

TO: BOARD OF TRUSTEES
FROM: SUPERINTENDENT

INFORMATIVE REPORT NO. 14-2009/10-IR/S

Prepared by the Office of the Superintendent
for Presentation to the Board of Trustees

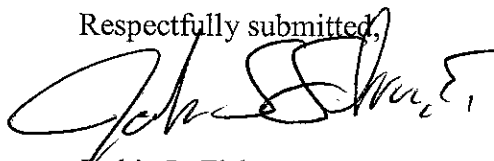
March 8, 2010

SUBJECT: ANTELOPE VALLEY COLLEGE FOUNDATION AUDITED
FINANCIAL STATEMENTS – JUNE 30, 2009

A. Background

The Antelope Valley College Foundation audit report as of June 30, 2009, which was prepared by Messner & Hadley, LLP, is presented for your information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jackie L. Fisher, Sr.", written over a horizontal line.

Jackie L. Fisher, Sr.
Superintendent/President

Office of the Superintendent

Informative Report No. 14-2009/10-IR/S

March 8, 2010

ANTELOPE VALLEY COLLEGE FOUNDATION AUDITED FINANCIAL STATEMENTS –
JUNE 30, 2009

Antelope Valley College Foundation

Report on Audit

June 30, 2009

Antelope Valley College Foundation
(A Non-Profit Organization)

June 30, 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Antelope Valley College Foundation
Lancaster, California

We have audited the accompanying statement of financial position of Antelope Valley College 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 Foundation'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 Antelope Valley College 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.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

Victorville, California
December 20, 2009

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Antelope Valley College Foundation
(A Non-Profit Organization)

Statement of Financial Position
June 30, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 72,367
Investments	<u>1,797,427</u>
Total Current Assets	<u>\$ 1,869,793</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 20,071
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NET ASSETS

Unrestricted	(43,234)
Temporarily Restricted	382,730
Permanently Restricted	<u>1,510,225</u>

Total Net Assets	<u>1,849,721</u>
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Total Liabilities and Net Assets	<u>\$ 1,869,792</u>
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The accompanying notes are an integral part of these statements.

Antelope Valley College Foundation
(A Non-Profit Organization)

Statement of Activities
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Gains				
Contributions	\$ 134,590	\$ 306,279	\$ 84,277	\$ 525,146
Interest	4,275		34,279	38,554
In-Kind Contributions	-	21,396	-	21,396
Net Assets Released from Restriction	-	-	-	-
Total Revenues and Gains	<u>138,865</u>	<u>327,675</u>	<u>118,556</u>	<u>585,095</u>
Expenses and Losses				
Program Services	21,766	311,569	22,740	356,075
General and Administration	99,768	97	13,549	113,414
Fundraising	27,510	-	-	27,510
Total Program Expenses	<u>149,045</u>	<u>311,666</u>	<u>36,289</u>	<u>497,000</u>
Other Income (Loss)				
Unrealized Gains (Losses)	10,098		(267,899)	(257,801)
Total Other Income (Loss)	<u>10,098</u>	<u>-</u>	<u>(267,899)</u>	<u>(257,801)</u>
Total Net Expenses and Other Expenses	138,947	311,666	304,188	239,199
Change in Net Assets	(83)	16,009	(185,632)	(169,706)
Net Assets - June 30, 2008	<u>(43,151)</u>	<u>366,721</u>	<u>1,695,857</u>	<u>2,019,427</u>
Net Assets - June 30, 2009	<u>\$ (43,234)</u>	<u>\$ 382,730</u>	<u>\$ 1,510,225</u>	<u>\$ 1,849,721</u>

The accompanying notes are an integral part of these statements.

Antelope Valley College Foundation
(A Non-Profit Organization)

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

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	<u>\$ (169,706)</u>
(Increases) Decreases in Current Assets:	
Investments Held for Sale	-
Increase (Decrease) in Current Liabilities:	
Accounts Payable	<u>(2,814)</u>
Net Cash Provided (Used) by Operating Activities	<u>(2,814)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(172,520)
Cash and Cash Equivalents - June 30, 2008	<u>2,042,312</u>
Cash and Cash Equivalents - June 30, 2009	<u><u>\$ 1,869,792</u></u>

The accompanying notes are an integral part of these statements.

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Antelope Valley College Foundation (the "Foundation") was established as the fund raising arm for the support of Antelope Valley College. The Foundation's purpose is to benefit and foster Antelope Valley College programs by providing funding and services to help students achieve their educational, vocational and personal goals.

