

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION

FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Victor Valley Community College District Foundation as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flow for the years 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 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 Victor Valley Community College District Foundation as of June 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

November 1, 2011

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION
(A Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,124,116	738,266
Investments, at estimated market value	1,002,609	804,572
Investment - scholarship endowment	20,000	20,000
Inventory of donated property held for sale	22,500	22,500
Pledges and grants receivable, net	52,021	299,722
Nursing loans receivable, net	<u>31,757</u>	<u>30,057</u>
TOTAL CURRENT ASSETS	2,253,003	1,915,117
PROPERTY AND EQUIPMENT		
Donated airplane	460,000	460,000
Donated land	1,845,000	1,845,000
Equipment	33,440	33,440
Less accumulated depreciation	<u>(33,440)</u>	<u>(33,440)</u>
NET PROPERTY AND EQUIPMENT	<u>2,305,000</u>	<u>2,305,000</u>
TOTAL ASSETS	<u>\$ 4,558,003</u>	<u>\$ 4,220,117</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued salaries payable	\$ 11,034	67,991
Joseph B. Campbell Scholarship	<u>600</u>	<u>600</u>
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	11,634	68,591
NET ASSETS		
Unrestricted	2,988,540	2,516,345
Temporarily restricted	607,409	1,184,761
Permanently restricted	<u>950,420</u>	<u>450,420</u>
TOTAL NET ASSETS	<u>4,546,369</u>	<u>4,151,526</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,558,003</u>	<u>\$ 4,220,117</u>

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION
(A Non-Profit Organization)
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND GAINS:				
Cash donations	\$ 136,225	\$ 402,306	\$ 500,000	\$ 1,038,531
In-kind donations	-	118,055	-	118,055
Event and other revenue	198,065	-	-	198,065
Interest and dividend income	9,227	2,390	-	11,617
Administrative fee, less allocated proceeds	<u>24,505</u>	<u>(24,505)</u>	-	-
TOTAL REVENUES AND GAINS	<u>368,022</u>	<u>498,246</u>	<u>500,000</u>	<u>1,366,268</u>
NET ASSETS RELEASED FROM RESTRICTIONS:				
Net assets released from restrictions	<u>1,075,598</u>	<u>(1,075,598)</u>	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,443,620	(577,352)	500,000	1,366,268
ALLOCATIONS AND EXPENSES:				
Program services	843,902	-	-	843,902
Management and general	143,341	-	-	143,341
Support services - fundraising	<u>73,026</u>	<u>-</u>	<u>-</u>	<u>73,026</u>
TOTAL ALLOCATIONS AND EXPENSES	<u>1,060,269</u>	<u>-</u>	<u>-</u>	<u>1,060,269</u>
INCREASE (DECREASE) IN NET ASSETS	383,351	(577,352)	500,000	305,999
NET ASSETS AT BEGINNING OF PERIOD	2,516,345	1,184,761	450,420	4,151,526
Unrealized gain on investments	<u>88,844</u>	<u>-</u>	<u>-</u>	<u>88,844</u>
NET ASSETS AT END OF PERIOD	<u>\$ 2,988,540</u>	<u>\$ 607,409</u>	<u>\$ 950,420</u>	<u>\$ 4,546,369</u>

