

**Victor Valley Community
College District Foundation**

Report on Audit

June 30, 2009

Victor Valley Community College District Foundation

(A Non-Profit Organization)

June 30, 2009

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INDEPENDENT AUDITORS' REPORT

June 8, 2010

The Board of Directors of
Victor Valley Community College District Foundation
Victorville, California

We have audited the accompanying statement of financial position of Victor Valley Community College District Foundation (a non-profit organization), as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides 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 Victor Valley Community College District Foundation, as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion of the financial statements taken as a whole. The accompanying schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

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Victor Valley Community College District Foundation

(A Non-Profit Organization)

Statement of Financial Position

June 30, 2009

ASSETS

Current assets

Cash and cash equivalents	\$ 1,254,477
Investments, at estimated market value	77,934
Inventory of donated property held for sale	140,000
Pledges and grants receivable, net	966,616
Nursing loans receivable	<u>36,671</u>
Total current assets	2,475,698

Property and equipment

Donated airplane	460,000
Equipment	33,440
Less accumulated depreciation	<u>(33,440)</u>
Net property and equipment	<u>460,000</u>

TOTAL ASSETS \$ 2,935,698

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 38
Accrued salaries payable	63,165
Joseph B. Campbell Scholarship	<u>600</u>
Total current liabilities / total liabilities	63,803

Net assets

Unrestricted	1,171,551
Temporarily restricted	1,272,724
Permanently restricted	<u>427,620</u>
Total net assets	<u>2,871,895</u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,935,698

See accompanying notes and auditors' report

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Statement of Activities

For the Year Ended June 30, 2009

UNRESTRICTED NET ASSETS

Unrestricted revenues and gains

Administrative fee, less allocated proceeds	\$	78,813
Cash donations		106,504
In-kind donations		140,000
Dues		68,306
Event and other revenue		92,150
Interest and dividend income		38,833
Unrealized loss on investments		(24,329)

Total unrestricted revenues and gains 500,277

Net assets released from restrictions

Restrictions satisfied by payments 2,057,853

TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT 2,558,130

Allocations and expenses

Program services		1,966,977
Management and general		188,032
Support services - fundraising		164,625
Adjustment to permanently restricted		-

Total allocations and expenses 2,319,634

INCREASE IN UNRESTRICTED NET ASSETS 238,496

See accompanying notes and auditors' report

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Statement of Activities
For the Year Ended June 30, 2009

RESTRICTED NET ASSETS

Temporarily restricted net assets

Cash donations, and other	1,844,437
In-kind donations	82,180
Interest and dividend income	9,618
Administrative fees less allocated proceeds	(78,813)
Unrealized loss on investments	1,526
Released from restrictions	<u>(2,057,853)</u>

Increase in temporarily restricted net assets (198,905)

Permanently restricted net assets

Contributions	27,000
Adjustment from temporarily restricted net assets	<u>-</u>

Increase in permanently restricted net assets 27,000

INCREASE IN NET ASSETS 66,591

Net assets

Beginning, July 1, 2008 2,805,304

Ending, June 30, 2009 \$ 2,871,895

See accompanying notes and auditors' report

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Statement of Cash Flows For the Year Ended June 30, 2009

Cash flows from operating activities

Increase in net assets \$ 66,591

Adjustment to reconcile changes in net assets to net cash provided by

operating activities:

Depreciation	3,561
Unrealized gain (loss) on investments	24,258
Pledges and grants receivables	(445,587)
Non-cash bad debt write-off	50,000
Nursing loans receivable	1,232
Accounts, salaries and scholarships payable	<u>(11,256)</u>

Net cash provided by operating activities (311,201)

Cash flows from financing activities

In-kind contribution of boat recognized at estimated value (140,000)

Net cash used in financing activities (140,000)

Cash flows from investing activities

Liquidation of investments 247,133

Net cash provided by investing activities 247,133

NET INCREASE IN CASH AND CASH EQUIVALENTS (204,068)

Cash and cash equivalents

Beginning, July 1, 2008 1,458,545

Ending, June 30, 2009 \$ 1,254,477

Supplemental information

Interest earned \$ 48,451

See accompanying notes and auditors' report

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Victor Valley Community College District Foundation (the “Foundation”) is a not-for-profit organization whose purpose is to support the operations and the students of Victor Valley Community College. The Foundation elicits donations for scholarships and loans to needy and deserving college students.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In the accrual method, revenue is recognized when earned and expenses are recognized when incurred.

