

**WEST HILLS COMMUNITY
COLLEGE FOUNDATION**

FINANCIAL REPORT

JUNE 30, 2010

WEST HILLS COMMUNITY COLLEGE FOUNDATION

COALINGA, CALIFORNIA

JUNE 30, 2010

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Steve Cantu	Community Director	2012
Katie Delano	Community Director	2012
Ernest Drewry	Community Director	2010
Leonard Falter	Community Director	2011
Ted Frame	Community Director	2013
Don Forth, Ph.D.	Community Director	2011
Brad Gleason	Community Director	2011
Sharon Gordan	Community Director	2012
Frank Gornick, Ph.D.	Ex Officio Director	2010
Bill Henry	Community Director	2013
Willard Lewallen, Ph.D.	Staff Director	2010
Laura Mendes Moore	Community Director	2012
Nina Oxborrow	Trustee Director	2013
Bill Pucheu	Community Director	2010
Oscar Sablan, M.D.	Community Director	2011
Marc Scott, CPA	Community Director	2011
Ann Stone	Community Director	2010
Ken Stoppenbrink	Ex Officio Director	2010
Don Warkentin	Staff Director	2010

ADMINISTRATION

Frances Squire

Executive Director

WEST HILLS COMMUNITY COLLEGE FOUNDATION

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
West Hills Community College Foundation
Coalinga, California

We have audited the accompanying statement of financial position of the West Hills Community College Foundation (the Foundation), a California non-profit corporation, as of June 30, 2010, and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibilities of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's financial statements, and in our report dated January 12, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 the 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 the West Hills Community College Foundation as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2011, on our consideration of the West Hills Community College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the West Hills Community College Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 12, 2011

WEST HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009

	June 30,	
	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,114,891	\$ 1,264,631
Investments	955,860	967,471
Accounts receivable	140,335	214,903
Total Current Assets	<u>2,211,086</u>	<u>2,447,005</u>
Rodeo stock	-	22,450
Property and leasehold improvements - net of accumulated depreciation	-	173,551
Other assets	500	500
Total Assets	<u>\$ 2,211,586</u>	<u>\$ 2,643,506</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 89,377	\$ 14,432
Funds held for others	15,606	13,982
Total Current Liabilities	<u>104,983</u>	<u>28,414</u>
NET ASSETS		
Unrestricted	1,699,092	2,085,003
Temporarily restricted	262,509	388,434
Permanently restricted	145,002	141,655
Total Net Assets	<u>2,106,603</u>	<u>2,615,092</u>
Total Liabilities		
and Net Assets	<u>\$ 2,211,586</u>	<u>\$ 2,643,506</u>

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

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDED JUNE 30, 2009**

	June 30, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUES				
Donations and special events	\$ 109,375	\$ 277,047	\$ -	\$ 386,422
Federal revenue	171,169	-	-	171,169
Membership fees	-	-	-	-
Program fees	168,158	-	-	168,158
Program contracts	176	-	-	176
Fundraisers	173,866	-	-	173,866
Investment income	36,444	45,921	5,597	87,962
Other	175,506	97,723	-	273,229
Total Revenue	<u>834,694</u>	<u>420,691</u>	<u>5,597</u>	<u>1,260,982</u>
EXPENSES				
Program services:				
Scholarship	162,723	-	-	162,723
College Enhancement	950,724	-	-	950,724
Athletic Programs	136,593	-	-	136,593
Educational Programs	105,136	-	-	105,136
Support services:				
General Administrative	298,816	-	-	298,816
Fundraisers	112,635	-	-	112,635
Membership	2,844	-	-	2,844
Total Expenses	<u>1,769,471</u>	<u>-</u>	<u>-</u>	<u>1,769,471</u>
Increase/(Decrease) in Net Assets	<u>(934,777)</u>	<u>420,691</u>	<u>5,597</u>	<u>(508,489)</u>
UNREALIZED GAIN/(LOSS) ON INVESTMENTS				
	-	-	-	-
NET ASSETS RELEASED FROM RESTRICTIONS				
	548,866	(546,616)	(2,250)	-
INCREASE/(DECREASE) IN NET ASSETS				
	(385,911)	(125,925)	3,347	(508,489)
NET ASSETS, BEGINNING OF YEAR				
	<u>2,085,003</u>	<u>388,434</u>	<u>141,655</u>	<u>2,615,092</u>
NET ASSETS, END OF YEAR				
	<u>\$1,699,092</u>	<u>\$ 262,509</u>	<u>\$ 145,002</u>	<u>\$2,106,603</u>

