



FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010



LANE COMMUNITY COLLEGE FOUNDATION
FINANCIAL STATEMENTS
For the Years Ended June 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lane Community College Foundation
Eugene, Oregon

We have audited the accompanying statements of financial position of Lane Community College Foundation (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lane Community College Foundation as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
September 20, 2011

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FINANCIAL STATEMENTS

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash	\$ 2,768,084	\$ 2,123,088
Prepaid expenses	6,114	19,325
Note receivable, current portion	12,850	12,224
Unconditional promises to give, current portion	<u>1,763,394</u>	<u>1,828,164</u>
 Total current assets	 <u>4,550,442</u>	 <u>3,982,801</u>
Noncurrent assets		
Investments	9,413,162	7,921,215
Note receivable, net of current portion	237,066	250,183
Unconditional promises to give, noncurrent, less allowance for uncollectibles	453,501	1,417,391
Investment in property, annuity trust	<u>787,200</u>	<u>787,200</u>
 Total noncurrent assets	 <u>10,890,929</u>	 <u>10,375,989</u>
 Total assets	 <u>\$ 15,441,371</u>	 <u>\$ 14,358,790</u>

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 20,918	\$ 72,837
Accounts payable-LCC	272,140	272,140
Current portion of obligations under split-interest agreements	110,000	110,000
Deferred revenue	<u>104,255</u>	<u>43,622</u>
Total current liabilities	507,313	498,599
Noncurrent liabilities		
Obligations under split-interest agreements	<u>424,930</u>	<u>457,753</u>
Total liabilities	<u>932,243</u>	<u>956,352</u>
Net assets		
Unrestricted	816,575	756,209
Temporarily restricted	4,944,240	4,322,094
Permanently restricted	<u>8,748,313</u>	<u>8,324,135</u>
Total net assets	<u>14,509,128</u>	<u>13,402,438</u>
Total liabilities and net assets	<u>\$ 15,441,371</u>	<u>\$ 14,358,790</u>

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2011 and 2010

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support				
Donations	\$ 213,182	\$ 1,121,520	\$ 391,354	\$ 1,726,056
Change in split-interest agreements	-	-	32,824	32,824
Net investment income	24,483	131,932	-	156,415
Net realized and unrealized gains	-	1,453,055	-	1,453,055
Special project income	93,699	113,109	-	206,808
In-kind administrative contributions by LCC	230,082	-	-	230,082
In-kind program contributions	2,699	148,954	-	151,653
Rent	-	68,360	-	68,360
Administrative fee income	198,760	-	-	198,760
Other program income	-	241,829	-	241,829
Net assets released from restrictions	<u>2,656,613</u>	<u>(2,656,613)</u>	<u>-</u>	<u>-</u>
 Total revenue and other support	 <u>3,419,518</u>	 <u>622,146</u>	 <u>424,178</u>	 <u>4,465,842</u>
 Expenses				
Program services	2,427,333	-	-	2,427,333
Management and fundraising	<u>931,819</u>	<u>-</u>	<u>-</u>	<u>931,819</u>
 Total expenses	 <u>3,359,152</u>	 <u>-</u>	 <u>-</u>	 <u>3,359,152</u>
 Change in net assets	 60,366	 622,146	 424,178	 1,106,690
 Net assets, beginning of year	 <u>756,209</u>	 <u>4,322,094</u>	 <u>8,324,135</u>	 <u>13,402,438</u>
 Net assets, end of year	 <u>\$ 816,575</u>	 <u>\$ 4,944,240</u>	 <u>\$ 8,748,313</u>	 <u>\$ 14,509,128</u>

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 155,719	\$ 1,813,531	\$ 307,042	\$ 2,276,292
-	-	(3,807)	(3,807)
3,638	163,630	-	167,268
11,417	733,158	-	744,575
79,263	165,413	-	244,676
237,434	-	-	237,434
4,945	172,955	-	177,900
-	72,509	-	72,509
233,112	-	-	233,112
-	129,817	-	129,817
5,444,733	(5,444,733)	-	-
6,170,261	(2,193,720)	303,235	4,279,776
5,210,984	-	-	5,210,984
985,603	-	-	985,603
6,196,587	-	-	6,196,587
(26,326)	(2,193,720)	303,235	(1,916,811)
782,535	6,515,814	8,020,900	15,319,249
\$ 756,209	\$ 4,322,094	\$ 8,324,135	\$ 13,402,438