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, “*Financial Statements of Not-for-Profit Organizations*”. Under SFAS No. 117, the Organization is required to report information regarding its financial position activities according to three classes of net assets: (1) unrestricted net assets, (2) temporarily restricted net assets, and (3) permanently restricted net assets. These classifications are defined as follows:

- (1) *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.
- (2) *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.
- (3) *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 Foundation does not use fund accounting.

Contributions

The Foundation also adopted SFAS No. 116, “*Accounting for Contributions Received and Contributions Made*”, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. The adoption had no cumulative effect on net assets at the date of adoption. As permitted by SFAS No. 116, the Foundation records restricted contributions spent during the current year as unrestricted.

In-Kind Contributions

The Foundation recognizes the estimated value of in-kind contributions when received and the transfer of most of the items received for the use of the College at the same value. In-kind contributions of items that the Foundation ultimately puts to use are recorded as expenses, or, if they qualify, are capitalized as fixed assets.

Public Support

Contributions received from the public are recognized as public support when received.

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements, Continued

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES , Continued

Cash and Cash Equivalents

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

Property and Equipment

Purchased property and equipment are capitalized at cost and depreciated on a straight-line basis over the estimated useful lives ranging from five to ten years.

Use of 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.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is exempt from state taxes under Revenue and Taxation Code Section 23701c.

NOTE 2 – RECEIVABLES

Pledges and Grants Receivable

Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through reduction in revenues related to those uncollectible amounts.

At June 30, 2009, pledges receivable consisted of:

Receivables	\$ 1,020,030
Allowance for uncollectible pledges	<u>(53,414)</u>
Total pledges receivable	<u>\$ 966,616</u>

Nursing Loans Receivable

No provision is made for doubtful loans receivable; however, it is estimated that only immaterial amounts are expected to be unrecoverable.

NOTE 3 – CASH AND EQUIVALENTS

Cash and equivalents are categorized into the following three categories of credit risk:

- *Category 1* – Insured or registered; or securities held by the Foundation or its agent in the Foundation's name.
- *Category 2* – Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Foundation's name.
- *Category 3* – Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the Foundation's name.

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements, Continued

June 30, 2009

NOTE 3 – CASH AND EQUIVALENTS, Continued

Equivalents , as of June 30, 2009, held on behalf of the Foundation are presented below:

	CATEGORY			Balance
	1	2	3	
Citizens Business Bank	\$ 81,444	\$ -	\$ -	\$ 81,444
Desert Community Bank	311,027	-	-	311,027
Payden & Rygel	25,267	494,551	-	519,818
Thornes & Associates, Inc.	<u>342,188</u>	<u>-</u>	<u>-</u>	<u>342,188</u>
	<u>\$ 795,926</u>	<u>\$ 494,551</u>	<u>\$ -</u>	<u>\$ 1,254,477</u>

NOTE 4 – INVESTMENTS

At June 30, 2009, the Foundation held \$77,934 in investments. The following schedule summarizes the investments:

Thornes & Associates, Inc.

Corporate Bonds:

Washington Mutual Fin Senior Notes – 6.73%	\$ 25,520
Metlife Inc Senior Notes – 5.84%	<u>52,414</u>
	<u>\$ 77,934</u>

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements, Continued

June 30, 2009

NOTE 5 – INVENTORY OF DONATED PROPERTY HELD FOR SALE

During the fiscal year the Foundation received an in-kind donation of a 43.6 foot Recreational Cabin Cruiser. It was recorded at its estimated value of \$140,000. It is being held for sale.

