

Blinn College Foundation, Inc.

Financial Statements

with

Independent Auditors' Report

August 31, 2014 and 2013

BLINN COLLEGE FOUNDATION
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August 31, 2014 and 2013

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SEIDEL, SCHROEDER & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Blinn College Foundation, Inc.

We have audited the accompanying financial statements of Blinn College Foundation, Inc. (a Texas Non-Profit Corporation), which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

Basis for Qualified Opinion

As explained in Note 9 to the financial statements, the Foundation has not recognized split interests in two charitable remainder trusts in the accompanying financial statements. In our opinion, the Foundation's financial statements should include the beneficial interest in the charitable remainder trusts to conform with accounting principles generally accepted in the United States of America. The effects on the accompanying financial statements of the preceding practice are not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of not recording the split interest in the charitable remainder trusts as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Blinn College Foundation, Inc. as of August 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brenham, Texas
December 1, 2014

Sindel, Smeester & Company

BLINN COLLEGE FOUNDATION, INC.
Statements of Financial Position
August 31, 2014 and 2013

ASSETS	2014	2013
Current assets:		
Cash	\$ 599,000	\$ 653,878
Unconditional promises to give	1,282,676	1,373,348
Total current assets	<u>1,881,676</u>	<u>2,027,226</u>
Restricted assets:		
Cash	1,209,314	1,178,570
Investments	6,640,769	4,611,162
Total restricted assets	<u>7,850,083</u>	<u>5,789,732</u>
Long-term unconditional promises to give:		
Total face-value of promises	1,783,496	1,785,516
Less amount classified as current	(1,282,676)	(1,373,348)
Net long-term unconditional promises to give	<u>500,820</u>	<u>412,168</u>
Other assets:		
Oil/gas royalty interest	<u>10,000</u>	<u>10,000</u>
Total assets	<u>\$ 10,242,579</u>	<u>\$ 8,239,126</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 40,815	\$ 91,000
Total liabilities	<u>40,815</u>	<u>91,000</u>
Net assets:		
Unrestricted	111,518	192,503
Temporarily restricted net assets	4,693,006	3,524,669
Permanently restricted net assets	<u>5,397,240</u>	<u>4,430,954</u>
Total net assets	<u>10,201,764</u>	<u>8,148,126</u>
Total liabilities and net assets	<u>\$ 10,242,579</u>	<u>\$ 8,239,126</u>

See accompanying notes to financial statements.

BLINN COLLEGE FOUNDATION, INC.
Statement of Activities
For the Year Ended August 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Public support and revenues</u>				
Donations	\$ 36,644	\$ 879,837	\$ 966,286	\$ 1,882,767
Fundraising	-	15,670	-	15,670
Investment income	9,852	613,123	-	622,975
Oil/Gas royalty	665	-	-	665
Net assets released from purpose restrictions	340,293	(340,293)	-	-
Total public support and revenues	387,454	1,168,337	966,286	2,522,077
<u>Expenses</u>				
Program services:				
Expenditures for the benefit of Blinn College	289,582	-	-	289,582
Scholarships	149,421	-	-	149,421
Support services:				
Administrative expenses	21,596	-	-	21,596
Fundraising	7,840	-	-	7,840
Total expenses	468,439	-	-	468,439
Change in net assets	(80,985)	1,168,337	966,286	2,053,638
Net assets - beginning of year	192,503	3,524,669	4,430,954	8,148,126
Net assets - end of year	\$ 111,518	\$ 4,693,006	\$ 5,397,240	\$ 10,201,764

See accompanying notes to financial statements.

BLINN COLLEGE FOUNDATION, INC.

Statement of Activities

For the Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public support and revenues</u>				
Donations	\$ 67,200	\$ 3,016,498	\$ 232,649	\$ 3,316,347
Investment income	6,470	115,776	-	122,246
Oil/Gas royalty	733	-	-	733
Endowment of temporarily restricted net assets	-	(13,775)	13,775	-
Net assets released from purpose restrictions	558,283	(558,283)	-	-
Total public support and revenues	<u>632,686</u>	<u>2,560,216</u>	<u>246,424</u>	<u>3,439,326</u>
<u>Expenses</u>				
Program services:				
Expenditures for the benefit of Blinn College	287,983	-	-	287,983
Scholarships	402,600	-	-	402,600
Support services:				
Administrative expenses	21,632	-	-	21,632
Total expenses	<u>712,215</u>	<u>-</u>	<u>-</u>	<u>712,215</u>
Change in net assets	(79,529)	2,560,216	246,424	2,727,111
Net assets - beginning of year	272,032	964,453	4,184,530	5,421,015
Net assets - end of year	<u>\$ 192,503</u>	<u>\$ 3,524,669</u>	<u>\$ 4,430,954</u>	<u>\$ 8,148,126</u>

See accompanying notes to financial statements.