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 1,106,690	\$ (1,916,811)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gains	(1,453,055)	(744,575)
(Increase) decrease in:		
Interest and other receivables	-	3,199
Prepaid expenses	13,211	(14,363)
Unconditional promises to give	1,028,660	1,863,543
Increase (decrease) in:		
Accounts payable	(51,919)	150,145
Obligations under split-interest agreements	(32,823)	3,807
Deferred revenue	<u>60,633</u>	<u>(11,003)</u>
Net cash provided (used) by operating activities	<u>671,397</u>	<u>(666,058)</u>
Cash flows from investing activities		
Proceeds from sale of investments	359,719	2,828,666
Purchase of investments	(398,611)	(274,138)
Collection of principal on notes receivable	<u>12,491</u>	<u>11,896</u>
Net cash provided (used) by investing activities	<u>(26,401)</u>	<u>2,566,424</u>
Net increase in cash	644,996	1,900,366
Cash, beginning of year	<u>2,123,088</u>	<u>222,722</u>
Cash, end of year	<u>\$ 2,768,084</u>	<u>\$ 2,123,088</u>

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2011 and 2010

	2011		
	Program Services	Management and Fundraising	Total
Functional expenses			
Scholarships	\$ 690,337	\$ -	\$ 690,337
Grants	8,598	-	8,598
Awards and stipends	9,335	-	9,335
Special project expense	-	123,729	123,729
Personnel expenses	58,589	177,522	236,111
Personnel expenses provided by LCC	-	230,082	230,082
Administrative expenses	-	297,188	297,188
Faculty support	542,914	-	542,914
Program support	321,826	-	321,826
Buildings and improvements	480,098	-	480,098
Other program expenses	166,682	-	166,682
Payments to grantors	-	103,298	103,298
Distribution of in-kind contributions	148,954	-	148,954
Total functional expenses	<u>\$ 2,427,333</u>	<u>\$ 931,819</u>	<u>\$ 3,359,152</u>

2010		
Program Services	Management and Fundraising	Total
\$ 684,994	\$ -	\$ 684,994
13,991	-	13,991
16,775	-	16,775
-	112,947	112,947
52,156	163,712	215,868
-	237,434	237,434
-	369,289	369,289
515,604	-	515,604
335,166	-	335,166
3,378,891	-	3,378,891
149,670	-	149,670
-	102,221	102,221
63,737	-	63,737
<u>\$ 5,210,984</u>	<u>\$ 985,603</u>	<u>\$ 6,196,587</u>

The accompanying notes are an integral part of these statements.

**LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Lane Community College Foundation (the Foundation) is a charitable corporation formed to encourage and involve the community in further developing educational opportunities by augmenting the facilities and functions of Lane Community College (LCC).

The Foundation receives support from the local community in the form of cash and other noncash contributions. These contributions are received from individuals, as well as from the business sector. Other sources of revenue periodically include special projects as determined by the Foundation's Board of Directors.

Basis of Accounting

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

Cash

For the purposes of the statements of cash flows, the Foundation considers cash to be all highly liquid investments available for current use with an initial maturity of three months or less. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2011 and 2010, \$2,029,479 and \$1,374,233, respectively, of cash balances were not insured by the FDIC.

Investments

Investments are carried at market or appraised value, and realized and unrealized gains and losses are reflected in the statements of activities. Gains or losses are reported as increases or decreases in the unrestricted class of net assets unless the donor places temporary or permanent restrictions on the gains and losses. Investment income is also reported as an increase in unrestricted, temporarily or permanently restricted net assets, depending on the nature of the restrictions.

Investments consist of funds that are managed by professional fund managers chosen by the Board of Trustees and are invested in U.S. Government and Agency obligations, corporate bonds, equity securities, mortgage-backed securities, money market accounts, and certificates of deposit.

Equipment

Purchased equipment is recorded at cost. Donated equipment is recorded at fair market value at the time the property is received. Expenses for maintenance and repairs are expensed, while renewals and improvements are capitalized. Depreciation is computed over the estimated useful lives of the equipment using the straight-line method.

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions are primarily from the Lane County, Oregon area.

Obligations Under Split-interest Agreements

Obligations under split-interest agreements and charitable remainder trusts are recorded when incurred at the present value, discounted at rates between 2.8 percent and 3.2 percent, of the distributions to be made to the donor-designated beneficiaries. Distributions under charitable remainder annuity trusts are fixed amounts, while distributions under charitable remainder unitrusts are a specified percentage of the trust assets' fair value determined annually. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service (IRS) and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been met, are recorded as increases/decreases in contributions in the statement of activities. The net revaluation of split-interest agreements as of June 30, 2011 and 2010, was \$32,824 and \$(3,807), respectively.

Net Assets

Net assets of the Foundation consisted of the following:

Unrestricted - These net assets are available for general obligations of the Foundation.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the Foundation. Income and capital gains may be used depending on the endowment agreement.