NOTE 6 – PROPERTY AND EQUIPMENT

During the previous fiscal year the Foundation received a Boeing 727-100 aircraft as an in-kind donation. It has been put to use as an educational tool. It was recorded as property and equipment at its estimated value of \$460,000 as determined by an independent firm familiar with such aircraft. As an educational tool, it is assumed to have an unlimited useful life; therefore, no depreciation will be recorded on it.

NOTE 7 – RESTRICTED FUNDS

Restricted funds as of June 30, 2009 are as follows:

Other Victor Valley College Support	\$ 1,607
Dr. Prem Reddy Fund	18,600
Nursing Weekend College	1,096,992
Affiliates	8,698
Boston-Griffith Fund	175,041
Fundraising – Resource Development Grants	<u>56,227</u>
	1,357,165
Scholarships:	
General Scholarship Clearing	14,458
Endowed Scholarship Funds	169,463
Prepaid Scholarships	27,925
Named Funds	<u>14,936</u>
	226,782
Victor Valley Community College - Departments and Clubs:	
Agriculture	81,995
Athletics	11,991
Nursing Department	7,817
Other	<u>14,594</u>
	<u>116,397</u>
TOTAL RESTRICTED FUNDS	<u><u>\$ 1,700,344</u></u>

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements, Continued

June 30, 2009

NOTE 7 – RESTRICTED FUNDS, Continued

AFFILIATES

Friends of Botanical Gardens	\$ 513
Friends of the Library	8,185
Friends of the Planetarium	-
Nursing Alumni	-
	<hr/>
Total Affiliates	<u>\$ 8,698</u>

BOSTON-GRIFFITH FUND

Boston-Griffith Corpus-permanently restricted	\$ -
Boston-Griffith Growth-temporarily restricted	175,041
	<hr/>
Total Boston-Griffith Fund	<u>\$ 175,041</u>

FUNDRAISING

The California Wellness Foundation	\$ 47,271
Parachute Project	8,956
Verizon E-Commerce	-
	<hr/>
Total Fundraising	<u>\$ 56,227</u>

ENDOWED SCHOLARSHIP FUNDS

Charles Peterson Memorial	\$ 25,424
Childrens Fund	24,000
H.D. Council of Eng. Surveyors	11,551
Jack H. Harrison Memorial	10,334
James Marian Memorial	5,473
Brandon Smith Memorial Scholarship	22,289
Thomas and Elizabeth Memorial	11,225
Marian J. Stafford Memorial Fund	10,467
Mojave Desert Environment	10,480
Nancy Fishbaugh	26,435
Polly Fitch	-
Restaurant Management Endowment	11,785
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Total Endowed Scholarship Funds	<u>\$ 169,463</u>

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements, Continued

June 30, 2009

NOTE 7 – RESTRICTED FUNDS, Continued**PREPAID SCHOLARSHIPS**

Apple Valley Women's Club	\$ 1,000
Altrusa Club	-
Desert Valley Hospital Auxiliary	7,000
High Desert Hispanic Chamber	-
Image Source	1,000
John Howe	-
San Bernardino County Medical Society Alliance	-
Victor Elementary Teachers Association	300
Victorville Elks Lodge	4,000
Williams Charitable Trust	14,625
	<hr/>
Total Prepaid Scholarships	<u>\$ 27,925</u>

SCHOLARSHIPS - NAMED FUNDS

Biotech Scholarship	\$ -
Haydee and William Reigadas Scholarship	3,600
Music	500
Pierre Barrera Journalism Scholarship Fund	135
Robert Vincent Memorial	247
Ryan Cambridge Memorial Scholarship	-
Tommy Horn	7,748
Dr. Betty Underhill Memorial Scholarship	1,055
VVC Counseling Scholarship	1,580
Victor Valley College Management Group	71
	<hr/>
Total Scholarships - Named Funds	<u>\$ 14,936</u>

