

**WEST HILLS COMMUNITY  
COLLEGE FOUNDATION**

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**FINANCIAL REPORT**

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**DECEMBER 31, 2008 AND 2007**

**WEST HILLS COMMUNITY COLLEGE FOUNDATION**

**COALINGA, CALIFORNIA**

**DECEMBER 31, 2008 and 2007**

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**BOARD OF DIRECTORS**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Ernest Drewry	Community Director	2010
Leonard Falter	Community Director	2011
Bertha Felix-Mata	Staff Director	2009
Don Forth, Ph.D.	Community Director	2010
Brad Gleason	Community Director	2011
Frank Gornick	Staff Director	2009
William Gundacker	Community Director	2009
Edna Ivans, R.Ph.	Trustee Director	2011
Sheilah Kreyenhagen	Community Director	2010
Willard Lewallen, Ph.D.	Staff Director	2010
Nancy Oliveira	Community Director	2010
Nina Oxborrow	Trustee Director	2009
Bill Pucheu	Community Director	2010
Oscar Sablan, M.D.	Community Director	2011
Stacy Sablan	Community Director	2011
Marc Scott, CPA	Community Director	2011
Ann Stone	Community Director	2010
Ken Stoppenbrink	Staff Director	2010
Don Warkentin	Staff Director	2010
Ted Frame	Community Director	2008
Valerie Keller	Community Director	2009
Marcia Sablan	Community Director	2009

**ADMINISTRATION**

Barbara Caganich

Executive Director

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
West Hills Community College Foundation  
Coalinga, California

We have audited the accompanying statements of financial position of the West Hills Community College Foundation (the Foundation), a California non-profit corporation, as of December 31, 2008 and 2007, and the related statement of activities, functional expenses and cash flows for the years 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.

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 December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years 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 June 17, 2009, 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.

*Vannick, Trice, Darr & Co., LLP*

Fresno, California

June 17, 2009

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$1,294,409	\$1,746,127
Investments	778,515	-
Accounts receivable	-	19,211
Total Current Assets	<u>2,072,924</u>	<u>1,765,338</u>
Rodeo stock	22,450	22,450
Property and leasehold improvements - net of accumulated depreciation	188,287	210,391
Other assets	500	500
Total Assets	<u><u>\$2,284,161</u></u>	<u><u>\$1,998,679</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Funds held for others	12,795	16,290
Total Current Liabilities	<u>12,795</u>	<u>16,290</u>
<b>NET ASSETS</b>		
Unrestricted	1,790,138	1,526,471
Temporarily restricted	343,277	341,737
Permanently restricted	137,951	114,181
Total Net Assets	<u>2,271,366</u>	<u>1,982,389</u>
Total Liabilities and Net Assets	<u><u>\$2,284,161</u></u>	<u><u>\$1,998,679</u></u>

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



**WEST HILLS COMMUNITY COLLEGE FOUNDATION**

**STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008 and 2007**

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>				
<b>REVENUES</b>				
Donations and special events	\$ 374,585	\$ 81,484	\$ 18,000	\$ 474,069
Federal revenue	667,832	-	-	667,832
Membership fees	29,964	-	-	29,964
Program fees	23,777	-	-	23,777
Program contracts	442,960	-	-	442,960
Fundraisers	164,336	-	-	164,336
Investment income	44,523	7,668	8,320	60,511
Other	1,047	-	-	1,047
<b>Total Revenue</b>	<b>1,749,024</b>	<b>89,152</b>	<b>26,320</b>	<b>1,864,496</b>
<b>EXPENSES</b>				
Program services:				
Scholarship	51,312	81,252	-	132,564
College Enhancement	441,263	-	-	441,263
Athletic Programs	97,820	6,360	-	104,180
Educational Programs	340,453	-	-	340,453
Support services:				
General Administrative	268,538	-	-	268,538
Fundraisers	112,715	-	-	112,715
Membership	3,626	-	-	3,626
<b>Total Expenses</b>	<b>1,315,727</b>	<b>87,612</b>	<b>-</b>	<b>1,403,339</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>433,297</b>	<b>1,540</b>	<b>26,320</b>	<b>461,157</b>
<b>UNREALIZED GAIN/(LOSS) ON</b>				
INVESTMENTS	(172,180)	-	-	(172,180)
TRANSFERS	2,550	-	(2,550)	-
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<b>263,667</b>	<b>1,540</b>	<b>23,770</b>	<b>288,977</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,494,957</b>	<b>341,737</b>	<b>114,181</b>	<b>1,950,875</b>
<b>RESTATEMENT</b>	<b>31,514</b>	<b>-</b>	<b>-</b>	<b>31,514</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$1,790,138</b>	<b>\$ 343,277</b>	<b>\$ 137,951</b>	<b>\$2,271,366</b>