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

June 30, 2009

\$	259,792
	532,860
	28,647
	26,636
	180,577
	102,679
	14,581
	163,186
	<u>1,308,958</u>

	79,495
	265,123
	85,655
	308,325

	186,122
	58,648
	3,572
	<u>986,940</u>
	<u>322,018</u>

	21,708
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	-
	<u>343,726</u>
	<u>2,271,366</u>
\$	<u><u>2,615,092</u></u>

WEST HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDED JUNE 30, 2009

	June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (508,489)	\$ 343,726
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Depreciation and amortization	8,274	10,403
(Increase)/Decrease in accounts receivable	74,568	(214,903)
Increase/(Decrease) in accounts payable	74,945	14,432
Increase/(Decrease) in due to other groups	1,624	1,187
Net Cash Flows Provided/(Used) By Operating Activities	<u>(349,078)</u>	<u>154,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in investments	11,611	(188,956)
(Increase)/Decrease in rodeo stock	22,450	-
(Purchase)/Disposal of fixed assets	165,277	4,333
Net Cash Flows Provided/(Used) By Investing Activities	<u>199,338</u>	<u>(184,623)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(149,740)	(29,778)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,264,631</u>	<u>1,294,409</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,114,891</u>	<u>\$ 1,264,631</u>

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

WEST HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Programs				Total Program Services
	Scholarships	College Enhancement	Athletic Programs	Educational Programs	
EXPENSES					
Salary	\$ 15,704	\$ 33,399	\$ 31,007	\$ 34,344	\$ 114,454
Benefits	6,143	8,395	7,227	9,216	30,981
Total Salary and Benefits	21,847	41,794	38,234	43,560	145,435
Depreciation	-	-	-	-	-
Donations	-	-	-	-	-
Educational	-	270,000	-	-	270,000
Equipment	-	46,371	-	-	46,371
Fundraiser	-	-	-	-	-
Insurance	-	-	-	-	-
Maintenance and repair	-	-	-	-	-
Occupancy	-	21,525	-	26,997	48,522
Other expenses	5,872	110,782	48,569	16,285	181,508
Printing and promotion	-	114,671	-	-	114,671
Professional services	-	84,740	-	6,472	91,212
Rental	-	2,633	-	1,110	3,743
Scholarship	135,004	-	-	-	135,004
Supplies	-	159,958	36,949	10,712	207,619
Travel and training	-	98,250	12,841	-	111,091
Total Expenses	\$ 162,723	\$ 950,724	\$ 136,593	\$ 105,136	\$ 1,355,176

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

<u>Support</u>			<u>Total Support Services</u>	<u>Total Expenses</u>	
<u>General Administrative</u>	<u>Fundraisers</u>	<u>Membership</u>		<u>June 30,</u>	
				<u>2010</u>	<u>2009</u>
\$ 37,861	\$ 28,165	\$ 1,792	\$ 67,818	\$ 182,272	\$ 164,264
10,935	8,268	1,052	20,255	51,236	41,400
48,796	36,433	2,844	88,073	233,508	205,664
8,274	-	-	8,274	8,274	10,403
191,410	-	-	191,410	191,410	9,848
-	-	-	-	270,000	358,105
-	-	-	-	46,371	24,916
-	4,879	-	4,879	4,879	27,669
-	-	-	-	-	11,970
-	-	-	-	-	2,669
25,544	19,035	-	44,579	93,101	-
9,111	7,914	-	17,025	198,533	107,066
-	3,115	-	3,115	117,786	5,395
5,000	-	-	5,000	96,212	31,712
-	8,806	-	8,806	12,549	-
-	-	-	-	135,004	32,899
5,748	32,453	-	38,201	245,820	41,889
4,933	-	-	4,933	116,024	116,735
<u>\$ 298,816</u>	<u>\$ 112,635</u>	<u>\$ 2,844</u>	<u>\$ 414,295</u>	<u>\$ 1,769,471</u>	<u>\$ 986,940</u>

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

NOTE 1 - ORGANIZATION AND DESCRIPTION OF ACTIVITIES

The West Hills Community College Foundation is a California not-for-profit organization for the benefit of West Hills Community College District (the District) and is considered a Component Unit of the District. The Foundation was organized for the purpose of providing Financial Aid to students in need. The Foundation provides opportunities for members of the community to donate property and money for the express purpose, through grants and scholarships, of helping deserving students receive a quality education.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method - Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements as well as the timing of the measurement made, regardless of the measurement focus applied. The Foundation uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized in the beginning of the accounting period in which the liability is incurred.

