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GREAT VALLEY MUSEUM FOUNDATION

Modesto, California

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

June 30, 2013 and 2012

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June 30, 2013 and 2012

Great Valley Museum Foundation

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MATSON
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Great Valley Museum Foundation
Modesto, California

We have audited the accompanying financial statements of Great Valley Museum Foundation (the Foundation), a nonprofit organization, which comprise the statements of financial position as of June 30, 2013 and 2012; 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.

Auditors' Responsibility

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 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 auditors' 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 Foundation'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 Foundation'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 Foundation as of June 30, 2013 and 2012, 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.

November 18, 2013
Chico, California

STATEMENTS OF FINANCIAL POSITION*Great Valley Museum Foundation*

June 30	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 313,030	\$ 106,096
Accounts receivable	20,202	-
Contributions receivable	-	38,833
Inventory	8,619	9,064
Total Current Assets	341,851	153,993
NONCURRENT ASSETS		
Collections	86,996	86,996
Investments	144,279	137,156
Total Noncurrent Assets	231,275	224,152
Total Assets	\$ 573,126	\$ 378,145
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,531	\$ 1,663
Due to Yosemite Community College District	66,184	2,428
Amounts held in trust for others	12,955	5,500
Total Current Liabilities	82,670	9,591
NET ASSETS		
Unrestricted	286,834	164,932
Temporarily restricted	86,455	86,455
Permanently restricted	117,167	117,167
Total Net Assets	490,456	368,554
Total Liabilities and Net Assets	\$ 573,126	\$ 378,145

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

STATEMENTS OF ACTIVITIES*Great Valley Museum Foundation*

Page 1 of 2

Year Ended June 30, 2013	Unrestricted	Temporarily	Restricted Permanently	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 181,817	\$ -	\$ -	\$ 181,817
Nature shop	10,262	-	-	10,262
Fundraising events - net	8,034	-	-	8,034
Other revenue	124	-	-	124
Investment income	5,526	3,699	-	9,225
Released from restriction	3,699	(3,699)	-	-
Total Revenues and Other Support	209,462	-	-	209,462
FUNCTIONAL EXPENSES				
Program services	50,768	-	-	50,768
Management and general	36,792	-	-	36,792
Total Functional Expenses	87,560	-	-	87,560
Changes in Net Assets	121,902	-	-	121,902
Net Assets - Beginning of Year	164,932	86,455	117,167	368,554
Net Assets - End of Year	\$ 286,834	\$ 86,455	\$ 117,167	\$ 490,456

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

STATEMENTS OF ACTIVITIES*Great Valley Museum Foundation*

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<u>Year Ended June 30, 2012</u>	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions	\$ 26,162	\$ -	\$ -	\$ 26,162
Nature shop	13,719	-	-	13,719
Fundraising events - net	19,994	-	-	19,994
Investment income (loss)	(16,058)	1,115	-	(14,943)
Released from restriction	1,115	(1,115)	-	-
Total Revenues and Other Support	44,932	-	-	44,932
FUNCTIONAL EXPENSES				
Program services	50,855	-	-	50,855
Management and general	36,847	-	-	36,847
Total Functional Expenses	87,702	-	-	87,702
Changes in Net Assets	(42,770)	-	-	(42,770)
Net Assets - Beginning of Year	207,702	86,455	117,167	411,324
Net Assets - End of Year	\$ 164,932	\$ 86,455	\$ 117,167	\$ 368,554

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

STATEMENTS OF FUNCTIONAL EXPENSES

Great Valley Museum Foundation

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Year Ended June 30, 2013	Program Services		Total	Management and General	Total Expenses
	Museum	Nature Shop	Program Services		
Operating expense	\$ 38,328	\$ 5,000	\$ 43,328	\$ 36,792	\$ 80,120
Capital expenditures	1,078	-	1,078	-	1,078
Cost of goods sold	-	6,362	6,362	-	6,362
Total	\$ 39,406	\$ 11,362	\$ 50,768	\$ 36,792	\$ 87,560