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

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2007

\$ 448,102  
600,582  
34,989  
29,137  
552,156  
180,776  
14,707  
28,247  

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1,888,696

158,184  
281,241  
197,428  
546,982

110,373  
114,555

-  

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1,408,763  

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479,933

-  
-  

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479,933  

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1,468,875  
33,581  

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\$1,982,389

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# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 288,977	\$ 479,933
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Depreciation and amortization	22,104	21,670
(Increase)/Decrease in accounts receivable	19,211	(15,434)
Increase/(Decrease) in accounts payable	-	(25,988)
Increase/(Decrease) in due to other groups	(3,495)	16,290
Net Cash Flows Provided By Operating Activities	<u>326,797</u>	<u>476,471</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in investments	(778,515)	582,861
(Purchase)/Disposal of fixed assets	(22,104)	(6,500)
Net Cash Flows Provided/(Used) By Investing Activities	<u>(800,619)</u>	<u>576,361</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(473,822)	1,052,832
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,746,127</u>	<u>693,295</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,272,305</u>	<u>\$ 1,746,127</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 DECEMBER 31, 2008 and 2007

	Programs				Total Program Services
	Scholarships	College Enhancement	Athletic Programs	Educational Programs	
EXPENSES					
Salary	\$ 36,321	\$ 29,777	\$ 12,129	\$ 16,232	\$ 94,459
Benefits	11,268	9,338	4,660	6,600	31,866
Total Salary and Benefits	47,589	39,115	16,789	22,832	126,325
Depreciation	-	9,634	-	12,470	22,104
Donation	-	1,127	-	-	1,127
Educational	23,777	58,246	3,761	117,348	203,132
Equipment	280	9,452	5,573	37,003	52,308
Fundraiser	-	27,051	4,141	450	31,642
Insurance	-	17,400	350	100	17,850
Maintenance and repair	-	7,881	256	7,246	15,383
Occupancy	-	-	-	-	-
Other expenses	1,030	75,007	17,495	41,383	134,915
Printing and promotion	-	18,689	-	12,087	30,776
Professional services	1,400	102,312	2,775	25,736	132,223
Rental	-	2,896	-	-	2,896
Scholarship	56,509	1,518	-	25	58,052
Supplies	1,979	61,019	40,893	44,331	148,222
Travel and training	-	9,916	12,147	19,442	41,505
Total Expenses	<u>\$ 132,564</u>	<u>\$ 441,263</u>	<u>\$ 104,180</u>	<u>\$ 340,453</u>	<u>\$ 1,018,460</u>

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>2008</u>	<u>2007</u>
\$ 42,184	\$ 19,675	\$ 2,698	\$ 64,557	\$ 159,016	\$ 184,699
13,480	7,365	928	21,773	53,639	54,504
55,664	27,040	3,626	86,330	212,655	239,203
-	-	-	-	22,104	21,670
-	-	-	-	1,127	15,244
39,158	7,581	-	46,739	249,871	390,265
10,269	8,848	-	19,117	71,425	114,236
3,157	28,132	-	31,289	62,931	69,424
13,576	-	-	13,576	31,426	16,029
-	124	-	124	15,507	51,092
-	-	-	-	-	14,935
96,919	18,966	-	115,885	250,800	45,497
108	344	-	452	31,228	13,914
25,568	5,894	-	31,462	163,685	79,448
-	-	-	-	2,896	5,071
761	-	-	761	58,813	92,780
12,576	12,572	-	25,148	173,370	204,958
10,782	3,214	-	13,996	55,501	34,997
<u>\$ 268,538</u>	<u>\$ 112,715</u>	<u>\$ 3,626</u>	<u>\$ 384,879</u>	<u>\$ 1,403,339</u>	<u>\$ 1,408,763</u>

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

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### *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 DECEMBER 31, 2008 and 2007

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### 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.

