

**WEST HILLS COMMUNITY
COLLEGE FOUNDATION**

FINANCIAL REPORT

JUNE 30, 2016

**WITH
INDEPENDENT AUDITOR'S REPORT**

WEST HILLS COMMUNITY COLLEGE FOUNDATION

COALINGA, CALIFORNIA

JUNE 30, 2016

BOARD OF DIRECTORS

WEST HILLS COMMUNITY COLLEGE FOUNDATION

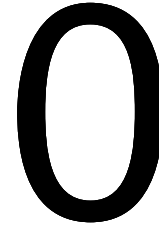
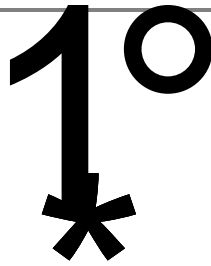
TABLE OF CONTENTS
JUNE 30, 2016

FINANCIAL SECTION

Independent Auditor's Report

Statement of Financial Position
June 30, 2016
With Comparative Totals as of June 30, 2015

Statement of Activities
For the Year Ended June 30, With Comp



2

4

FINANCIAL SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Hills Community College Foundation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the West Hills Community College Foundation's 2015 financial statements, and our report dated December 28, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harold T. Davis & Co. CPA
[Redacted Signature]

Fresno, California
December 27, 2016

WEST HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015

	June 30,	
	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 465,557	\$ 485,158
Investments	2,404,177	1,958,871
Accounts receivable	193,908	168,169
Total Assets	<u>\$ 3,063,642</u>	<u>\$ 2,612,198</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 113,737	\$ 76,528
Funds held for others	10,000	50,000
Total Liabilities	<u>123,737</u>	<u>126,528</u>
NET ASSETS		
Unrestricted	866,400	572,248
Temporarily restricted	894,919	778,371
Permanently restricted	1,178,586	1,135,051
Total Net Assets	<u>2,939,905</u>	<u>2,485,670</u>
Total Liabilities and Net Assets	<u>\$ 3,063,642</u>	<u>\$ 2,612,198</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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUES				
Donations and special events	\$ 352,117	\$ 183,760	\$ 20,000	\$ 555,877
Donated salaries	309,723	-	-	309,723
Federal revenue	201,927	-	-	201,927
Program fees	443,813	-	-	443,813
Program contracts	88,857	-	-	88,857
Fundraisers	172,176	-	-	

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

June 30, 2015

\$	363,592
	297,256
	-
	494,196
	69,630
	171,465
	(67,540)

WEST HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 454,235	\$ (113,837)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities		
(Increase) in accounts receivable	(25,739)	(611)
(Increase)/decrease in accounts payable	37,209	(36,633)
Increase/(decrease) in funds held for others	(40,000)	50,000
Net Cash Flows Provided/(Used) by Operating Activities	<u>425,705</u>	<u>(101,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in investments	(445,306)	98,465
Net Cash Flows Used by Investing Activities	<u>(445,306)</u>	<u>98,465</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,601)	(2,616)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	485,158	487,774
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 465,557</u>	<u>\$ 485,158</u>

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

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015**

	Scholarships	College Enhancement	Athletic Programs	Educational Programs	Total Program Services
EXPENSES					
Salaries	\$ 41,718	\$ 53,896	\$ 38,962	\$ 25,182	\$ 159,758
Benefits	14,120	15,738	11,003	8,728	49,589
Total Salaries and Benefits	55,838	69,634	49,965	33,910	209,347
Donations	467	1,633	1,907	25	4,032
Educational	-	163,502	-	52,577	216,079
Equipment	-	-	4,212	-	4,212
Insurance	-	852	-	450	1,302
Maintenance and repair	-	64	-	-	64
Occupancy	-	-	5,075	-	5,075
Other expenses	2,720	73,032	7,493	8,283	91,528
Printing and promotion	157	156,880	-	-	157,037
Professional services	-	35,283	5,860	300	41,443
Rental	-B , 6	4,563	5,516	17,128	27,207
Scholarship	211,0s!	h21	h		