BLINN COLLEGE FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended August 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,053,638	\$ 2,727,111
Adjustments to reconcile to net cash provided (used) by operating activities:		
Unrealized (gain) loss on investments	(496,376)	(17,439)
Noncash contributions	-	(406,111)
Interest and dividends reinvested	(451)	-
Increase (decrease) in cash resulting from changes in assets and liabilities:		
Unconditional promises to give	2,020	(1,730,594)
Accounts payable	(50,185)	47,665
Net cash provided (used) by operating activities	1,508,646	620,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	-	(100,000)
Redemption of certificates of deposit	-	101,108
(Increase) decrease in restricted cash	(30,744)	204,325
Purchase of investments	(3,838,614)	(1,429,449)
Proceeds from sales of investments	2,305,383	742,930
Net cash provided (used) by investing activities	(1,563,975)	(481,086)
Net increase (decrease) in cash and equivalents	(55,329)	139,546
Cash and cash equivalents at beginning of year	553,878	414,332
Cash and cash equivalents at end of year	\$ 498,549	\$ 553,878
Reconciliation to statements of financial position:		
Cash	\$ 599,000	\$ 653,878
Less: Certificates of deposits with original maturities greater than three months	100,451	100,000
Cash and cash equivalents	\$ 498,549	\$ 553,878

See accompanying notes to financial statements.

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

1. Summary of significant accounting policies

History

Blinn College Foundation, Inc. is a public, not for profit 501(c)(3) organization. The Foundation was originally incorporated in September 1990 under the name Blinn Endowment Fund, Incorporated. The Secretary of the State issued a Certificate of Restated Articles of Incorporation for Blinn College Foundation, Inc., formerly known as Blinn Endowment Fund, Incorporated, on November 6, 2000.

Mission

The purposes for which the Corporation is organized and operated are exclusively charitable and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or future corresponding revenue laws of the United States. In accomplishment of such purposes, the Corporation will:

1. Provide support for programs and activities that enhance the quality of education for Blinn College students;
2. Expand the educational opportunities for the communities in which Blinn College operates by raising funds for scholarships, capital projects, educational programs, and other related activities;
3. Heighten community awareness of the mission and accomplishments of the college;
4. Promote excellence in education; and
5. Perform such other functions as may be necessary or appropriate to fulfill the purposes of the Corporation.

Structure of Organization

Blinn College Foundation, Inc. is a non-profit corporation organized under the laws of the State of Texas, which has no members within the meaning of the Texas Non-Profit Corporation Act, TEX. REV CIV STAT ANN. ART. 1396 (Vernon 1997) (the "Act).

Basis of accounting

The financial statements of the Blinn College Foundation, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

Unrestricted net assets – Net assets 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.

As permitted by the statement, the organization does not use fund accounting.

Programs

Programs are established to comply with the intent of the donor. All contributions, which contain restrictions, are classified as temporarily restricted net assets. These amounts are tracked, by the individual programs, until fully expended. The individual programs are classified in the note which provides details on temporarily restricted net assets. Categories of major programs, during the period covered by these financial statements were:

1. Scholarships for students attending Blinn College
2. Various programs and activities of Blinn College

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Bad Debts

The Foundation uses the allowance method to determine uncollectible unconditional promises received. The allowance is based on prior years' experience and management's analysis of specific promises made. Donations are reported net of bad debts.

Contributed Services

For the years covered in this report, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

Estimates

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

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Expenditures for additions, major renewal, and betterments are capitalized, while maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over estimated useful lives.

Capitalization Policy

The capitalization threshold for fixed asset expenditures is \$1,000.

Advertising Costs

Advertising costs are expensed as incurred. For the years ending August 31, 2014 and 2013, there were none.

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

Income Taxes

The Foundation is exempt from income taxes under Section 501c(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation has no unrelated business income.

Grants Payable

Grants payable represents all unconditional grants that have been authorized prior to year end, but remain unpaid as of the statement of financial position date.