The Foundation is a California not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and State income taxes.

Public Support and Revenue

Annual contributions are generally available for unrestricted use in the donation year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value. The majority of the promises to give are received from a broad base of Antelope Valley contributors as a result of annual campaigns. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are available for transfer to unrestricted net assets.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements , Continued
June 30, 2009

Cash and Cash Equivalent s

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and short-term investments are considered cash and cash equivalents.

Investments

The Foundation elected to adopt SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investments of the Foundation are composed of mutual funds investing in debt and equity securities and are carried at fair value.

NOTE 2 – CASH AND INVESTMENTS

Cash consisted of the following:

Cash in Banks	<u>\$ 72,367</u>
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Short-term investments consisted of the following:

Cash in Investment Accounts	<u>\$ 1,797,427</u>
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The Foundation has adopted Governmental Accounting Standards Board Statements 31 and 40 (GASB 31 and 40), which require investments of governmental agencies to be reported at fair values. Cash and investments, as of June 30, 2009, are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 72,367
Restricted Cash and Investments	<u>1,797,427</u>
Total Cash and Investments	<u>\$ 1,869,793</u>

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements, Continued
June 30, 2009

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Foundation manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. There is available cash of \$72,367.

As of June 30, 2009, the Foundation had the following investments:

Mutual Funds:

Mutual Funds Total	\$ 1,659,808
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Money Market Funds:

Money Market Funds Total	<u>137,619</u>
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Total Investments	<u>\$ 1,797,427</u>
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Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

None of the Foundation's investments were held in investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Concentration of Credit Risk

The investment policy of the Foundation contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Foundation did not maintain any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Foundation investments.

Custodial Credit Risk

Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Investments - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Antelope Valley College Foundation
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Notes to Financial Statements, Continued
June 30, 2009

The California Government Code and the Foundation's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Foundation deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 3 – INVESTMENT EARNINGS (NET)

Investment earnings are summarized as follows for the year ended June 30, 2009:

Investment Earnings

Interest and dividends on investment earnings		\$	38,554
Realized gains/(losses) on investments sold:			
Gross proceeds	\$	-	
Cost		-	
		<u> </u>	<u> </u>
Total investment earnings (loss)			38,554

Unrealized Gains / (Losses)

Unrealized gain/(loss) on investments sold			
Recorded in previous years			-
Unrealized gain/(loss) on investments recorded in current year			<u>(257,801)</u>
Total unrealized gains/(losses)			<u>(257,801)</u>
Net investment earnings		\$	<u>(219,247)</u>

NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES

The Foundation adopted the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, and No. 117, *Financial Statements of Not-for-Profit Organizations* by restating net assets as of December 31, 1995. Statement No. 116 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. The Foundation adopted Statement No. 116 by restating net assets as of December 31, 1995.

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements, Continued
June 30, 2009

The Foundation changed its policy of accounting for investments from lower of cost or market to fair value in accordance with Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, as of June 30, 2009, are summarized below:

TEMPORARILY RESTRICTED NET ASSETS

<u>Program Names</u>	<u>Amount</u>
Academic Senate	\$ 3,442
Aircraft Fabrication	5,355
Airframe and Powerplant	4,515
Archaeology Lab	1,500
Athletics Department	24,018
Cash for College	2,050
Child Development Center	39,240
ESL Study Center	1,755
Landmark Forum	9,590
Model United Nations Fund	1,566
Nurse Aide/Home Health Ad	3,846
Outreach General	1,712
SOAR Student Resource	5,000
Social Science Division	1,989
Student Eng/Physics Club	2,500
Theatre	7,171
Women's History Month	1,167
Other (Less than \$1,000)	6,948
Carried forward to the next page	<u>123,259</u>

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements, Continued
June 30, 2009