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>2016</u>	<u>2015</u>
\$ 53,508	\$ 21,916	\$ -	\$ 75,424	\$ 235,182	\$ 225,778
18,156	6,796	-	24,952	74,541	71,478
71,664	28,712	-	100,376	309,723	297,256
-	-	-	-	4,032	3,908
-	-	-	-	216,079	141,369
4,110	-	-	4,110	8,322	17,542
-	-	-	-	1,302	630
1,448	-	-	1,448	1,512	3,599
2,307	3,684	-	5,991	11,066	8,507
1,914	9,147	-	11,061	102,589	152,975
307	-	-	307	157,344	186,231
18,371	8,229	-	26,600	68,043	107,005
2,103	-	-	2,103	29,310	31,769
-	-	-	-	215,600	186,705
10,135	2,588	-	12,723	137,329	181,088
21,836	56	-	21,892	192,911	160,947
<u>\$ 134,195</u>	<u>\$ 52,416</u>	<u>\$ -</u>	<u>\$ 186,611</u>	<u>\$ 1,455,162</u>	<u>\$ 1,479,531</u>

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTE 1 - ORGANIZATION AND DESCRIPTION OF ACTIVITIES

The West Hills Community College Foundation is a California non-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 primary purpose of providing scholarships to students and support for programs of the colleges in the District. The Foundation provides opportunities for members of the community to donate property and money for the express purpose of helping 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 non-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.

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. Income tax returns for 2009 and forward may be audited by regulatory agencies, however, the Foundation is not aware of any such actions at this time.

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Financial Statement Presentation

Under ASC 958-210-50, 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. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

9: I*3%\$' I/. '

The West Hills Community College Foundation manages over 65 scholarship accounts that benefit students at West Hills College Coalinga and West Hills College Lemoore. Money for the scholarships is held in the foundation and the awarding of the scholarships is done by committee at each campus. By meeting a match challenge by the Osher Foundation to the California Community Colleges, the Foundation is able to award more than 36 annual scholarships of up to \$1,000 each. Those scholarships are endowed in perpetuity with the funds being held in an endowment account at the Foundation for California Community Colleges. Another major scholarship program is the President's Scholars Program. These students receive \$250 a semester in books and free tuition if fee waivers are unavailable.

0*33);)"<&I%&:)=)&

The Foundation manages a number of accounts that benefit the colleges. A large group of accounts held by the foundation are holding accounts for funds generated by MAA activities to provide students and community members information on Medical and Healthy Families insurance. Reimbursements that come to the colleges providing the information are then available for campus activities. The foundation also generates contributions from the public for general college and district use.

+, I3), /: ">\$*; \$%= '

Both West Hills College Coalinga and West Hills College Lemoore have a number of athletic programs that raise funds, which are held by the Foundation. These funds are then available for expenses for the teams and athletes.

<64: %,*&%3">\$*; \$%= '

A number of special programs generate funds that are held and managed by the Foundation. These include the 5-C summer and SOAR camps at West Hills College Lemoore. These camps and other programs, such as the Westside Institute of Technology, receive contributions or fees and pay expenses through the foundation.

?)&)\$%3"+6=/&/', \$%,/@)

The Foundation is managed by an executive director to ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors; and to manage the financial and budgetary responsibilities of the Organization. A secretary and an accounting technician are also part of the foundation staff. All are employees of West Hills Community College District.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

A4&6\$%/'/;&;

The Foundation is a separate 501(c)3 corporation to which tax-deductible contributions can be made. The foundation provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

B)=2)\$'1/.

There is no formal membership, other than the board of directors, for the Foundation.

NOTE 3 - CASH

Deposits

For the fiscal years ended June 30, 2016 and 2015, the carrying amounts of the Foundation's deposits were \$464,897 and \$485,158, respectively. On June 30, 2016, the bank balances totaled \$431,549. Of this amount, \$412,937 is federally insured by the Federal Deposit Insurance Corporation.