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

STATEMENTS OF FUNCTIONAL EXPENSES

Great Valley Museum Foundation

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Year Ended June 30, 2012	Program Services		Total	Management and General	Total
	Museum	Nature Shop	Program Services		Expenses
Operating expense	\$ 36,847	\$ 5,000	\$ 41,847	\$ 36,847	\$ 78,694
Capital expenditures	1,012	-	1,012	-	1,012
Cost of goods sold	-	7,996	7,996	-	7,996
Total	\$ 37,859	\$ 12,996	\$ 50,855	\$ 36,847	\$ 87,702

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

STATEMENTS OF CASH FLOWS*Great Valley Museum Foundation*

Years Ended June 30	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 121,902	\$ (42,770)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized gain on investments	(3,421)	(1,219)
Unrealized (gain) loss on investments	(2,601)	19,957
Changes in:		
Accounts receivable	(20,202)	146
Contributions receivable	38,833	50,000
Inventory	445	12
Accounts payable	1,868	1,273
Due to Yosemite Community College District	63,756	(55,825)
Amounts held in trust for others	7,455	5,500
Net Cash Provided (Used) by Operating Activities	208,035	(22,926)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of investments	(1,101)	(1,243)
Net Increase (Decrease) in Cash	206,934	(24,169)
Cash - Beginning of Year	106,096	130,265
Cash - End of Year	\$ 313,030	\$ 106,096

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

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Great Valley Museum Foundation (the Foundation) is a nonprofit public benefit corporation whose specific and primary purpose is the procurement and extension of financial support toward the maintenance and modification of the Great Valley Museum of Natural History's (the Museum's) facilities which includes a nature gift shop. The Foundation is a part of the Yosemite Community College District (the District), and provides higher education instruction in Modesto, California, and the surrounding area. The Foundation is included as a component unit in the District's financial statements.

Basis of Presentation Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets 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 statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents The Foundation maintains its cash balance in one financial institution, and at times, the balance may exceed the Federal Deposit Insurance Corporation insurance limit of \$250,000. The Foundation at times may include in its depository account cash that has been restricted as to its use by donors. At June 30, 2013, cash exceeded federally insured limits by \$63,030.

Fair Value Measurements The Foundation accounts for certain assets and liabilities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*. The Foundation measures some assets for fair value on a recurring basis as described in note 1. The Foundation may be required, from time to time, to measure certain assets and liabilities at fair value on a non-recurring basis. The Foundation had no assets that were required to be measured on a non-recurring basis as of June 30, 2013 and 2012.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

- Level 1:* Quoted market prices for identical instruments traded in active exchange markets.
- Level 2:* Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3:* Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2013.

Money Market Funds: Amounts are interest-bearing deposit accounts, which at times may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Debt and Fixed Income Securities: Corporate and municipal bonds and other debt and fixed income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value.

Equity Securities: Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Each investor in the mutual fund will typically receive units of participation in the mutual fund. These units are valued daily, based on the underlying securities owned by the mutual fund, which are usually publicly traded equity securities.

Contributions Receivable: Amounts are carried at the fair market value of the interests as of the dates the interests were donated and are periodically adjusted upon the performance of an appraisal.

Endowment Investment and Spending Policies The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Foundation has adopted an investment policy 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 these endowment assets over the long term. The Foundation's investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on money market funds, mutual funds, bond funds, and equity based investments to achieve its long-term return objective within prudent risk parameters.

Collections The Foundation capitalized its collections. Accessions are capitalized at cost, if purchased and at appraised or fair value, at date of accession if received by donation. Gains and losses on deaccessions of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation.

Accounts Receivable The Foundation utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2013 and 2012.

Contributions Receivable The Foundation utilizes the allowance method of accounting for uncollectible contributions receivable. No allowance was necessary at June 30, 2013 and 2012.

Inventory Inventory is stated at cost and consists of items available for resale in the nature shop of the Museum.

Amounts Held in Trust for Others The Foundation administers funds raised for the Modesto Junior College Science Community Center periodic table. The liability represents the amount of funds held for this exhibit.