Endowment Fund Policy

The Board of Trustees has established guidelines for the utilization of the Endowment Fund maintained to benefit the general purposes of the Foundation. The policy sets forth that the Foundation shall accept current and deferred gifts to the Endowment Fund. The Foundation's policy is to maintain the principal of the fund in perpetuity. The policy allows up to 4 percent of the endowments fair market value based on a 3-year rolling average balance, including interest earned, to be expended in a given fiscal year as determined by the Board of Trustees.

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Endowment Fund Policy, continued

If an endowment's fair market value falls below the required minimum investment at the time the endowment was executed, the Foundation will not distribute any payout until the assets exceed that minimum. Any income not utilized in a given year may be retained for future use according to the endowment's established purpose or reinvested in the endowment's principal. The Foundation's Board of Trustees is responsible for determining the annual distribution percentage and the method of calculation as deemed to be in the best interest of the Endowment Fund.

Endowment Fund assets are pooled in the Foundation's Endowment Fund and managed by professional investment firms. The goal of the Endowment Fund is to maintain the principal with sufficient returns to both grow the Endowment Fund and meet the income requirements for annual distributions to support the Endowment Fund's established purpose such as providing annual scholarships. The Endowment Fund's investment strategy is a conservative growth model which includes stocks, bonds, mutual funds, real estate investment trust, and other assets.

Contributions

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

Donated Administrative Support

Donated administrative support received from LCC is recorded as revenue. This type of support is also recorded as an expense in the accompanying statements of activities, except for donated equipment, which was capitalized by the Foundation. LCC provides for a portion of the Foundation's operating budget, including a percentage of salaries and related expenses.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Foundation allocates expense as the donated assets are used to the appropriate program or supporting service.

Functional Expenses

Expenses for the Foundation are summarized according to function classification of program services and support services. The Foundation's purpose is entirely fundraising; therefore, this amount is not separately stated in support services.

Program Services - Costs that are identifiable with a program and are clearly described by that program.

Support Services - Management, general, and fundraising expenses.

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Advertising Expenses

Advertising expenses are expensed when incurred. Advertising costs totaled \$688 and \$2,030 for the years ended June 30, 2011 and 2010, respectively.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue and expenses. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a charitable organization exempt from payment of federal income taxes and Oregon excise taxes. All filing requirements of Internal Revenue Code (IRC) Section 501(c)(3) and Oregon Revised Statutes (ORS) 128.670 have been met. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(iv).

2. Investments

Substantially all of the Foundation's investments are held in a pooled account managed by a professional fund manager selected by the Board of Directors. Investment management fees are recorded when incurred. At June 30, the summary of investments was as follows:

	2011	2010
Money market/cash management accounts	\$ 100,340	\$ 182,063
Equity securities	6,251,618	5,075,262
U.S. Government and Agency obligations	710,323	637,739
Corporate bonds	<u>2,350,881</u>	<u>2,026,151</u>
Total investments	<u>\$ 9,413,162</u>	<u>\$ 7,921,215</u>

Temporarily restricted investment income has been reduced by investment expenses of \$61,802 in 2011 and \$55,918 in 2010.

At June 30, net realized and unrealized gains (losses) were as follows:

	2011	2010
Net realized losses	\$ (12,100)	\$ (398,699)
Net unrealized gains	<u>1,465,155</u>	<u>1,143,274</u>
	<u>\$ 1,453,055</u>	<u>\$ 744,575</u>

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

3. Note Receivable

At June 30, note receivable consisted of the following:

	<u>2011</u>	<u>2010</u>
Promissory note, interest at 4.89%, monthly payments of \$2,087 plus property taxes until 2025, secured by real estate.	\$ 249,916	\$ 262,407
Current portion	<u>(12,850)</u>	<u>(12,224)</u>
Note receivable, net current portion	<u>\$ 237,066</u>	<u>\$ 250,183</u>

All notes receivable are considered fully collectible.

4. Unconditional Promises to Give

At June 30, unconditional promises to give consisted of the following:

	<u>2011</u>	<u>2010</u>
Unrestricted promises to give	\$ 169,667	\$ 112,815
Temporarily restricted promises to give	2,039,108	3,133,907
Permanently restricted promises to give	180,413	252,256
Allowance for uncollectible promises to give	<u>(23,705)</u>	<u>-</u>
	2,365,483	3,498,978
Unamortized discount	<u>(148,588)</u>	<u>(253,423)</u>
Unconditional promises to give, net	<u>\$ 2,216,895</u>	<u>\$ 3,245,555</u>
Amounts due in:		
Less than one year	\$ 1,763,394	\$ 1,828,164
One to five years	<u>453,501</u>	<u>1,417,391</u>
	<u>\$ 2,216,895</u>	<u>\$ 3,245,555</u>

The unconditional promises to give unamortized discount has been discounted using a range of 3.25 percent to 5.00 percent for the years ended June 30, 2011 and 2010.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010, of \$4,944,420 and \$4,322,094, respectively, consisted of tuition scholarships and student support.