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VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION
(A Non-Profit Organization)
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	2010			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND GAINS:				
Cash donations	\$ 75,156	\$ 622,746	\$ 6,250	\$ 704,152
In-kind donations	1,845,000	58,826	-	1,903,826
Event and other revenue	178,900	-	-	178,900
Interest and dividend income	19,068	39,745	-	58,813
Administrative fee, less allocated proceeds	<u>63,183</u>	<u>(63,183)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND GAINS	<u>2,181,307</u>	<u>658,134</u>	<u>6,250</u>	<u>2,845,691</u>
NET ASSETS RELEASED FROM RESTRICTIONS:				
Restrictions satisfied by payments	<u>729,547</u>	<u>(729,547)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	2,910,854	(71,413)	6,250	2,845,691
ALLOCATIONS AND EXPENSES:				
Program services	1,227,994	-	-	1,227,994
Management and general	168,000	-	-	168,000
Support services - fundraising	68,720	-	-	68,720
Reduction in yacht value	117,500	-	-	117,500
Adjustment to permanently restricted	<u>-</u>	<u>16,550</u>	<u>(16,550)</u>	<u>-</u>
TOTAL ALLOCATIONS AND EXPENSES	<u>1,582,214</u>	<u>16,550</u>	<u>(16,550)</u>	<u>1,582,214</u>
INCREASE (DECREASE) IN NET ASSETS	1,328,640	(87,963)	22,800	1,263,477
NET ASSETS AT BEGINNING OF PERIOD	1,171,551	1,272,724	427,620	2,871,895
Unrealized gain on investments	<u>16,154</u>	<u>-</u>	<u>-</u>	<u>16,154</u>
NET ASSETS AT END OF PERIOD	<u>\$ 2,516,345</u>	<u>\$ 1,184,761</u>	<u>\$ 450,420</u>	<u>\$ 4,151,526</u>

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION
(A Non-Profit Organization)
SCHEDULE OF FUNCTIONAL EXPENSES
For the year ended June 30, 2011

	Program Services	Management and General	Support Services- Fundraising	Total
Accounting fees	\$ -	\$ -	\$ -	\$ -
Admission/entry fees	3,514	2,550	3,708	9,772
Advertising	566	1,467	-	2,033
Awards and recognition	13,321	4,670	4,206	22,197
Bad debt	2,434	8,066	400	10,900
Bank and broker charges	168	866	-	1,034
Catering	5,360	1,104	14,466	20,930
Commissions	-	-	1,075	1,075
Contributions and donations	500	1,880	-	2,380
Dues and subscriptions	2,800	3,100	-	5,900
Education and training	4,958	1,348	-	6,306
Equipment and supply expenditures	150,404	532	-	150,936
Event entertainment	250	-	21,150	21,400
Facilities and decorations	2,805	9,436	5,961	18,202
Grants awarded	202,002	-	-	202,002
Hospitality	1,400	2,492	75	3,967
Insurance	-	1,179	-	1,179
Licenses and fees	300	7,662	51	8,013
Meals and entertainment	1,361	2,627	1,022	5,010
Office staffing	95,267	78,384	-	173,651
Office/computer	262	5,798	564	6,624
Outside Labor	7,281	380	-	7,661
Postage	111	1,451	210	1,772
Printing	24,208	1,524	3,241	28,973
Professional fees	3,849	4,065	16,799	24,713
Refund	1,048	-	-	1,048
Repairs and maintenance	3,312	-	-	3,312
Scholarships	308,096	-	-	308,096
Travel	8,325	2,760	98	11,183
	<u>\$ 843,902</u>	<u>\$ 143,341</u>	<u>\$ 73,026</u>	<u>\$ 1,060,269</u>

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION
(A Non-Profit Organization)
SCHEDULE OF FUNCTIONAL EXPENSES
For the year ended June 30, 2010

	Program Services	Management and General	Support Services- Fundraising	Total
Accounting fees	\$ -	\$ -	\$ -	\$ -
Admission/entry fees	1,295	340	3,528	5,163
Advertising	240	2,470	-	2,710
Awards and recognition	11,984	5,037	4,407	21,428
Bad debt	114,473	-	-	114,473
Bank and broker charges	1,946	4,882	-	6,828
Catering	2,467	-	22,594	25,061
Commissions	2,000	-	-	2,000
Consultants	-	6,771	-	6,771
Contributions and donations	100	-	-	100
Dues and subscriptions	3,126	2,851	-	5,977
Education and training	1,798	1,656	-	3,454
Equipment and supply expenditures	62,665	1,685	233	64,583
Event entertainment	1,400	650	17,000	19,050
Facilities and decorations	4,190	10,561	6,876	21,627
Grants awarded	435,911	-	-	435,911
Hospitality	1,794	2,654	1,279	5,727
Insurance	-	1,179	-	1,179
Licenses and fees	-	2,795	-	2,795
Meals and entertainment	1,281	1,319	-	2,600
Meetings and seminars	3,400	75	-	3,475
Office staffing	98,461	101,756	-	200,217
Office/computer	586	4,771	1,282	6,639
Outside Labor	11,658	-	-	11,658
Postage	284	1,366	618	2,268
Printing	26,999	4,345	5,650	36,994
Professional fees	-	3,423	4,064	7,487
Refund	6,009	125	-	6,134
Repairs and maintenance	-	3,533	-	3,533
Scholarships	417,797	-	1,000	418,797
Travel	16,130	3,756	189	20,075
	<u>\$ 1,227,994</u>	<u>\$ 168,000</u>	<u>\$ 68,720</u>	<u>\$ 1,464,714</u>