Restricted and Unrestricted Revenue and Support Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature 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 restriction expires (that is, when a stipulated time restriction ends or purpose restrictions are accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

Functional Allocation of Expenses The costs of providing the various activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes The Foundation is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and Section 23701(d) of the *California Revenue and Taxation Code*. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2009 and beyond, and the California returns for tax years 2008 and beyond, remain subject to examination by the taxing authorities.

The Foundation adopted FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

Subsequent Events Management has evaluated subsequent events through November 18, 2013, the date on which the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 and 2012

Great Valley Museum Foundation

2. FAIR VALUES

The following schedules break down the assets at fair value, by level within the fair value hierarchy as of June 30, 2013 and 2012.

June 30, 2013	Level 1	Level 2	Level 3	Total
CASH AND CASH EQUIVALENTS				
Money market funds	\$ 276,650	\$ -	\$ -	\$ 276,650
INVESTMENTS				
Debt and fixed income securities:				
Mortgage backed securities	22,624	-	-	22,624
Corporate	19,851	-	-	19,851
U.S. Treasury	16,682	-	-	16,682
International Treasury	3,322	-	-	3,322
Mutual funds by investment objective:				
Blend	63,160	-	-	63,160
Pooled investments:				
Index funds	18,640	-	-	18,640
Total Investments	144,279	-	-	144,279
Contributions Receivable	-	-	-	-
Total Assets at Fair Value	\$ 420,929	\$ -	\$ -	\$ 420,929
 June 30, 2012	 Level 1	 Level 2	 Level 3	 Total
CASH AND CASH EQUIVALENTS				
Money market funds	\$ 25,626	\$ -	\$ -	\$ 25,626
INVESTMENTS				
Debt and fixed income securities:				
Mortgage backed securities	30,038	-	-	30,038
Corporate	21,459	-	-	21,459
U.S. Treasury	12,573	-	-	12,573
International Treasury	3,252	-	-	3,252
Mutual funds by investment objective:				
Blend	49,974	-	-	49,974
Value	8,309	-	-	8,309
Other	1,552	-	-	1,552
Pooled investments:				
Index funds	9,999	-	-	9,999
Total Investments	137,156	-	-	137,156
Contributions Receivable	-	-	38,833	38,833
Total Assets at Fair Value	\$ 162,782	\$ -	\$ 38,833	\$ 201,615

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 and 2012

Great Valley Museum Foundation

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended June 30, 2013 and 2012. This change is included in unrestricted investment income in the statements of activities.

	Contributions Receivable
Balance - June 30, 2011	\$ 105,330
Unrealized gain	(16,497)
Contributions received	(50,000)
Balance - June 30, 2012	38,833
Contributions received	(38,833)
Balance - June 30, 2013	\$ -

Level 1 investment income and loss, and its classification in the statements of activities, is as follows for the years ended:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2013				
Dividends and interest	\$ 2,146	\$ 1,057	\$ -	\$ 3,203
Realized gain	3,421	-	-	3,421
Unrealized loss	(41)	2,642	-	2,601
Total	\$ 5,526	\$ 3,699	\$ -	\$ 9,225

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2012				
Dividends and interest	\$ 2,341	\$ 1,454	\$ -	\$ 3,795
Realized gain	1,219	-	-	1,219
Unrealized gain	(19,618)	(339)	-	(19,957)
Total	\$ (16,058)	\$ 1,115	\$ -	\$ (14,943)

3. RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 and 2012, consisted of the following:

	2013	2012
Capital projects	\$ 62,455	\$ 62,455
Collections	24,000	24,000
Total Temporarily Restricted Net Assets	\$ 86,455	\$ 86,455

Permanently restricted net assets consisted of endowment funds of \$117,167 at June 30, 2013 and 2012.

4. ADMINISTRATIVE EXPENSES

The District provides certain administrative and fiscal services to the Foundation in a service and advisory capacity.

The Foundation has a financial agreement with the District to cover operating costs of the Museum. This agreement requires the Foundation to distribute to the District the first \$78,000 of its annual income, payable in semi-annual installments of \$39,000. The \$78,000 is an estimate of the expenses required to operate the Museum and is included in the functional expenses.