

**SAN BERNARDINO  
VALLEY COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS**  
June 30, 2010

**SAN BERNARDINO  
VALLEY COLLEGE FOUNDATION**

June 30, 2010

**C O N T E N T S**

	<u>Page</u>
Report of Independent Auditors	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-10
Supplementary Information	
Schedule of Changes in All Funds	11

---

**REPORT OF INDEPENDENT AUDITORS**

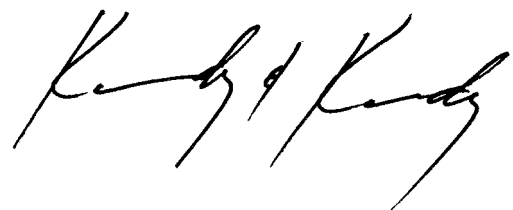
Board of Directors  
San Bernardino Valley College Foundation  
San Bernardino, California

We have audited the accompanying statement of financial position of San Bernardino Valley College Foundation as of June 30, 2010, 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 the financial statements based on our audit. The prior year summarized information was derived from the Foundation's 2009 financial statements. In our report dated January 19, 2010, we expressed an unqualified opinion on those prior year financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, which 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. It 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 Foundation at 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.

Our audit was conducted for the purpose of expressing an opinion on the financial statements taken as a whole. The supplementary information on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



April 11, 2011  
San Bernardino, California

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

STATEMENT OF FINANCIAL POSITION

June 30, 2010

(Summarized Totals for 2009)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>
<b>Assets</b>					
Cash in Banks	\$ 124,209	\$ -	\$ -	\$ 124,209	\$ 498,172
Certificates of Deposit	20,520	135,580	-	156,100	151,731
Investments	-	1,012,037	1,169,477	2,181,514	1,412,380
	<hr/>				
<b>Total Assets</b>	<b>\$ 144,729</b>	<b>\$ 1,147,617</b>	<b>\$ 1,169,477</b>	<b>\$ 2,461,823</b>	<b>\$ 2,062,283</b>
	<hr/> <hr/>				
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Assets</b>					
Unrestricted					
Board Designated	110,000	-	-	110,000	-
Other Unrestricted	34,729	-	-	34,729	89,037
	<hr/>				
Total Unrestricted	144,729	-	-	144,729	89,037
Temporary Restricted	-	1,147,617	-	1,147,617	1,772,099
Permanently Restricted	-	-	1,169,477	1,169,477	201,147
	<hr/>				
<b>Total Net Assets</b>	<b>144,729</b>	<b>1,147,617</b>	<b>1,169,477</b>	<b>2,461,823</b>	<b>2,062,283</b>
	<hr/> <hr/>				
<b>Total Liabilities and Net Assets</b>	<b>\$ 144,729</b>	<b>\$ 1,147,617</b>	<b>\$ 1,169,477</b>	<b>\$ 2,461,823</b>	<b>\$ 2,062,283</b>
	<hr/> <hr/>				

See Accompanying Notes to Financial Statements.

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010  
( Summarized Totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
<b>Revenues</b>					
Contributions	\$ 40,616	\$ 317,337	\$ 136,094	\$ 494,047	\$ 366,762
Investment Gains (Losses)	11,103	76,480	-	87,583	(213,447)
Investment Income	30,471	15,542	-	46,013	43,628
<b>Total Revenues</b>	82,190	409,359	136,094	627,643	196,943
Net Assets Released from Restriction	199,172	(199,172)	-	-	-
	281,362	210,187	136,094	627,643	196,943
<b>Expenses</b>					
Program Services	171,026	-	-	171,026	124,675
Fundraising	28,146	-	-	28,146	79,576
Management and General	28,931	-	-	28,931	33,656
<b>Total Expenses</b>	228,103	-	-	228,103	237,907
<b>Change in Net Assets</b>	53,259	210,187	136,094	399,540	(40,964)
<b>Net Assets - Beginning</b>	89,037	1,772,099	201,147	2,062,283	2,103,247
<b>Prior Period Adjustment</b>	2,433	(834,669)	832,236	-	-
<b>Net Assets - Ending</b>	\$ 144,729	\$ 1,147,617	\$ 1,169,477	\$ 2,461,823	\$ 2,062,283

See Accompanying Notes to Financial Statements.

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2010  
(Summarized Totals for 2009)

	Total <u>2010</u>	Total <u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 399,540	\$ (40,964)
Noncash Items Included in Revenues and Expenses:		
Realized (Gains)Losses on Investments	8,137	45,718
Unrealized (Gains) Losses on Investments	(95,720)	167,729
Cash Provided by Operating Activities	<u>311,957</u>	<u>172,483</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from Sale of Investments	575,972	275,068
Purchase of Investments	(1,261,892)	(395,685)
Cash (Used) by Investing Activities	<u>(685,920)</u>	<u>(120,617)</u>
<b>Increase (Decrease) in Cash</b>	(373,963)	51,866
<b>Cash - Beginning</b>	<u>498,172</u>	<u>446,306</u>
<b>Cash - Ending</b>	<u>\$ 124,209</u>	<u>\$ 498,172</u>

**Supplemental Cash Flow Information**

Cash flows from operating activities include no amounts paid for interest or income taxes.