Property and Equipment

Property and equipment of the Foundation are stated at cost where known or estimated cost in other instances. If donated they are stated at fair market value as of the date received. For donors planning to take a charitable tax deduction for a gift in kind valued at \$5,000 or more, the IRS requires the donor to obtain an independent appraisal and to complete an IRS Form 8283. Property, equipment, and improvements are depreciated or amortized over the estimated useful life of the asset, ranging from 2 to 30 years, using the straight-line method.

Income Taxes

The Foundation is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation annually files Forms 990, 199 and RRF-1 with the appropriate agencies.

Financial Statement Presentation

The Foundation in 1997 implemented Statement of Financial Accounting Standards (SFAS) No. 117. In "Financial Statements of Not-For-Profit Organizations" under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

The Foundation and the West Hills Community College District are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Contributions

The Foundation also adopted in 1997, 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.

Investments

The Foundation elected to adopt SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1997. 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 change in net assets.

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 expenditures/expenses during the reported period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other 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.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

Changes in Accounting Principles

Subsequent Events

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance which requires the effects of events that occur subsequent to the balance sheet date be evaluated through the date the financial statements are either issued or available to be issued. Entities are to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Entities are required to reflect in their financial statements the effects of subsequent events that provide additional evidence about conditions at the balance sheet date (recognized subsequent events). Entities are also prohibited from reflecting in their financial statements the effects of subsequent events that provide evidence about condition that arose after the balance sheet date (nonrecognized subsequent events), but requires information about those events to be disclosed if the financial statements would otherwise be misleading. This guidance was effective for annual financial periods ended after June 15, 2009 with prospective application. The Foundation adopted the guidance for the year ended December 31, 2009, by including the required disclosures in Note 8 to the financial statements.

Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, accounting standards were revised to establish the Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Codification does not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for annual periods ended after September 15, 2009, and as of the effective date, all existing accounting standard documents were superseded. Adoption of the Codification in 2009 did not have a material impact on the Association's financial statements.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

NOTE 3 - CASH

The Foundation maintains cash balances in excess of \$250,000 in bank, which is insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash at June 30, 2010 and 2009, are presented below and categorized separately to give an indication of the level of risk assessment.

June 30, 2010	<u>Bank Balance - Category *</u>			<u>Total</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Categorized Deposits					
Cash on hand and in banks	<u>\$ 270,810</u>	<u>\$ -</u>	<u>\$ 768,388</u>	<u>\$ 1,039,198</u>	<u>\$ 1,114,891</u>
June 30, 2009	<u>Bank Balance - Category *</u>			<u>Total</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Categorized Deposits					
Cash on hand and in banks	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 1,251,776</u>	<u>\$ 1,451,776</u>	<u>\$ 1,264,631</u>

*These categories are as follows:

- Category 1: Insured or collateralized with securities held by the Foundation or by its agent in the Foundation's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.
- Category 3: Uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Foundation's name.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

NOTE 4 - INVESTMENTS

Investments at June 30, 2010 and 2009, held on behalf of the West Hills Community College Foundation are presented below.

	June 30,	
	2010	2009
Mutual Funds		
Cost	\$ 924,437	\$ 1,035,028
Carrying amount	955,860	967,471
Unrealized gain/(loss)	\$ 31,423	\$ (67,557)

Investment returns are summarized as follows:

	June 30,	
	2010	2009
Interest and dividend income	\$ 49,598	\$ 14,581
Net realized and unrealized gains (losses)	38,364	21,708
Total	\$ 87,962	\$ 36,289

Authorized Investments

The Foundation is authorized to make direct investments in U.S. Treasury Bills; money market funds; State Treasurer's Investment Pool; commercial paper; banker's acceptances; repurchase agreements; certificates of deposit; securities of the U.S. Government, or its agencies; corporate notes and bonds; mortgage backed bonds; preferred stock; fixed income securities of foreign governments and corporations; collateralized mortgage obligations; common stock; convertible notes and bonds; convertible preferred stock; American Depository Receipts (ARDs) of non-U.S. companies; stocks of non-U.S. Companies (ordinary shares); mutual funds which invest in securities; guaranteed investment contracts; and real estate.