Endowment Investment and Spending Policies

The Foundation Board of Directors has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of the Foundation's governing documents, the Foundation Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

The Foundation has adopted investment and spending policies, approved by the Foundation Board of Directors, 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 those endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary. 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 records changes in market values in donor-restricted endowment funds in temporarily restricted net assets to the extent there is net appreciation on related funds with donor-imposed temporary restrictions. Any remaining decline in market value in excess of amounts classified as temporarily restricted is recorded as a reduction in permanently restricted net assets. Subsequent gains are recorded as increases in permanently restricted net assets until the total amount of the gains offsets the amount of

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

the losses previously recorded as decreases in permanently restricted net assets and then are recorded according to donor- restriction placed on endowment.

2. Cash and cash equivalents

Cash and cash equivalents consist of unrestricted checking accounts, money market accounts, savings accounts and CDs with original maturities less than three months at local financial institutions. For the purpose of the statement of cash flows, restricted cash and cash equivalents are excluded.

3. Investments

The Foundation carries investments in marketable securities with readily determinable fair values at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investments in marketable securities are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at August 31:

	2014	2013
Equity securities	\$ 1,876,868	\$ 2,108,563
Short options	(25,241)	(6,172)
Mutual funds	4,789,142	2,508,771
	<u>\$ 6,640,769</u>	<u>\$ 4,611,162</u>

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Investment return consists of the following as of August 31:

	2014	2013
Interest and dividend income	\$ 168,737	\$ 138,118
Net gain (loss) on investments	496,376	17,439
Management fees	(42,138)	(33,311)
	<u>\$ 622,975</u>	<u>\$ 122,246</u>

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

4. Concentration of credit risk arising from cash deposits in excess of insured limits

At August 31, 2014, the Foundation had cash deposits in excess of Federal Deposit Insurance Corporation insurance of approximately \$983,000.

5. Permanently Restricted Net Assets

Permanently restricted net assets are those that the donor stipulates must be maintained by the Organization in perpetuity. Permanently restricted net assets consist of endowments established for the benefit of the following at August 31:

	<u>2014</u>	<u>2013</u>
Performing Arts Center	\$ 109,265	\$ 109,265
Foundation Endowed Scholarships	5,287,975	4,321,689
Total Permanently Restricted Net Assets	<u>\$ 5,397,240</u>	<u>\$ 4,430,954</u>

Changes in endowment net assets for the year ending August 31 are as follows:

	<u>2014</u>	<u>2013</u>
Endowment net assets, beginning of year	\$ 4,430,954	\$ 4,184,530
Reclassification	-	13,775
Contributions	966,286	232,649
Endowment net assets, end of year	<u>\$ 5,397,240</u>	<u>\$ 4,430,954</u>

6. Unconditional Promises to Give

Unconditional promises to give at August 31 are as follows:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 1,293,439	\$ 1,373,904
Receivable in one to five years	502,850	414,850
Total unconditional promises to give	<u>1,796,289</u>	<u>1,788,754</u>
Less unamortized discount	(1,873)	(864)
Less allowance for uncollectible promises	<u>(10,920)</u>	<u>(2,374)</u>
Net unconditional promises to give	<u>\$ 1,783,496</u>	<u>\$ 1,785,516</u>

BLINN COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

August 31, 2014 and 2013

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. All temporarily restricted net assets of this Organization are based on purpose restrictions.

The following is a summary of temporarily restricted net assets classified by purpose restrictions:

	BALANCE AS OF AUGUST 31, 2012	CONTRIBUTIONS RESTRICTED BY PURPOSE RESTRICTIONS	AMOUNTS RELEASED FROM RESTRICTIONS	RECLASSIFICATION OF RESTRICTIONS	BALANCE AS OF AUGUST 31, 2013	CONTRIBUTIONS RESTRICTED BY PURPOSE RESTRICTIONS	AMOUNTS RELEASED FROM RESTRICTIONS	BALANCE AS OF AUGUST 31, 2014
Accounting Dept. Gift	\$ 4,396	\$ -	\$ -	\$ -	\$ 4,398	\$ -	\$ -	\$ 4,396
ADN Nursing Bryan Campus	50	-	-	-	60	-	-	50
Agriculture Complex Fund	86,050	-	-	-	86,050	12,500	-	98,550
Athletics - Baseball Scoreboard	25,000	40,825	(61,918)	-	3,707	3,125	-	6,832
Athletics - Baseball/Softball Facility	-	-	-	-	-	500,000	-	500,000
Athletics - Brenham	27,737	5,330	(10,933)	-	22,134	56,814	(34,472)	43,476
Athletics - Scoreboard Project	48,887	35,000	(14,866)	-	69,021	-	(5,360)	63,661
Athletics - Bucanear Backers	-	3,850	(1,533)	-	2,317	11,592	(5,692)	8,217
Barbara Pearson Fund	2,005	-	-	-	2,005	-	-	2,005
Ben & Betsy Fletcher	-	15,000	-	-	15,000	-	-	15,000
Ben Boenke Memorial Fund	8,115	11,885	-	(20,000)	-	-	-	-
Bill Nix Memorial Fund	405	-	-	-	405	-	-	405
Biology Dept. Bryan	11,863	21,321	(8,933)	-	24,251	15,806	(13,990)	26,057
Blinn Aquatic Center	704	-	-	-	704	-	-	704
Blinn College Library	541	-	-	-	541	-	-	541
Blinn Endowed Scholarships	526	257,914	(257,300)	-	1,140	63,737	(63,733)	1,144
Blinn Treasures	775	-	-	-	775	500	(1,275)	-
Brenham Chorale	1,090	-	(300)	-	790	-	-	790
Bryan Gifts Certificates	480	-	-	-	480	-	-	480
Capital Needs - Brenham	28,948	-	-	-	28,948	-	(569)	28,359
Capital Needs - Bryan	16,350	-	-	-	16,350	-	-	16,350
Chaeleaders Fund	208	-	-	-	208	7,050	(7,166)	92
Chemistry Dept. Bryan	17,032	13,628	(10,174)	-	20,486	13,354	(2,000)	31,840
Chemistry Recruitment and Retention	293	-	-	-	293	-	-	293
Choir Department	500	-	-	-	500	-	-	500
Choral/Vocal Department	577	250	-	-	827	-	-	827
Dental Hygiene	1,868	500	-	-	2,368	-	-	2,368
Department Head Scholarship	-	-	-	-	-	100	-	100
Designated Gifts	-	-	-	-	-	76,132	(5,132)	71,000
Donald E. Voeller Scholarship Fund	-	50	-	6,228	6,278	2,675	-	8,953
EF and Bertha Kruse	-	2,300,000	-	-	2,300,000	4,730	-	2,304,730
Edna Moeller Memorial Fund	25	50	-	-	75	-	-	75
English Honors Award	1,600	-	-	-	1,600	-	-	1,600
Ernia Koy Family Scholarship	1,000	1,000	-	-	2,000	-	-	2,000
Foundation Endowed Scholarship Interest	159,366	95,939	(25,300)	-	230,005	151,544	(23,300)	358,249
Foundation Scholarships - Brenham	200	3,000	-	-	3,200	-	-	3,200
Foundation Scholarships - Bryan	5,050	-	(300)	-	4,750	-	-	4,750
Fundraising	-	-	-	-	-	15,670	(7,840)	7,830
Geology Dept. - Brenham	500	-	-	-	500	-	(500)	-
Granger Community Scholarship	-	15,000	-	-	15,000	-	(5,000)	10,000
Ground Force Building Scholarship	2,500	-	-	-	2,500	-	-	2,500
Health Science Fair	100	-	-	-	100	-	-	100
Hodde Tech Center Fund	2,272	100,500	-	-	102,772	6,000	(62,622)	46,150
Home Instead Scholarship	2,169	-	-	-	2,169	-	-	2,169
Ina Eckert Vocational Nursing Schol.	-	500	(500)	-	-	750	(750)	-
Interest on TDA Investment	-	-	-	-	-	3,611	-	3,611
Jane Boehnemann Endowment	-	3,783	-	-	3,783	7,634	-	11,417
Jane Boehnemann - Not Endowed	-	-	-	-	-	1,005	(1,000)	5
Jean Goodman Scholarship	-	-	-	-	-	380	-	380
Larry Campbell Music Scholarship	-	1,200	-	-	1,200	-	-	1,200
Letterman - Schwarzl	2,125	-	-	-	2,125	500	(2,013)	612
Lions District 2-S5 Scholarship	2,864	-	-	-	2,864	5,881	-	8,745
Machat Music Facility	5,566	-	-	-	5,566	-	-	5,566
Margie Kovar Memorial Fund	1,855	-	-	-	1,855	-	-	1,855
Michael Kimbro	1,035	-	-	-	1,035	-	-	1,035
Museum Asa Hoxley Papers	11,050	22,518	(33,568)	-	-	-	-	-
Museum Regional History Fair	6,569	6,006	(4,826)	-	7,749	5,235	(6,336)	6,648
Museum Signers Project	5,084	220	-	-	5,304	3,000	(63)	8,241
Natural Science Department	210	-	-	-	210	-	(175)	35
Nursing Program - Brenham	235	-	-	-	235	200	-	435
PAC Interest	26,740	2,213	-	-	30,953	3,380	(30,866)	3,467
Performing Arts Equipment and Maintenance	54	-	-	-	54	-	-	54
Physics Department- Bryan Royalties	734	692	-	-	1,426	11,925	-	13,351
Piano and Music Theory	341	-	-	-	341	-	-	341
Pledger Kalkomey	-	-	-	-	-	10,000	-	10,000
President's Fund	4,404	-	-	-	4,404	-	(3,584)	820
Robert and Emily Schaefer Fund	-	-	-	-	-	500	-	500
Ruby Bird Memorial Fund	475	-	-	-	475	-	-	475
Schaefer Observatory Fund	500	-	-	-	500	-	-	500
Schulenburg Capital Need	800	-	-	-	800	-	-	800
Schulenburg Nursing Program	1,757	-	-	-	1,757	7,500	(6,030)	3,227
Schulenburg Scholarship Fund	8,875	-	-	-	8,875	1,000	(28)	9,849
Semester Scholarships	523	30,000	(30,000)	-	523	-	-	523
Shahzaz Milani Scholarship	1,450	-	-	-	1,450	-	-	1,450
Simpson Ag Scholarship	-	500	-	-	500	-	-	500
Star of Republic Museum	81,089	6,557	(9,332)	-	78,314	835	(2,003)	77,146
Swalm Foundation Fund	-	88,500	(88,500)	-	-	48,750	(48,750)	-
Technical Education Bryan	500	-	-	-	500	-	-	500
Technical Education Scholarship	-	-	-	-	-	1,977	(26)	1,951
Unrealized gain (loss) on Investment	332,559	43,832	-	-	376,391	451,972	-	828,363
Unrealized gain (loss) on Investment PAC	2,870	1,711	-	-	4,581	4,975	-	9,556
Unrealized gain (loss) on Investment	-	-	-	-	-	(2,709)	-	(2,709)
Waldo Moeller Memorial Fund	970	-	-	-	970	-	-	970
Wanda Maclogie Fund	1,260	-	-	-	1,260	-	-	1,260
Weatherby Scholarship	-	3,100	-	-	3,100	-	-	3,100
Whigham House Renovation Fund	276	-	-	-	276	-	-	276
Workforce Ed Bryan	500	100	-	-	597	-	-	597
TOTAL	\$ 964,453	\$ 3,132,274	\$ (568,283)	\$ (13,772)	\$ 3,524,669	\$ 1,508,630	\$ (340,293)	\$ 4,693,006