See Accompanying Notes to Financial Statements.

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2010

(Summarized Totals for 2009)

	<u>Program</u> <u>Services</u>	<u>Fund-</u> <u>Raisers</u>	<u>Management</u> <u>and General</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>
<b>Expenses</b>					
Program Costs	\$ 171,026	\$ 28,146	\$ -	\$ 199,172	\$ 204,251
Investment Fees	-	-	12,191	12,191	11,105
Audit Fees	-	-	9,500	9,500	9,000
Accounting Fees	-	-	1,665	1,665	8,685
Other	-	-	5,575	5,575	4,866
Total Expense	<u>\$ 171,026</u>	<u>\$ 28,146</u>	<u>\$ 28,931</u>	<u>\$ 228,103</u>	<u>\$ 237,907</u>

See Accompanying Notes to Financial Statements.

# SAN BERNARDINO VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### NOTE 1 – ORGANIZATION AND OTHER MATTERS

The San Bernardino Valley College Foundation is a nonprofit organization formed in California in 1973. The Foundation is governed by a volunteer board of directors and its principal functions are to coordinate the collection of fundraisers, donations, and investment income, and to administer the payment of these funds to fundraising and scholarship recipients. The Foundation is exempt from income tax liability under Section 501(c)(3) of the Internal Revenue Code.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Prior Year Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Foundation's financial statements for the year ended June 30, 2009, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

#### Donated Services

Some Foundation members have donated significant amounts of time in the advancement of its programs and objectives. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services.

#### Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Foundation is required to measure one type of asset and the related revenues at fair value: investments. The technique used to measure fair value for this element is described in Note 4.



# SAN BERNARDINO VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Accounting for Contributions

Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Contributions restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When a restriction is satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Foundation reports both the revenue and the related expense in the unrestricted net asset class.

#### Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all temporary liquid investments with maturities of three months or less to be cash equivalents.

#### Income Taxes

Since the Foundation is exempt from federal and state tax liability, no provision is made for current or deferred taxes. The Foundation uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Foundation in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Foundation's returns for years ended June 30, 2007, 2008, and 2009, are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

#### Functional Expense Reporting

The costs of the Foundation's activities have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they relate to those functions.

#### Subsequent Events

Management has evaluated subsequent events through April 11, 2011, the date which the financial statements were available.

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010

**NOTE 3 – CERTIFICATES OF DEPOSIT**

Certificates of deposit are recorded at cost with maturities ranging from 9 to 14 months. Certificates are in denominations of less than \$100,000 and are held by institutions insured by the FDIC.

**NOTE 4 – INVESTMENTS**

Investments consist of bond funds and mutual funds carried at fair value and are intended to provide income for the Foundation's programs. The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). Information about investments is summarized as follows:

	Cost or Donated <u>Value</u>	Fair Value <u>6/30/10</u>	Unrealized Gains (Losses) <u>6/30/10</u>
<u>June 30, 2010</u>			
Bond Funds	\$ 963,731	\$ 966,353	\$ 2,623
Mutual Funds	1,061,929	1,005,161	(56,768)
CCC Scholarship Endowment	<u>210,000</u>	<u>210,000</u>	<u>-</u>
Total	<u>\$ 2,235,660</u>	<u>\$ 2,181,514</u>	(54,145)
Unrealized Loss at 6/30/09			<u>(149,865)</u>
Unrealized Gain During 2009-10			95,720
Realized Loss on the Sale of Investments			<u>(8,137)</u>
Net Investment Gain During 2009-10			<u>\$ 87,583</u>
	Cost or Donated <u>Value</u>	Fair Value <u>6/30/09</u>	Unrealized Gains (Losses) <u>6/30/09</u>
<u>June 30, 2009</u>			
Bond Funds	\$ 702,235	\$ 687,816	\$ (14,419)
Mutual Funds	<u>860,010</u>	<u>724,564</u>	<u>(135,446)</u>
Total	<u>\$ 1,562,245</u>	<u>\$ 1,412,380</u>	(149,865)
Unrealized Gain at 6/30/08			<u>17,864</u>
Unrealized Loss During 2008-09			(167,729)
Realized Loss on the Sale of Investments			<u>(45,718)</u>
Net Investment Loss During 2008-09			<u>\$ (213,447)</u>

# SAN BERNARDINO VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### NOTE 5 – TEMPORARY RESTRICTIONS

<u>Temporarily restricted net assets</u> consist of the following elements:	<u>2010</u>	<u>2009</u>
Scholarships (purpose restriction)	\$ 1,013,820	\$ 701,266
Fundraisers (purpose restriction)	<u>133,797</u>	<u>128,597</u>
Total	<u>\$ 1,147,617</u>	<u>\$ 829,863</u>

<u>Net assets released from restriction</u> consist of the following:		
Scholarships (purpose restriction satisfied)	\$ 171,026	\$ 119,405
Fundraisers (purpose restriction satisfied)	<u>28,146</u>	<u>79,576</u>
Total	<u>\$ 199,172</u>	<u>\$ 198,981</u>

### NOTE 6 – PERMANENTLY RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

In accordance with California law (UPMIFA), the Foundation has classified as permanently restricted the fair value of donations restricted by donors to be held in perpetuity as endowments for scholarships. The Foundation Board has also established designated amounts to be included with these endowments for scholarships.