DEPARTMENTS AND CLUBS - AGRICULTURE

Mojave Sustainability Prop	\$ 81,995
Other	-
	<hr/>
Total Agriculture	<u>\$ 81,995</u>

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Notes to Financial Statements, Continued

June 30, 2009

NOTE 7 – RESTRICTED FUNDS, Continued**DEPARTMENTS AND CLUBS - NURSING DEPARTMENT**

Nursing Class - Fall	\$ 2,433
Nursing Class - Spring	2,803
General	<u>2,581</u>
Total Nursing Department	<u>\$ 7,817</u>

DEPARTMENTS AND CLUBS – ATHLETICS

Athletics – General	\$ 470
Ready Rams Club	60
Baseball Fund	1,187
Football Team	347
Golf Team	3,046
Men’s Basketball Athletics	77
Men’s Soccer	-
Track and Field	-
Softball Fund	438
Women’s Basketball	1,387
Women’s Soccer	1,527
Women’s Tennis	3,452
Wrestling	<u>-</u>
Total Athletics	<u>\$ 11,991</u>

DEPARTMENTS AND CLUBS – OTHER

Automotive Department	\$ -
Child Development	918
Clothing Construction	-
CNSA of Victor Valley College	-
Fire Technology	5,622
Model UN Club	-
PAC	-
Paramedic Academy	4,534
Restaurant Management – General	-
Restaurant Management – Operations	-
Student Services	897
Tech Camp	1,496
Theatre Arts Department	-
Women’s History Month	-
Welding	<u>1,127</u>
Total Other	<u>\$ 14,594</u>

SUPPLEMENTARY INFORMATION

Victor Valley Community College District Foundation

(A Non-Profit Organization)

Schedule of Functional Expenses
For the Year Ended June 30, 2009

	Program Services	Management and General	Support Services - Fund Raising	TOTAL
Accounting fees	\$ -	\$ 4,000	\$ -	\$ 4,000
Admission / entry fees	2,065	965	2,160	5,190
Advertising	-	70	48	118
Awards and recognition	11,241	499	10,124	21,864
Bad debt	1,025	-	31,790	32,815
Bank and broker charges	1,631	877	6	2,514
Catering	1,939	308	24,981	27,228
Commissions	-	-	-	-
Consultants	-	6,250	-	6,250
Contributions and donations	203,000	-	14,300	217,300
In-kind donations transferred to college	-	-	-	-
Depreciation	-	3,561	-	3,561
Dues and subscriptions	960	3,058	-	4,018
Education and training	1,003	-	-	1,003
Equipment and supply expenditures	147,825	12	1,321	149,158
Event entertainment	3,435	-	20,750	24,185
Facilities and decorations	5,086	745	17,882	23,713
Finance, broker, bank and other fees	-	388	-	388
Grants awarded	908,264	-	-	908,264
Hospitality	1,543	707	1,571	3,821
Insurance	-	170	-	170
Licenses and fees	2,275	180	-	2,455
Meals and entertainment	2,164	681	537	3,382
Meetings and seminars	-	499	-	499
Office staffing	86,393	147,093	-	233,486
Office / computer	1,241	6,831	2,133	10,205
Outside labor	23,508	-	1,000	24,508
Postage	32	2,209	2,061	4,302
Printing	25,762	1,189	14,391	41,342
Professional fees	881	4,675	16,261	21,817
Program development	-	-	-	-
Refund	75	-	-	75
Repairs and maintenance	500	-	-	500
Scholarships	492,691	-	3,100	495,791
Taxes	-	-	-	-
Telephone	-	-	-	-
Travel	42,438	3,065	209	45,712
	<u>\$ 1,966,977</u>	<u>\$ 188,032</u>	<u>\$ 164,625</u>	<u>\$ 2,319,634</u>

See accompanying notes and auditors' report