NOTE 4 - INVESTMENTS

Investments at June 30, 2016 and 2015, held on behalf of the West Hills Community College Foundation are presented below:

<u>June 30, 2016</u>	<u>Cost</u>	<u>Market/ Carry</u>	<u>Unrealized Gain/(Loss)</u>
Mutual Funds	\$ 110,579	\$ 101,295	\$ (9,284)
Stocks, options and ETFs	161,994	78,669	(83,325)
Municipal bonds	323,196	263,292	(59,904)
Government bonds	20,010	20,002	(8)
U.S. Government Securities	140,111	138,823	(1,288)
Unit Investment Trusts	564,479	581,836	17,357
Certificates of deposits	320,000	487,985	167,985
Preferred/fixed rate cap securities	116,405	124,315	7,910
ETFs and CEFs	329,649	316,378	(13,271)
Assets invested in the CCSE - Pooled trust	300,021	291,582	(8,439)
Total	<u>\$ 2,386,444</u>	<u>\$ 2,404,177</u>	<u>\$ 17,733</u>

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

June 30, 2015

	Cost	Market/ Carry	Unrealized Gain/(Loss)
Mutual Funds	\$ 108,195	\$ 103,181	\$ (5,014)
Stocks, options and ETFs	184,967	88,578	(96,389)
Municipal bonds	227,273	461,435	234,162
Government bonds	20,010	19,168	(842)
U.S. Government Securities	240,182	222,363	(17,819)
Unit Investment Trusts	580,445	543,311	(37,134)
Certificates of deposits	501,141	238,387	(262,754)
Preferred/fixed rate cap securities	116,405	114,487	(1,918)
ETFs and CEFs	181,109	167,961	(13,148)
Total	<u>\$ 2,159,727</u>	<u>\$ 1,958,871</u>	<u>\$ (200,856)</u>

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

C),4\$&"72D):,/@"'%"&6"C'E">%\$%=),)\$'

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 West Hills Community College Foundation is to emphasize total return.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

9.)&6/&; "> *3/:F"%&6" 5 *G", I)"H&@) ', =)&, "72D):, /@) "'C)3%,)", *9.)&6/&; "> *3/:F

The Foundation may distribute up to five percent of accrued interest annually from scholarship endowments for intended scholarship awards. In establishing this policy, the Foundation considered the long-

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

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, 2016 and 2015, respectively.

June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 110,579	\$ -	\$ -	\$ 110,579
Common stock	161,994	-	-	161,994
Municipal bonds	323,196	-	-	323,196
Government bonds	20,010	-	-	20,010
U.S. Government Securities	140,111	-	-	140,111
Unit Investment Trusts	564,479	-	-	564,479
Certificates of deposits	320,000	-	-	320,000
Preferred/fixed rate cap securities	116,405	-	-	116,405
ETFs and CEFs	329,649	-	-	329,649
Assets invested in the CCSE - Pooled tru:	300,021	-	-	300,021
Total	<u>\$ 2,386,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,386,444</u>

June 30, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 108,195	\$ -	\$ -	\$ 108,195
Common stock	184,967	-	-	184,967
Municipal bonds	227,273	-	-	227,273
Government bonds	20,010	-	-	20,010
U.S. Government Securities	240,182	-	-	240,182
Unit Investment Trusts	580,445	-	-	580,445
Certificates of deposits	501,141	-	-	501,141
Preferred/fixed rate cap securities	116,405	-	-	116,405
ETFs and CEFs	181,109	-	-	181,109
Total	<u>\$ 2,159,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,159,727</u>

The Foundation did not have any Level 3 investment liabilities as of June 30, 2016 and 2015.

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 and 2015, are as follows:

June 30,
2016

WEST HILLS COMMUNITY COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015**

NOTE 9 - NET ASSETS

Unrestricted Net Assets

At June 30, 2016, and 2015, unrestricted net assets consisted of the following:

	June 30,	
	2016	2015
Unrestricted	\$ 866,400	\$ 572,248

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of program funds held for the following various

WEST HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

NOTE 10 - 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 December 27, 2016, 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.