
PENINSULA COLLEGE FOUNDATION
A Washington Non-Profit Corporation

Financial Statements

For the Years Ended December 31, 2014 and 2013

Aiken & Sanders, Inc PS

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets 2014.....	3
Statement of Activities and Changes in Net Assets 2013.....	4
Statement of Functional Expenses 2014	5
Statement of Functional Expenses 2013	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To The Board of Directors
Peninsula College Foundation
1502 East Lauridsen Blvd.
Port Angeles, WA 98362

We have reviewed the accompanying statement of financial position of Peninsula College Foundation, a Washington non-profit corporation, as of December 31, 2014, and the related statement of activities and changes in net assets, functional expense and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying 2013 financial statements of Peninsula College Foundation were compiled by us and in our report dated May 28, 2014, we stated that we did not audit or review the 2013 financial statements and, accordingly, do not express an opinion or provide any assurance about whether these financial statements are in accordance with accounting principles generally accepted in the United States of America.

Aiken & Sanders

Aiken & Sanders Inc., PS
Certified Public Accountants
And Management Consultants

April 13, 2015

The Peninsula College Foundation
A Washington Non-Profit Corporation

Statement of Financial Position

December 31,	2014 (Reviewed)	2013 (Compiled)
Assets		
Assets:		
Cash & cash equivalents	\$ 465,011	\$ 440,918
Contributions receivable	17,390	2,010
Loans receivable	9,927	17,684
Prepaid expense	576	557
Investments	81,640	78,524
Assets restricted for endowment	1,059,498	1,083,089
Total Assets	\$ 1,634,042	\$ 1,622,782
Liabilities and Net Assets		
Liabilities:		
Accounts payable	5,525	6,445
Total Liabilities	5,525	6,445
Net Assets:		
Unrestricted:		
Undesignated	252,242	251,583
Total Unrestricted Net Assets	252,242	251,583
Temporarily restricted	438,680	427,159
Permanently restricted	937,595	937,595
Total Net Assets	1,628,517	1,616,337
Total Liabilities and Net Assets	\$ 1,634,042	\$ 1,622,782

See accompanying notes and independent accountant's review report.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2014	2014 (Reviewed)			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Public support:				
Contributions	\$ 49,569	\$ 269,191	\$ -	\$ 318,760
Event Income	41,080	-	-	41,080
Less: direct event expense	(28,432)	-	-	(28,432)
Inkind contributions	172,839	-	-	172,839
Booster club	-	105,407	-	105,407
Investment income	3,585	19,603	-	23,188
Net realized & unrealized gain (loss) on investments	7,557	(27,237)	-	(19,680)
Net assets released from restrictions	355,443	(355,443)	-	-
Total Support and Revenue	601,641	11,521	-	613,162
Expenses:				
Program Services	450,098	-	-	450,098
Management and General	84,456	-	-	84,456
Fundraising	66,428	-	-	66,428
Total Expenses	600,982	-	-	600,982
Increase (Decrease) in Net Assets	659	11,521	-	12,180
Net Assets, Beginning of Year	251,583	427,159	937,595	1,616,337
Net Assets, End of Year	\$ 252,242	\$ 438,680	\$ 937,595	\$ 1,628,517

See accompanying notes and independent accountant's review report.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2013	2013 (Compiled)			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Public support:				
Contributions	\$ 73,100	\$ 212,802	\$ 50,000	\$ 335,902
Event Income	12,936	-	-	12,936
Less: direct event expense	(5,304)	-	-	(5,304)
Inkind contributions	77,432	-	-	77,432
Booster club	-	87,278	-	87,278
Investment income	(716)	17,265	-	16,549
Net realized & unrealized gain (loss) on investments	11,703	137,293	-	148,996
Net assets released from restrictions	384,676	(384,676)	-	-
Total Support and Revenue	<u>553,827</u>	<u>69,962</u>	<u>50,000</u>	<u>673,789</u>
Expenses:				
Program Services	320,998	-	-	320,998
Management and General	83,605	-	-	83,605
Fundraising	51,496	-	-	51,496
Total Expenses	<u>456,099</u>	<u>-</u>	<u>-</u>	<u>456,099</u>
Increase (Decrease) in Net Assets	<u>97,728</u>	<u>69,962</u>	<u>50,000</u>	<u>217,690</u>
Net Assets, Beginning of Year	<u>153,855</u>	<u>357,197</u>	<u>887,595</u>	<u>1,398,647</u>
Net Assets, End of Year	<u>\$ 251,583</u>	<u>\$ 427,159</u>	<u>\$ 937,595</u>	<u>\$ 1,616,337</u>

See accompanying notes and independent accountant's review report.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Statement of Functional Expenses