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT FOUNDATION
(A Non-Profit Organization)
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2011

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATIONS		
Increase in net assets	\$ 305,999	\$ 1,263,477
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
In-kind donations	(118,055)	(1,786,326)
Pledges and grants receivables	247,701	666,894
Non-cash bad debt write-off		107,036
Nursing loans receivable	(1,700)	6,437
Accounts, salaries and scholarships payable	<u>(56,989)</u>	<u>4,787</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	376,956	262,305
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	<u>8.894</u>	<u>(778,516)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>8.894</u>	<u>(778,516)</u>
NET INCREASE (DECREASE) IN CASH	385,850	(516,211)
CASH AT BEGINNING OF YEAR	<u>738,266</u>	<u>1,254,477</u>
CASH AT END OF YEAR	<u>\$ 1,124,116</u>	<u>\$ 738,266</u>

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

Victor Valley Community College District Foundation
(A Non-Profit Organization)

Notes to Financial Statements
June 30, 2011 and 2010

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. The Foundation also develops resources and makes grants to support college educational programs.

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 the net assets at the date of adoption. As permitted by SFAS No. 116, the Foundation records restricted contributions spent during the 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
June 30, 2011 and 2010

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 uncollectable amounts through reduction in revenues related to those uncollectible amounts.

Pledges receivable consisted of the following:

	<u>6/30/11</u>	<u>6/30/10</u>
Receivables	\$ 61,596	\$ 321,784
Allowance for uncollectible pledges	<u>(9,575)</u>	<u>(22,062)</u>
Total pledges receivable	<u>\$ 52,021</u>	<u>\$ 299,722</u>

Nursing Loans Receivable

Nursing loans receivable were as follows:

	<u>6/30/11</u>	<u>6/30/10</u>
Receivables	\$ 37,361	\$ 35,361
Allowance for uncollectible loans	<u>(5,604)</u>	<u>(5,304)</u>
Total loans receivable	<u>\$ 31,757</u>	<u>\$ 30,057</u>

**Victor Valley Community College District Foundation
(A Non-Profit Organization)**

**Notes to Financial Statements
June 30, 2011 and 2010**

NOTE 3 – INVESTMENTS

At June 30, 2011 and 2010, investments consisted of the following:

	<u>6/30/11</u>	<u>6/30/10</u>
Mutual funds	\$ 830,397	\$ 735,734
Certificates of deposit	<u>172,212</u>	<u>68,838</u>
Total investments	<u>\$ 1,002,609</u>	<u>\$ 804,572</u>

NOTE 4 – DONATED LAND

During the year ending June 30, 2010 the Foundation received an in-kind donation of 4.9 acres of vacant land located in Hesperia, California. It was recorded at its appraised value of \$1,845,000 and is being held for future use by the Foundation.

NOTE 5 – PROPERTY AND EQUIPMENT

During a prior 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 scrap 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 6 – CONCENTRATION OF CREDIT RISK

From time to time, the Foundation maintains bank balances in excess of the federally insured limits. This risk is mitigated by utilizing only highly rated financial institutions. At June 30, 2011 and 2010, the Foundation had approximately \$644,500 and \$231,000, respectively, in excess of the federally insured limit.

NOTE 7 – SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through November 1, 2011, the date on which the financial statements were available to be issued. Management has determined that no material subsequent events needed disclosure.