Investment Policies

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies 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 the endowment assets. In order to meet its needs, the investment strategy of the Foundation is to emphasize stability. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in cash as of June 30, 2010.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

NOTE 5 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009**

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the balances of the assets measured at fair value on a recurring basis as of June 30, 2010 and 2009, respectively.

June 30, 2010

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 955,860	\$ -	\$ -	\$ 955,860

June 30, 2009

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 967,471	\$ -	\$ -	\$ 967,471

The Foundation did not have any Level 3 investment liabilities as of December 31, 2010 and 2009.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 and 2009, are as follows:

	June 30,	
	2010	2009
Program fees	\$ 140,335	\$ 214,903

NOTE 7 - PROPERTY AND LEASEHOLD IMPROVEMENTS

The following is a summary of property and leasehold improvements as of June 30, 2010 and 2009:

	June 30,	
	2010	2009
Building	\$ -	\$ 250,000
Land and leasehold improvements	-	117,979
Equipment	-	57,516
Subtotal	-	425,495
Accumulated depreciation	-	(251,944)
Total	\$ -	\$ 173,551

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

NOTE 8 - DONATED SERVICES

The Foundation receives donated services from the College for the general administration of the Foundation. For the years ended June 30, 2010 and 2009, the value of the services received from the College was as follows:

	June 30,	
	2010	2009
Scholarship	\$ 21,847	\$ 42,180
College Enhancement	41,794	38,661
Athletic Programs	38,234	18,664
Educational Programs	43,560	23,488
General Administrative	48,796	52,896
Fundraisers	36,433	26,203
Membership	2,844	3,572
Total	<u>\$ 233,508</u>	<u>\$ 205,664</u>

NOTE 9 - SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through January 12, 2011, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed through California Department of Health Care Services: Medi-Cal Billing Option	93.778	<u>\$ 171,169</u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
West Hills Community College Foundation
Coalinga, California

We have audited the financial statements of the West Hills Community College Foundation, a California non-profit corporation, as of and for the year ended June 30, 2010, which collectively comprise West Hills Community College Foundation's basic financial statements and have issued our report thereon dated January 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Hills Community College Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Hills Community College Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Hills Community College Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Hills Community College Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of West Hills Community College Foundation in a separate letter dated January 12, 2011.

This report is intended solely for the information and use of the governing board, management, and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 12, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

The Foundation was not subject to a Single Audit under OMB Circular A-133 guidelines as their total Federal award expenditures were under the minimum threshold of \$500,000.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENT FINDINGS

None noted.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

None noted.



January 12, 2011

Governing Board
West Hills Community College Foundation
Coalinga, California

In planning and performing our audit of the financial statements of West Hills Community College Foundation for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 12, 2011, on the financial statements of West Hills Community College Foundation.

Cash Disbursement

Finding

In reviewing the cash disbursement procedures, we noted several invoices that were dated prior to the purchase order date. This indicates that purchases are being made prior to approval.

Recommendation

The Foundation should take the necessary steps to ensure that all items have an authorized purchase order prior to the item being purchased to indicate the proper authorization of disbursements.

Accounts Receivable

Finding

The Foundation does not have procedures to determine and record accounts receivable accruals. No accounts receivables were accrued and recorded in the general ledger system. This could lead to the misstatement of the financial statements.

Governing Board
West Hills Community College Foundation
January 12, 2011

Recommendation

The Foundation should develop procedures to determine and record accounts receivable accruals. All cash receipts received after June 30 should be reviewed to determine if they were earned prior to June 30. Any receipts earned prior to June 30 should be accrued as a receivable.

We will review the status of the current year comments during our next audit engagement.

Vannest, Eric, Day & Co., LLP

Fresno, California
January 12, 2011