Year Ended December 31, 2014				2014 (Reviewed)
	Program Services	Management & General	Fundraising	Total
Student support	\$ 275,758	\$ -	\$ -	\$ 275,758
Teaching enrichment	3,075	-	-	3,075
Program assistance	91,201	-	-	91,201
Recognition	-	-	3,393	3,393
Salaries, taxes, & benefits	6,506	21,626	13,167	41,299
Professional fees	-	2,663	-	2,663
Inkind expense	73,558	50,990	48,291	172,839
Insurance	-	968	-	968
Travel	-	701	-	701
Professional development	-	1,144	-	1,144
Office supplies	-	496	-	496
Bank fees	-	1,433	-	1,433
Postage and printing	-	661	-	661
Bad debt	-	3,206	-	3,206
Miscellaneous	-	568	1,577	2,145
Total	\$ 450,098	\$ 84,456	\$ 66,428	\$ 600,982

See accompanying notes and independent accountant's review report.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Statement of Functional Expenses

	Year Ended December 31, 2013		2013 (Compiled)	
	Program Services	Management & General	Fundraising	Total
Student support	\$ 249,860	\$ -	\$ -	\$ 249,860
Teaching enrichment	4,806	-	-	4,806
Program assistance	42,253	-	-	42,253
Salaries, taxes, & benefits	-	4,572	-	4,572
Professional fees	9,139	35,978	18,495	63,612
Inkind expense	14,940	32,611	29,881	77,432
Recognition	-	-	3,120	3,120
Professional development	-	1,783	-	1,783
Insurance	-	398	-	398
Travel	-	4,039	-	4,039
Office supplies	-	345	-	345
Bank fees	-	1,049	-	1,049
Postage and printing	-	2,107	-	2,107
Miscellaneous	-	723	-	723
Total	\$ 320,998	\$ 83,605	\$ 51,496	\$ 456,099

See accompanying notes and independent accountant's review report.

THE PENINSULA COLLEGE FOUNDATION
A Washington Non-Profit Corporation

Statement of Cash Flows

Year Ended December 31,	2014 (Reviewed)	2013 (Compiled)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 12,180	\$ 217,690
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gain) loss on investments	19,680	(148,996)
Bad debts	3,206	-
(Increase) Decrease in contributions receivable	(15,380)	(2,010)
(Increase) Decrease in loans receivable	7,757	(4,654)
(Increase) Decrease in prepaid expenses	(19)	(557)
Increase (Decrease) in accounts payable	(920)	6,445
Net Cash Provided (Used) by Operating Activities	26,504	67,918
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	122,336	216,610
Purchase of investments	(124,747)	(232,979)
Net Cash Provided (Used) By Investing Activities	(2,411)	(16,369)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash Provided (Used) By Financing Activities	-	-
Net Increase (Decrease) in Cash	24,093	51,549
Cash, Beginning of Year	440,918	389,369
Cash, End of Year	\$ 465,011	\$ 440,918

See accompanying notes and independent accountant's review report.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

A. PURPOSE OF THE FOUNDATION:

Organization's purpose--

The Peninsula College Foundation (the Foundation) is a non-profit corporation created for the purpose of providing program and academic support to Peninsula College (the College). The Foundation was established in 1996 and involves people in philanthropy for higher education on the North Olympic Peninsula of Washington State. Donations received by the Foundation support new and existing college programs, expand technical, library and media resources, and provide scholarship assistance to qualified students. Academic and program support is provided to the main campus of the College and two extension sites.

The mission of the Foundation is to secure philanthropic and external sources of support for students, faculty, staff, and programs in support of the College's mission.

B. PRINCIPLE PROGRAMS:

Athletic program support--

Provides support to athletic facilities and events on campus which foster physical fitness and amateur sports competition. These include support for men's and women's athletic teams and general facility support.

College program support--

Provides support to instructional areas on campus and provides financial support to the College, its ancillary programs, and projects endorsed by the College. These include awards to outstanding faculty and staff. College program support also includes grants provided to college programs, instructional departments, scholarships, and activities. The Foundation Board and its allocations committee annually review the application for funding.

Scholarships--

Provides support to underserved and deserving students to enable them to further their educational goals. Endowments are the primary financial vehicle used to support long-term scholarship programs. Several donor restricted scholarship funds are received and distributed annually.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting--

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income tax--

The Foundation is a tax exempt non-profit organization under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a).

Estimates--

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising--

The Foundation's policy is to expense advertising costs as they are incurred.

Functional allocation of expenses--

Expenses are charged to each program based on direct expenditures incurred. Administration costs include those expenses that are not directly identifiable with any other specific program function but provide for the overall support and direction of the Foundation. Fundraising costs, including costs of special events, are incurred to persuade potential donors to make contributions to the Foundation.

Cash and cash equivalents--

All time deposits, certificates of deposit, and short-term highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

Investments--

The Foundation's investment objectives are to maximize total return and preserve capital, while minimizing credit risk and avoiding excessive market risk. An investment company is currently managing the majority of the Foundation investments. Investment income is reported net of investment management fees. Investments in equity securities

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position.