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

6. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2011 and 2010, of \$8,748,313 and \$8,324,135, respectively, consisted of endowment funds, which are permanently restricted as stipulated by the donors.

7. Endowment Fund

At June 30, the Endowment Fund consisted of the following:

	<u>2011</u>	<u>2010</u>
Temporary restricted earnings	\$ 1,417,072	\$ 308,754
Permanently restricted	<u>8,748,313</u>	<u>8,324,135</u>
 Total Endowment Fund	 <u>\$ 10,165,385</u>	 <u>\$ 8,632,889</u>

A summary of Endowment Fund activity was as follows:

	<u>2011</u>	<u>2010</u>
Balance, July 1	\$ 8,632,889	\$ 7,906,650
Contributions	<u>424,178</u>	<u>303,235</u>
Other income	<u>60,000</u>	<u>60,000</u>
Appropriated expenditures	<u>(597,745)</u>	<u>(573,422)</u>
Investment returns:		
Unrealized gain on endowment	1,465,155	1,143,274
Return on endowment investments	<u>180,908</u>	<u>(206,848)</u>
 Investment returns, net	 <u>1,646,063</u>	 <u>936,426</u>
 Balance, June 30	 <u>\$ 10,165,385</u>	 <u>\$ 8,632,889</u>

8. Special Projects

The Foundation sponsored special project events with the following income and expenses:

	<u>2011</u>	<u>2010</u>
Project income	\$ 206,808	\$ 244,676
Project expenses	<u>(123,729)</u>	<u>(112,947)</u>
 Special projects, net	 <u>\$ 83,079</u>	 <u>\$ 131,729</u>

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

9. In-kind Administrative Contributions by LCC

At June 30, in-kind administrative contributions by LCC consisted of the following:

	2011	2010
Personnel expenses provided by LCC	\$ 230,082	\$ 237,434
Total in-kind administrative contributions by LCC	<u>\$ 230,082</u>	<u>\$ 237,434</u>

10. Split-interest Agreements

At June 30, total assets held under the split-interest agreements consisted of the following:

	2011	2010
Investments	\$ 672,714	\$ 610,090
Land and buildings	<u>787,200</u>	<u>787,200</u>
Total assets held under split-interest agreements	<u>\$ 1,459,914</u>	<u>\$ 1,397,290</u>

11. Net Assets Released from Restrictions

During 2011 and 2010, net assets in the amount of \$2,656,613 and \$5,444,733, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

12. Deferred Payment Charitable Gift Annuity Agreement

During 2005, the Foundation entered into an annuity agreement with a donor. The donor contributed \$10,168 in stock which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. Payments will begin no earlier than the 63rd year (year 2010) of the donor and no later than the 67th year (year 2014). These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	2011	2010
Gift amount	\$ 10,168	\$ 10,168
Estimated annuity liability	<u>(9,030)</u>	<u>(6,349)</u>
Net present value of charitable gift	<u>\$ 1,138</u>	<u>\$ 3,819</u>

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

12. Deferred Payment Charitable Gift Annuity Agreement, continued

During 2010, the Foundation entered into an annuity agreement with a donor. The donor contributed \$20,000 in cash which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	2011	2010
Gift amount	\$ 20,000	\$ 20,000
Estimated annuity liability	<u>(12,283)</u>	<u>(11,561)</u>
Net present value of charitable gift	<u>\$ 7,717</u>	<u>\$ 8,439</u>

13. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the entity's various financial instruments. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB ASC 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with FASB ASC 820, the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

LANE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

13. Fair Value Measurements, continued

Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair value of assets measured on a recurring basis at June 30, 2011 and 2010, was as follows:

Assets at Fair Value as of June 30, 2011				
	Level 1	Level 2	Level 3	Total
Investments	\$ 9,413,162	\$ -	\$ -	\$ 9,413,162
Investments in property, annuity trust	-	787,200	-	787,200
	<u>\$ 9,413,162</u>	<u>\$ 787,200</u>	<u>\$ -</u>	<u>\$ 10,200,362</u>
Assets at Fair Value as of June 30, 2010				
	Level 1	Level 2	Level 3	Total
Investments	\$ 7,921,215	\$ -	\$ -	\$ 7,921,215
Investments in property, annuity trust	-	787,200	-	787,200
	<u>\$ 7,921,215</u>	<u>\$ 787,200</u>	<u>\$ -</u>	<u>\$ 8,708,415</u>

14. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position as potential subsequent events. Management has performed this evaluation through the date of the auditor's report.

15. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications do not affect previously recorded net asset.