is reported in the statements of activities and changes in net assets as a change in unrestricted net assets unless the use of the income is limited by donor imposed restrictions. Investment return whose use is restricted by the donor is reported as a change in temporarily restricted net assets until expended in accordance with donor imposed restrictions.

Independent investment departments at local financial institutions manage the investment assets.

It is the policy of the Board to liquidate donated securities when they are contributed and to transfer the proceeds to an Investment Manager to be included in the management of the Foundation's portfolio.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Support that is restricted by the donor and is to be used in future periods is reported as an increase in temporarily restricted net assets in the reporting period in which the support 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. Support that is restricted in perpetuity by the donor is recorded as permanently restricted net assets. In accordance with the donor restrictions, income earned from permanently restricted net assets are recorded as temporarily restricted net assets until such income is released.

Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of investments. The Foundation maintains investment accounts with financial institutions for which balances are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation. Management believes any credit risk is low due to the overall financial strength of the financial institutions.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

Galveston College Foundation Notes to Financial Statements

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

Donated Facilities, Services and Equipment

The Foundation receives donated facilities, services and equipment from the College. The values of these items are reflected in unrestricted revenues and program and management and general expenses. Facilities, services and equipment donated to the Foundation by the College are mostly valued at the actual costs incurred by the College in making those in-kind donations. During 2016 and 2015, the Foundation received \$36,812 and \$37,853 and in donated facilities, services and equipment from the College, respectively.

Federal Income Taxes

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized.

As of August 31, 2016, management believes there were no uncertain tax positions. The Foundation's federal tax return remains open to examination for a period of three years following its filing with the taxing authority.

Estimates

The preparation of the 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. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability of receivables and fair value of investments. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the combined financial statements.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications had no effect on changes in net assets.

Subsequent Events

The Foundation has evaluated subsequent events through the date the financial statements were available for issuance on January 5, 2017. No matters were identified affecting the accompanying financial statements and related disclosures.

Galveston College Foundation Notes to Financial Statements

NOTE 2: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 Quoted market prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3 Unobservable inputs that are supported by little or no market activity.

The Foundation utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Investments in equities, fixed income funds and money market accounts that are currently traded in active markets are classified as Level 1. There have been no changes in valuation techniques and related inputs.

The value of assets measured at fair value on a recurring basis is as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<i>August 31, 2016</i>			
Money market funds	\$ 366,287	\$ -	\$ -
International equities	843,255	-	-
Domestic equities	5,566,306	-	-
Bonds fixed income	2,830,136	-	-
Fixed income funds	1,797,784	-	-
Total investments	\$ 11,403,768	\$ -	\$ -
<i>August 31, 2015</i>			
Money market funds	\$ 324,069	\$ -	\$ -
International equities	754,105	-	-
Domestic equities	5,142,917	-	-
Bonds fixed income	1,653,936	-	-
Fixed income funds	1,735,118	-	-
Total investments	\$ 9,610,146	\$ -	\$ -

**Galveston College Foundation
Notes to Financial Statements**

NOTE 2: FAIR VALUE MEASUREMENTS (Continued)

The following summarizes the investment return in the statements of activities and changes in net assets:

<i>For the years ended August 31,</i>	2016	2015
Dividends and interest income	\$ 457,749	\$ 329,130
Investment fees	(59,988)	(56,636)
Net realized and unrealized gain (loss)	157,109	(546,407)
Investment return, net	\$ 554,870	\$ (273,913)

NOTE 3: TEMPORARY RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets include the following:

<i>August 31,</i>	2016	2015
Universal Access	\$ 500,929	\$ 196,874
Universal Access (book)	203,533	6,960
Institutional advancement	173,206	111,707
Capital campaign	2,023,005	2,000,676
Galveston College scholarships	988,454	935,249
Other programs	87,201	277,473
	\$ 3,976,328	\$ 3,528,939

NOTE 4: ENDOWMENTS

Permanently restricted net assets at August 31, 2016 consist of an endowment fund established to support Universal Access and Galveston College scholarship programs. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation indefinitely and income from the funds is to be expended for the Universal Access and Galveston College scholarship programs. The Foundation adopted investment and spending policies based on the requirements of the State Uniform Prudent Management of Institutional Funds Act (the Act). As a result of the Foundation's interpretation of the Act, and in accordance with donor restrictions, contributions to the endowment funds are classified as permanently restricted net assets.

Galveston College Foundation Notes to Financial Statements

NOTE 4: ENDOWMENTS (Continued)

As a result of the 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) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as 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 TUPMIFA.

In accordance with TUPMIFA, the Foundation considers the following factors in making determination to distribute accumulated donor-restricted endowment funds:

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

The endowment funds are primarily invested equities and fixed income bond funds pursuant to the Foundation's investment and spending objectives of subjecting the fund to low investment risk and providing its Universal Access and Galveston College scholarships programs with income. The Foundation generally expends the endowment fund's investment income for donor- designated purpose in the same reporting period the income is received.

During 2016, two donors requested that their original contributions for scholarships totaling \$150,000 be repurposed as permanent endowments. The income remains available for scholarships.