With respect to *permanently restricted endowments*, the executive committee has interpreted the state law as requiring preservation of the fair value of the original endowment gift, as of the gift date, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted the original value of gifts made to the permanent endowment. Permanently restricted endowment assets are included with investments described in Note 4. Earnings on permanently restricted endowment assets that have not been appropriated for expenditure are classified as temporarily restricted net assets.

With respect to *Board designated endowments*, the executive committee has interpreted the state law as requiring preservation of the fair value of the original endowment amount. As a result of this interpretation and because this endowment was not created by donors, it is considered to be a “quasi-endowment” and classified as unrestricted. The unrestricted endowment is also included in investments described in Note 4.

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that the Board intended to be retained as a fund of perpetual duration. In accordance with generally accepted accounting principles, declines of this nature are reported as losses in unrestricted net assets. As values recover, the increases are reported as unrestricted gains. At the reporting dates, the Foundation had accumulated gains and losses on endowment assets as indicated in Note 4.

The Foundation has adopted an investment policy and spending guidelines for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets. Under these policies, endowment assets are invested to produce a return that is expected to meet or exceed the rate of inflation as measured by the Consumer Price Index.

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010

**NOTE 6 – PERMANENTLY RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (Continued)**

Actual results during any period may vary from these expectations. The Foundation relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. This strategy involves a diversified asset allocation that provides a balance among equity investments. The Association's spending policy was established considering the long-term expected return on assets and the long-term growth of the asset.

**NOTE 7 – PRIOR PERIOD ADJUSTMENT**

During the current reporting period, it was determined that \$832,236 of scholarship donations made in prior years and originally considered temporarily restricted contributions were, in fact, permanently restricted contributions. As a result, the original gift amounts have been reclassified to permanently restricted net assets. Also, in the current year it was determined that \$2,433 in contributions made in the prior year and recorded as temporarily restricted were, in fact, unrestricted.

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION**

**SUPPLEMENTARY SCHEDULE OF CHANGES IN ALL FUNDS**

For the Year Ended June 30, 2010

(Summarized Totals for 2009)

	Operating <u>Fund</u>	Fund- <u>Raisers</u>	Scholarship <u>Funds</u>	Total <u>2010</u>	Total <u>2009</u>
<b>Revenues</b>					
Contributions	\$ 40,616	\$ 62,559	\$ 390,872	\$ 494,047	\$ 366,762
Investment Gains(Losses)	11,103	3,354	73,126	87,583	(213,447)
Investment Income	30,471	-	15,542	46,013	43,628
<b>Total Revenues</b>	<b>82,190</b>	<b>65,913</b>	<b>479,540</b>	<b>627,643</b>	<b>196,943</b>
<b>Expenses</b>					
Program Costs	-	28,146	171,026	199,172	204,251
Management					
Investment Fees	12,191	-	-	12,191	11,105
Audit Fees	9,500	-	-	9,500	9,000
Accounting Fees	1,665	-	-	1,665	8,685
Other	5,575	-	-	5,575	4,866
<b>Total Management</b>	<b>28,931</b>	<b>-</b>	<b>-</b>	<b>28,931</b>	<b>33,656</b>
<b>Total Expenses</b>	<b>28,931</b>	<b>28,146</b>	<b>171,026</b>	<b>228,103</b>	<b>237,907</b>
<b>Change in Net Assets</b>	<b>53,259</b>	<b>37,767</b>	<b>308,514</b>	<b>399,540</b>	<b>(40,964)</b>
<b>Net Assets - Beginning</b>	<b>89,037</b>	<b>137,097</b>	<b>1,836,149</b>	<b>2,062,283</b>	<b>2,103,247</b>
<b>Prior Period Adjustment</b>	<b>2,433</b>	<b>-</b>	<b>(2,433)</b>	<b>-</b>	<b>-</b>
<b>Fund Transfers</b>	<b>-</b>	<b>(41,067)</b>	<b>41,067</b>	<b>-</b>	<b>-</b>
<b>Net Assets - Ending</b>	<b>\$ 144,729</b>	<b>\$ 133,797</b>	<b>\$ 2,183,297</b>	<b>\$ 2,461,823</b>	<b>\$ 2,062,283</b>
Unrestricted	\$ 144,729	\$ -	\$ -	\$ 144,729	\$ 89,037
Temporarily Restricted	-	133,797	1,013,820	1,147,617	1,772,099
Permanently Restricted	-	-	1,169,477	1,169,477	201,147
<b>Total</b>	<b>\$ 144,729</b>	<b>\$ 133,797</b>	<b>\$ 2,183,297</b>	<b>\$ 2,461,823</b>	<b>\$ 2,062,283</b>

See Auditors' Report.