### New Accounting Pronouncement

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, "Fair Value Measurements". This Statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This Statement establishes a fair value hierarchy that distinguishes between valuations obtained from sources independent of the entity and those from the entity's own observable inputs that are not corroborated by observable market data. SFAS No. 157 expands disclosures about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. This disclosure focuses on the inputs used to measure fair value and for recurring fair value measurements using significant unobservable inputs, the effect of the measurements on earnings, or changes in net assets for the period. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007.

The Foundation adopted SFAS No. 157 on January 1, 2008, and the adoption did not have a material impact on the Foundation's financial statements.



**WEST HILLS COMMUNITY COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2008 and 2007**

**NOTE 3 - CASH**

The Foundation maintains cash balances in excess of \$100,000 in bank, which is insured by the Federal Deposit Insurance Corporation up to \$100,000. Cash at December 31, 2008 and 2007, are presented below and categorized separately to give an indication of the level of risk assessment.

<b>December 31, 2008</b>	<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>\$ 1,294,409</u>

  

<b>December 31, 2007</b>	<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>\$ 1,575,247</u>	<u>\$ 1,775,247</u>	<u>\$ 1,746,127</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  
DECEMBER 31, 2008 and 2007**

**NOTE 4 - INVESTMENTS**

Investments at December 31, 2008 and 2007, held on behalf of the West Hills Community College Foundation are presented below.

	<u>2008</u>	<u>2007</u>
Mutual Funds		
Cost	\$ 1,017,558	\$ -
Carrying amount	778,515	-
Unrealized gain/(loss)	<u>\$ (239,043)</u>	<u>\$ -</u>

Investment return is summarized as follows:

	<u>2008</u>	<u>2007</u>
Interest and dividend income	\$ 60,511	\$ 27,211
Net realized and unrealized gains (losses)	(239,043)	54,807
Expenses	-	(12,504)
Total	<u>\$ (178,532)</u>	<u>\$ 69,514</u>

Investment revenues are reported net of related investment expenses in the Statement of Activities, the amount of expenses netted with revenues were \$0 and \$14,707 for the years ended December 31, 2008 and 2007, respectively. The Foundation's current investment company is not charging fees on investments.

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.

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2008 and 2007, are as follows:

	<u>2008</u>	<u>2007</u>
Program fees	<u>\$ -</u>	<u>\$ 19,211</u>

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

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### *NOTE 6 - PROPERTY AND LEASEHOLD IMPROVEMENTS*

The following is a summary of property and leasehold improvements as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Building	\$ 250,000	\$ 250,000
Land and leasehold improvements	117,979	117,979
Equipment	64,016	64,016
Subtotal	<u>431,995</u>	<u>431,995</u>
Accumulated depreciation	<u>(243,708)</u>	<u>(221,604)</u>
Total	<u>\$ 188,287</u>	<u>\$ 210,391</u>

### *NOTE 7 - OTHER ASSETS*

Other assets are related to a golf membership purchased by the Foundation. The membership is carried at its estimated fair market value.

### *NOTE 8 - DONATED SERVICES*

The Foundation receives donated services from the College for the general administration of the Foundation. For the year ended December 31, 2008 and 2007, the value of the services received from the College was as follows:

	<u>2008</u>	<u>2007</u>
Scholarship	\$ 47,589	\$ 47,841
College Enhancement	39,115	21,277
Athletic Programs	16,789	8,854
Educational Programs	22,832	21,277
General Administrative	55,664	83,258
Fundraisers	27,040	56,695
Membership	3,626	-
Total	<u>\$ 212,655</u>	<u>\$ 239,202</u>

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

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### *NOTE 9 - RESTATEMENT OF NET ASSETS*

During the audit, it was discovered that almond and pistachio trees were donated to the Foundation and were planted on land owned by the West Hills Community College. Additionally, it was discovered that the Foundation had purchased a golf membership in a previous fiscal year. As such, the beginning net assets have been restated in the amount of \$31,514 and \$33,581 for the fiscal years ending December 31, 2008 and 2007, respectively. The amounts represent the donated value of the trees less accumulated depreciation as well as the golf membership as of December 31, 2006 and 2007.