BLINN COLLEGE FOUNDATION, INC.
Notes to the Financial Statements
August 31, 2014 and 2013

8. Related Party Transactions

The purpose of the Foundation is to raise funds for Blinn College. This relationship is established pursuant to the terms of a Memorandum of Agreement executed by both this Foundation and the College. This agreement stipulates that the College will provide all reasonable overhead needed to coordinate the activities of the Foundation.

The Foundation uses an investment advisory firm which employs a board member to manage their investment portfolio. While the Foundation makes no payments directly to the firm, the firm receives management fees resulting from the Foundation's account. Management fees received during the year ending August 31, 2014 and 2013, totaled \$42,138 and \$33,311, respectively.

9. Split Interest in Irrevocable Charitable Remainder Trust

In June of 2008 the Foundation was awarded a one-third interest in a charitable remainder trust. The proceeds will be received after the death of the two generations of primary income beneficiaries of the trust. Upon their deaths, the Foundation is entitled to one-third of the remaining assets of the trust.

In April of 2010, Blinn College was named the beneficiary of a charitable remainder trust. In October 2010, the grantor executed an amendment to designate the Foundation as the beneficiary instead of Blinn College. The proceeds will be received after the death of the annuity beneficiary of the trust.

According to accounting principles generally accepted in the United States of America, the Foundation should record the fair value of the beneficial interests in the charitable remainder trusts. The amount recorded should be adjusted over the term of the trust to reflect any changes in the fair value of the trust. The Foundation has not determined and recognized its interest in the trusts as of August 31, 2014. The effect on the financial statements of not recording the benefit of the trust is not reasonably determinable.

10. Subsequent events

Management has evaluated subsequent events through December 1, 2014, the date the financial statements were available to be issued. No additional disclosures or modifications were deemed necessary.