Investments are reported in the statements as investments and as assets restricted for endowments.

D. ASSETS RESTRICTED FOR ENDOWMENT:

The Foundation manages endowments established by individuals and other entities that are permanently restricted. Investment earnings and not the principal may be distributed in the form of scholarships or other support. Earnings are not distributed each year. Losses that reduce the assets in the endowment below the level required by donor stipulations are recorded to unrestricted net assets. The foundation has also initiated endowment campaigns in order to solicit additional permanently restricted donations.

The Board of Governors approved an endowment spending policy in January 2001 for continuing support of Peninsula College scholarships and program assistance. The spending policy includes providing for a 4% donor award distribution, plus investment management fees and administrative fees. Total allowable expenditures under the rule are 7%. The spending policy is based on a projected rate of return of 8% on invested endowment funds.

Endowment Net Assets Composition by Type of Fund-December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 121,903	\$ 937,595	\$ 1,059,498

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

D. ASSETS RESTRICTED FOR ENDOWMENT (Continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 145,494	\$ 937,595	\$ 1,083,089
Investment return:				
Investment Income	-	24,376	-	24,376
Investment Fee	-	(4,774)	-	(4,774)
Net depreciation (realized and unrealized)	-	(27,237)	-	(27,237)
Management Fee	-	(15,956)	-	(15,956)
Total investment return	-	(23,591)	-	(23,591)
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 121,903</u>	<u>\$ 937,595</u>	<u>\$ 1,059,498</u>

Endowment Net Assets Composition by Type of Fund-December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 145,494</u>	<u>\$ 937,595</u>	<u>\$ 1,083,089</u>

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

D. ASSETS RESTRICTED FOR ENDOWMENT (Continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 22,918	\$ 887,595	\$ 910,513
Investment return:				
Investment Income	-	20,311	-	20,311
Investment Fee	-	(3,046)	-	(3,046)
Net depreciation (realized and unrealized)	-	137,293	-	137,293
Management Fee	-	(31,982)	-	(31,982)
Total investment return	-	122,576	-	122,576
Contributions	-	-	50,000	50,000
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 145,494</u>	<u>\$ 937,595</u>	<u>\$ 1,083,089</u>

E. RECOGNITION OF CONTRIBUTION REVENUE:

The Foundation reports contributions received as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or terms of any donor restrictions. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets, as net assets released from restrictions. Contributions received with restrictions that are satisfied within the same year as the receipt of the contribution are classified as unrestricted contributions on the statement of activities and changes in net assets.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

F. INVESTMENTS:

Following are the aggregate carrying amounts and cost basis of investments as of December 31, 2014:

Brokerage Account	\$	<u>81,640</u>	\$	<u>1,059,498</u>	\$	<u>1,141,138</u>	\$	<u>1,133,504</u>
		<u>\$ 81,640</u>		<u>\$ 1,059,498</u>		<u>\$ 1,141,138</u>		<u>\$ 1,133,504</u>

Following are the aggregate carrying amounts and cost basis of investments as of December 31, 2013:

		<u>Investments</u>		<u>Assets Restricted for Endowment</u>		<u>Carrying Amount</u>		<u>Investments Cost Basis</u>
Brokerage Account	\$	<u>78,524</u>	\$	<u>1,083,089</u>	\$	<u>1,161,613</u>	\$	<u>1,007,071</u>
		<u>\$ 78,524</u>		<u>\$ 1,083,089</u>		<u>\$ 1,161,613</u>		<u>\$ 1,007,071</u>

Investment income is composed of the following as of December 31, 2014:

		<u>Total</u>
Dividends	\$	<u>28,358</u>
Interest Income		89
Investment Fees		<u>(5,259)</u>
Investment Income	\$	<u><u>23,188</u></u>

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

F. INVESTMENTS: (continued)

Investment income is composed of the following as of December 31, 2103:

	<u>Total</u>
Dividends	\$ 21,947
Interest Income	1,092
Investment Fees	<u>(6,490)</u>
Investment Income	\$ <u><u>16,549</u></u>

G. RELATED PARTY TRANSACTIONS AND INKIND REVENUE:

Peninsula College provided the Foundation with office space, employee support, business office support, custodial, human resources, payroll, office supplies, and other services at a cost of \$121,072 and \$77,432 for the year ended December 31, 2014 and December 31, 2013. The support received from Peninsula College has been recorded as in-kind revenue and expense in the statement of activities and changes in net assets and statement of functional expenses, respectively. The Foundation also receives donated goods and services used in college programs and for events.