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***SUPPLEMENTARY INFORMATION***

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**WEST HILLS COMMUNITY COLLEGE FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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<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 <sup>1</sup>	93.778	<u>\$ 667,832</u>

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<sup>1</sup> Tested as a major program

See accompanying note to supplementary information.



# **WEST HILLS COMMUNITY COLLEGE FOUNDATION**

## **NOTE TO SUPPLEMENTARY INFORMATION DECEMBER 31, 2008**

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### **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.

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***INDEPENDENT AUDITORS' REPORTS***

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**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 December 31, 2008 and 2007, which collectively comprise West Hills Community College Foundation's basic financial statements and have issued our report thereon dated June 17, 2009. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control. We consider the deficiency described in the accompanying Financial Statement Findings as item 2008-1 to be significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **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*.

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.

*Vermick, Trin. Day & Co., LLP*

Fresno, California  
June 17, 2009



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board  
West Hills Community College Foundation  
Coalinga, California

**Compliance**

We have audited the compliance of West Hills Community College Foundation with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended December 31, 2008 and 2007. West Hills Community College Foundation's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of West Hills Community College Foundation's management. Our responsibility is to express an opinion on West Hills Community College Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about West Hills Community College Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of West Hills Community College Foundation's compliance with those requirements.

In our opinion, West Hills Community College Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 2008 and 2007.

## Internal Control Over Compliance

The management of West Hills Community College Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered West Hills Community College Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the West Hills Community College Foundation's internal control over compliance.

A *control deficiency* in a foundation's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the Foundation's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

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.

*Vermick, Trice, Darr & Co., LLP*

Fresno, California  
June 17, 2009

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**WEST HILLS COMMUNITY COLLEGE FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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**SUMMARY OF AUDITORS' RESULTS**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>93.778</u>	<u>Medi-Cal Billing Option</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2008

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### FINANCIAL STATEMENT FINDINGS

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#### 2008-1 Finding

During the audit, we noted that there were expenses paid for whose business purpose was not clear specifically related to the payment of a golf club membership for an employee of West Hills College. Legal counsel issued an opinion which stated that personal use of the membership is additional compensation and should be included on the member's W-2 as additional compensation. Additionally, it was noted that unreported personal use of the membership creates an excess benefit transaction which, if the membership is reasonable, creates an excess benefit transaction and could potentially cause penalties for the Foundation with respect to its tax exempt status.

#### Recommendation

The Foundation should make sure that the business purpose of all expenses is clear by thoroughly documenting the business purpose of the expense, especially if it is not clear. The Foundation should be in communication with the West Hills College Community College District to insure that all reporting of income to the applicable taxation agencies is consistent with the requirements of both the West Hills College Community College District as well as the West Hills College Foundation and the legal opinion obtained.

#### Foundation Response

The Foundation processes hundreds of requisitions and purchase orders each month on behalf of the colleges, clubs and organizations within the WHCC District. While the Foundation can be more specific when describing the business purpose of all expenses directly related to the Foundation's daily operations, it is not always possible to do so with the expenditures of these other entities.

To further complicate matters, on July 1, 2009, the Foundation moved from QuickBooks to Datatel. The Foundation is now on the same accounting cycle and fiscal year as the District (ending June 30). All requisitions are generated electronically and all purchase orders flow from those requisitions. Once purchase orders have been approved, the District then processes all checks for all amounts requested via the requisition process.

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### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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None noted.

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2008

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### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

#### **2007-1 Finding**

During the year the total balance of the cash and investment accounts were lower than the total of the equity accounts which are used to track each groups/organizations available balance. The effect was that as of November 30, 2007, the cash and investment accounts were more than \$135,000 lower than the total of the equity accounts which would inappropriately lead the Foundation and/or managers of those accounts to believe they had more spending funds than they actually did. The condition was caused by staff not understanding that the balances of the cash/investment accounts should equal the equity accounts at all times on the QuickBooks general ledger. Personnel changes could have contributed to this situation over the year.

#### **Recommendation**

The Foundation should take steps to regularly check to make sure that the total of the cash and investment accounts equal the equity accounts. Any new staff handling the QuickBooks accounting should be inserviced in the proper accounting of activities as it is key for the managers of the accounts to receive accurate information about their spendable balances.

#### **Current Status**

Implemented.