Endowment funds by net assets classification are as follows:

<i>August 31,</i>	2016	2015
Temporarily restricted net assets	\$ 3,976,328	\$ 3,528,939
Permanently restricted net assets	7,250,000	6,800,000
	\$ 11,226,328	\$ 10,328,939

Galveston College Foundation
Notes to Financial Statements

NOTE 4: ENDOWMENTS (Continued)

Changes in endowment net assets for the years ended August 31, 2015 and 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 31, 2014	\$ 3,751,116	\$ 3,800,000	\$ 7,551,116
Contributions	239,157	3,000,000	3,239,157
Investment income	301,137	-	301,137
Net depreciation of investments	(512,867)	-	(512,867)
Amounts appropriated for expenditures	(249,604)	-	(249,604)
Endowment net assets, August 31, 2015	\$ 3,528,939	\$ 6,800,000	\$ 10,328,939
Contributions	253,658	300,000	553,658
Net asset transfers	(150,000)	150,000	-
Investment income	439,923	-	439,923
Net appreciation of investments	152,833	-	152,833
Amounts appropriated for expenditures	(249,025)	-	(249,025)
Endowment net assets, August 31, 2016	\$ 3,976,328	\$ 7,250,000	\$ 11,226,328



SUPPLEMENTARY INFORMATION

Galveston College Foundation
Schedule of Financial Position by Fund

August 31, 2016

(with summarized financial information as of August 31, 2015)

	2016						2015 Totals
	Universal Access	Institutional Advancement	Capital Campaign	Galveston College Scholarships	Other Funds	Totals	
Assets							
Current assets							
Cash and cash equivalents	\$ 3,593	\$ -	\$ -	\$ 3,872	\$ -	\$ 7,465	\$ 9,120
Investments	6,724,843	873,206	2,023,005	1,202,729	579,985	11,403,768	9,610,146
Pledges receivable	-	-	-	46,176	-	46,176	959,363
Interfund receivable	-	-	-	11,527	-	11,527	-
Total assets	\$ 6,728,436	\$ 873,206	\$ 2,023,005	\$ 1,264,304	\$ 579,985	\$11,468,936	\$10,578,629
Liabilities and net assets							
Current liabilities							
Accounts payable	\$ 980	\$ -	\$ -	\$ 850	\$ 400	\$ 2,230	\$ 21,379
Interfund payable	11,527	-	-	-	-	11,527	-
Total liabilities	12,507	-	-	850	400	13,757	21,379
Commitments and contingencies							
Net assets							
Unrestricted	-	-	-	-	228,851	228,851	228,311
Temporarily restricted	500,929	173,206	2,023,005	988,454	290,734	3,976,328	3,528,939
Permanently restricted	6,215,000	700,000	-	275,000	60,000	7,250,000	6,800,000
Total net assets	6,715,929	873,206	2,023,005	1,263,454	579,585	11,455,179	10,557,250
Total liabilities and net assets	\$ 6,728,436	\$ 873,206	\$ 2,023,005	\$ 1,264,304	\$ 579,985	\$11,468,936	\$10,578,629

See independent auditor's report.

Galveston College Foundation Schedule of Activities and Changes in Net Assets by Fund

For the year ended August 31, 2016
(with summarized financial information for the year ended August 31, 2015)

	2016						2015 Totals
	Universal Access	Institutional Advancement	Capital Campaign	Galveston College Scholarships	Other Funds	Totals	
Support and revenue							
Contributions and grants	\$ 221,452	\$ -	\$ -	\$ 254,444	\$ 64,600	\$ 540,496	\$ 3,249,805
Other revenue: pass-through donations	-	-	-	-	-	-	700
Fundraising events	17,762	-	-	-	-	17,762	20,431
Donated facilities, services and equipment	-	-	-	-	36,812	36,812	37,863
Interest and dividends	309,226	45,208	5,585	58,480	39,250	457,749	329,130
Realized gain (loss) on sale of investments, net	(157,434)	(22,514)	-	(12,256)	(10,609)	(202,813)	4,092
Unrealized gain (loss) on investments, net	236,229	38,805	16,902	45,925	22,061	359,922	(550,499)
Total support and revenue	627,235	61,499	22,487	346,593	152,114	1,209,928	3,091,522
Expenses							
Program expenses							
Galveston College scholarships	-	-	-	95,298	-	95,298	77,716
Universal access scholarships	89,507	-	-	-	6,960	96,467	132,921
College program expenses	-	-	-	-	-	-	11,800
Management and general expenses							
Donated facilities, services and equipment	-	-	-	-	36,812	36,812	37,863
Foundation functions	66	-	-	6	10,862	10,934	-
Investment fees	43,607	-	158	9,880	6,343	59,988	56,636
Other expense: pass-through donations	-	-	-	-	-	-	700
Professional services	-	-	-	-	12,500	12,500	-
Interfund transfers for scholarships	75,000	-	-	(86,796)	11,796	-	-
Transfer to scholarship fund	-	-	-	-	-	-	24,995
Total expenses	208,180	-	158	18,388	85,273	311,999	342,631
Changes in net assets	419,055	61,499	22,329	328,205	66,841	897,929	2,748,891
Net assets, beginning of year	6,296,874	811,707	2,000,676	935,249	512,744	10,557,250	7,808,359
Net assets, end of year	\$ 6,715,929	\$ 873,206	\$ 2,023,005	\$ 1,263,454	\$ 579,585	\$11,455,179	\$10,557,250

See independent auditor's report.