H. CONCENTRATION OF CREDIT RISK:

The Foundation maintains accounts with one stock brokerage firm. The accounts contain cash and securities. Cash balances deposited at participating outside banks by the stock brokerage firm are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. Security balances are insured up to \$500,000 (with limits of \$100,000 for cash) by the Securities Investor Protection Corporation. The brokerage firm has purchased additional securities protection from London insurers with an aggregate limit of \$150 million, further limited to a combined return to any customer from SIPC and London insurers of \$50 million. The Foundation had balances in excess of the FDIC and SIPC insured amount at December 31, 2014, and 2013 of \$679,370 and \$648,836.

I. TEMPORARILY RESTRICTED NET ASSETS:

The Foundation's temporarily restricted net assets for the year ended December 31, 2014 and 2013 were available for the following purposes:

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

I. TEMPORARILY RESTRICTED NET ASSETS: (continued)

	<u>2014</u>
Scholarships	\$ 195,189
College programs and departments	67,424
Time restriction	54,164
Endowment	<u>121,903</u>
	<u>\$ 438,680</u>
	<u>2013</u>
Scholarships	\$ 168,201
College programs and departments	68,662
Time restriction	44,802
Endowment	<u>145,494</u>
	<u>\$ 427,159</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors as of December 31, 2014 and 2013, respectively, and are as follows:

	<u>2014</u>
Scholarships	\$ 144,434
College programs and departments	193,057
Time restriction	<u>17,952</u>
	<u>\$ 355,443</u>
	<u>2013</u>
Scholarships	\$ 152,432
College programs and departments	143,182
Time restriction	<u>89,062</u>
	<u>\$ 384,676</u>

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

J. PERMANENTLY RESTRICTED NET ASSETS:

The Foundation's permanently restricted net assets for the years ended December 31, 2014 and 2013, were composed of the following:

	<u>2014</u>
Exceptional faculty awards	\$ 463,000
Scholarships	<u>474,595</u>
	<u>\$ 937,595</u>
	<u>2013</u>
Exceptional faculty awards	\$ 463,000
Scholarships	<u>474,595</u>
	<u>\$ 937,595</u>

K. COMMITMENTS:

Grants and bequests require the fulfillment of certain conditions as set forth in the grant award. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the management and the board of the Foundation considers the return of such funds remote, since by accepting the gifts and their terms; it has accepted the responsibility for and intends to fulfill its conditions.

L. SUBSEQUENT EVENTS:

No events have occurred through April 13, 2015, which is the date the financial statements were available to be issued based on client facts and circumstances, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2014.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

M. LOANS RECEIVABLE:

The Foundation provides short term loans to students at Peninsula College. Loans assist students in paying for tuition, fees, and textbooks.

As the loans are short term in nature, the Foundation generally collects within 90 days. No interest is charged either on current loans or on loans outstanding greater than 90 days. The Foundation has not provided an allowance for uncollectible loans as management believes all loans are collectible. Loans receivable totaled \$9,927 and \$17,684 as of December 31, 2014 and 2013. Of that total, \$8,804 and \$13,005 in loans were outstanding greater than 90 days for the year ending December 31, 2014 and 2013.

N. CONTRIBUTIONS RECEIVABLE:

The Foundation received unconditional promises to give from numerous individuals. No allowance for uncollectible contributions has been provided as all contributions receivable are expected to be collected in less than one year. As of December 31, 2014 and 2013, total contributions receivable were \$17,390, and \$2,010, respectively.

O. FAIR VALUE MEASUREMENT:

The Foundation adopted Accounting Standards Codification 958 as of January 1, 2013. ASC 958, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 958 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2: Inputs to valuation methodology include: Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

O. FAIR VALUE MEASUREMENT (Continued):

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Foundation at year end.

Money Funds: The investments are reported at face value plus accrued interest.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2014:

Assets at Fair Value as of December 31, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutal Funds	\$ 1,127,336	\$ -	\$ -	\$ 1,127,336
Money Market Funds	-	13,802	-	13,802
Total Assets at Fair Value:	\$ <u>1,127,336</u>	\$ <u>13,802</u>	\$ <u>-</u>	\$ <u>1,141,138</u>

The Peninsula College Foundation
A Washington Non-Profit Corporation

Notes to Financial Statements

December 31, 2014 and 2013

O. FAIR VALUE MEASUREMENT (Continued):

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2013:

Assets at Fair Value as of December 31, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutal Funds	\$ 1,148,836	\$ -	\$ -	\$ 1,148,836
Money Market Funds	<u>-</u>	<u>12,777</u>	<u>-</u>	<u>12,777</u>
Total Assets at Fair Value:	\$ <u>1,148,836</u>	\$ <u>12,777</u>	\$ <u>-</u>	\$ <u>1,161,613</u>

P. UNCERTAIN TAX POSITIONS:

The Foundation files income tax returns in the U.S. federal jurisdiction. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2011. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

The Foundation adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2009. As of December 31, 2014, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.