TEMPORARILY RESTRICTED NET ASSETS

<u>Program Names</u>	<u>Amount</u>
Carried forward from prior page	\$ 123,259
Schloarships	
Aerospace Walk of Honor	5,000
Allen and Marilyn Golden Sch	1,900
Amer Assn Univer Women	2,000
AV Quilt Assoc Scholarship	1,500
AVC Fed of Class Employee	1,000
AVC Job Placement	1,040
Boeing	10,000
Buklod Ng Pagkakaisa	1,250
Captain Daniel Elkins Memorial	2,000
Christian Women in White O	2,650
Deaf Studies Scholarship	2,630
Dep. Don Self Integrity	3,000
Dorothy N. Sweet Mem. Pres	36,650
Dr. Donald F Campbell Mem	1,466
Francis Kuhn	1,200
High Desert Health System	4,000
High Desert Medical Group	2,000
Jack and Martha Wengert Fam	1,000
Jean Andrews	1,000
Jose Dolores Tavera	2,000
Julia Kono-Long Scho	1,684
Justin Meramble Mem	5,424
Lancaster West Rotary Fnd	6,500
Northrop Grumman Corp	4,500
Nursing-Rae Yoshida Mem	2,082
Nursing-RN Alumni	1,731
Pepsi Bottling Group	2,500
Richard C. Mallyon Memorial	1,100
Robert and Janet Herrera Mem	1,400
Robert C. and Joyce F. Wilso	11,000
Ron Emard Cherish Child	7,500
Rotary Club of Lancaster	1,500
Walter Briggs Jr. Mem.	1,500
Warren B Houghton Mem	1,200
Other (Less than \$1,000)	14,827
Carried forward to the next page	<u>270,993</u>

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements, Continued
June 30, 2009

TEMPORARILY RESTRICTED NET ASSETS

<u>Program Names</u>	<u>Amount</u>
Carried forward from prior page	\$ 270,993
Miscellaneous	
Achievement Awards Dinner	57,421
Athletics-Whit Carter Hall	24,319
AV Independent Film Fest	5,253
AV Symph Orches & Mast Cho	2,026
Carillon Bell Fund	8,900
Florence Parton Mem	3,580
Joyce Shawler Memorial	3,091
Specific Use	3,366
Technology Fund	1,469
Others (Less than \$1,000)	2,315
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Total Temporarily Restricted Net Assets as of June 30, 2009	<u>\$ 382,733</u>

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements, Continued
June 30, 2009

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

The Antelope Valley College Foundation’s permanently restricted net assets, as of June 30, 2009, are summarized below:

PERMANENTLY RESTRICTED NET ASSETS

	<u>Name</u>	<u>Amount</u>
Endowment	Antelope Valley Air Quality Management District	\$ 12,091
Endowment	Antelope Valley School Board Association	19,496
Endowment	AntelopeValley College Scholarship	14,372
Endowment	Chris Hingley Memorial Library	76,129
Endowment	Dr. Fenggang Zhang Math	7,463
Endowment	Dr. Marianne McCarthy Scholarship	4,174
Endowment	Foundation Endowment	37,226
Endowment	Frank and Ida Bernatt Family	10,226
Endowment	Grooms Family Scholarship	2,664
Endowment	Hornstein Family	10,424
Endowment	James V DuPratt Jr Scholarship	54,798
Endowment	John and Rae Yoshida General	87,163
Endowment	John and Rae Yoshida Scholarship	29,885
Endowment	Julia Kono-Long Scholarship	15,110
Endowment	Kiwanis Club of Palmdale	15,549
Endowment	McCutcheon Yrs. 52-57 Alumni	17,612
Endowment	Osher Scholarship Endowment	41
Endowment	Petra B. Martinez Memorial	6,771
Endowment	Photography	16,261
Endowment	Preschler Foreign Language	7,016
Endowment	President Scholars	33,007
Endowment	Robert C. and Joyce F. Wilson	76,918
Endowment	Ron Emard Cherish the Child	11,106
Endowment	Tim and Rosa Fuller Scholarship	7,158
Endowment	Title V 2005	506,124
Endowment	Title V #2 2006	425,832
Endowment	Tyler Lundin Memorial Scholarship	5,695
	Total Permanently Restricted Net Assets as of June 30, 2009	<u>\$ 1,510,310</u>

Antelope Valley College Foundation
(A Non-Profit Organization)

Notes to Financial Statements, Continued
June 30, 2009

NOTE 7 – LEASES

The Foundation does not lease any land, building, or equipment as of June 30, 2009.

NOTE 8 – RETIREMENT PLANS

The Foundation is not a participant or sponsor of any type of retirement plan.

NOTE 9 – DONATED SERVICES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 10 – FUNCTIONAL ALLOCATION OF EXPENSES

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

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships and Grants	\$ 117,770	\$ -	\$ -	\$ 117,770
Program Expenses	238,305	-	-	238,305
Professional Fees	-	5,322	-	5,322
Donor Cultivation and Goodwill	-	1,311	-	1,311
Fundraising	-	-	27,510	27,510
Other Administrative Expenses	-	106,781	-	106,781
Totals	<u>\$ 356,075</u>	<u>\$ 113,414</u>	<u>\$ 27,510</u>	<u>\$ 497,000</u>