

ANTELOPE VALLEY COLLEGE FOUNDATION
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2005

BURKEY, COX & EVANS
Accountancy Corporation
44811 Date Avenue, Suite A
Lancaster, CA 93534

**ANTELOPE VALLEY COLLEGE FOUNDATION
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JUNE 30, 2005**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Antelope Valley College Foundation
Lancaster, California

We have audited the accompanying statement of financial position of Antelope Valley College Foundation (a California not-for-profit organization) as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antelope Valley College Foundation as of June 30, 2005, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



BURKEY, COX & EVANS
Certified Public Accountants

Lancaster, California
November 10, 2005

ANTELOPE VALLEY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2005

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CURRENT ASSETS				
Cash (Note 2)	(\$1,337)	\$280,664		\$279,327
Short-Term Investments (Notes 1 and 2)	67,961	586,984	\$293,121	948,066
Investments Held for Sale (Note 12)	10,600			10,600
Unconditional Promises to Give (Note 4)				0
Total Current Assets	<u>77,224</u>	<u>867,648</u>	<u>293,121</u>	<u>1,237,993</u>
NON-CURRENT ASSETS				
Long-Term Unconditional Promises to Give (Note 5)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$77,224</u>	<u>\$867,648</u>	<u>\$293,121</u>	<u>\$1,237,993</u>

NET ASSETS

NET ASSETS

Unrestricted:				
Operating	\$77,224			\$77,224
Temporarily Restricted (Note 6)		\$867,648		867,648
Permanently Restricted (Note 7)			\$293,121	293,121
Total Net Assets	<u>\$77,224</u>	<u>\$867,648</u>	<u>\$293,121</u>	<u>\$1,237,993</u>

The accompanying Notes to Financial Statements are an integral part of these Statements.

**ANTELOPE VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Contributions	\$64,859	\$943,501	\$7,000	\$1,015,360
Interest	4,607	1,321	785	6,713
In-Kind Contribution		12,718		12,718
	<u>69,466</u>	<u>957,540</u>	<u>7,785</u>	<u>1,034,791</u>
EXPENSES AND LOSSES				
Salaries and Benefits	61,943			61,943
Total Salaries and Benefits	<u>61,943</u>	<u>0</u>	<u>0</u>	<u>61,943</u>
General and Administration:				
Consulting, Accounting and Office Expense	9,080			9,080
Conferences, Dues, and Advertising Expense	5,079			5,079
Program Supplies and Operating Expense	17,385			17,385
Total General and Administration	<u>31,544</u>	<u>0</u>	<u>0</u>	<u>31,544</u>
Program Support				
Program Support	26,077	385,404	3,650	415,131
Program Support - In-Kind		12,718		12,718
Total Program Support	<u>26,077</u>	<u>398,122</u>	<u>3,650</u>	<u>427,849</u>
Total Expenses Before Other Income (Loss)	<u>119,564</u>	<u>398,122</u>	<u>3,650</u>	<u>521,336</u>
OTHER INCOME (LOSS)				
Unrealized Gains (Losses)	12,619	3,102	10,949	26,670
Total Net Expenses and Other Expenses	<u>106,945</u>	<u>395,020</u>	<u>(7,299)</u>	<u>494,666</u>
Changes in Net Assets	(37,479)	562,520	15,084	540,125
Net Assets - June 30, 2004	<u>114,703</u>	<u>305,128</u>	<u>278,037</u>	<u>697,868</u>
Net Assets - June 30, 2005	<u>\$77,224</u>	<u>\$867,648</u>	<u>\$293,121</u>	<u>\$1,237,993</u>

The accompanying Notes to Financial Statements are an integral part of these Statements.

**ANTELOPE VALLEY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets	<u>(\$27,419)</u>	<u>\$562,520</u>	<u>\$15,084</u>	<u>\$550,185</u>
Net Cash Provided (Used) by Operating Activities	<u>(27,419)</u>	<u>562,520</u>	<u>15,084</u>	<u>550,185</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(27,419)</u>	<u>562,520</u>	<u>15,084</u>	<u>550,185</u>
Cash and Cash Equivalents - June 30, 2004	<u>104,103</u>	<u>305,128</u>	<u>278,037</u>	<u>687,268</u>
Cash and Cash Equivalents - June 30, 2005	<u><u>\$76,684</u></u>	<u><u>\$867,648</u></u>	<u><u>\$293,121</u></u>	<u><u>\$1,237,453</u></u>

The accompanying Notes to Financial Statements are an integral part of these Statements.

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

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

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

Public Support and Revenue

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

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

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

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

Use of Estimates

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

Cash and Cash Equivalents

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

ANTELOPE VALLEY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

NOTE 2 – CASH AND SHORT-TERM INVESTMENTS

Cash consisted of the following:

Cash in Banks \$279,327

All cash in banks is insured to \$100,000 by the Federal Depository Insurance Corporation.

Short-term investments consisted of the following:

Cash in American Express Financial Account \$948,066

All short-term investments were uninsured by the Federal Depository Insurance Corporation.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

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

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

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2005 are as follows:

Receivable in less than one year	\$0
Receivable in one to five years	<u>0</u>
Total Unconditional Promises to Give	<u>0</u>
Less: Discount to present value	0
Less: Allowance for uncollectible promises	<u>0</u>
Net Unconditional Promises to Give at June 30, 2005	<u><u>\$0</u></u>

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5- LONG-TERM UNCONDITIONAL PROMISES TO GIVE

During 1995 a contributor to the Foundation formed a trust of which the Foundation was named a benefactor. In conjunction with the formation of this trust the contributor conveyed to the Foundation, via a bona fide gift, real property (house and land), located in Lancaster, California. However, the contributor reserved a life estate in this real property for the rest of his lifetime. Upon death of the contributor the entire real property becomes an unrestricted asset of the Foundation. The fair market value of this future unrestricted asset is estimated to be \$50,000 at June 30, 2005.

NOTE 6- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are summarized below as of June 30, 2005:

<u>Name</u>	<u>Amount</u>
Miscellaneous:	
Academic Senate - Faculty Fund	\$1,330
Athletics - Cheerleaders	1,500
Athletics - Football Mens	5,340
Athletics - Baseball	1,300
Athletics - Basketball Women	3,442
Athletics - Whit Carter Hall of Fame	24,792
Athletics Department	7,101
A V Independent Film Festival	12,256
Carillon Bell Fund	7,000
Century Fund	1,895
Endowment - AVC Scholarship	6,942
Endowment - Grooms Family Scholarship	1,734
Florence Parton Memorial	1,580
Joyce Shaw Memorial	3,091
Landmark Forum Grant	10,000
Library Fund	1,050
Others (Less than \$1,000)	9,714
Programs - Aircraft Fabrication	5,000
Programs - Airframe and Powerplant	4,090
Programs - Nursing	2,000
Programs - Student Engineering/Physics Club	1,500
Programs - Theatre	4,050
	<u>\$116,707</u>
Carried forward to next page	<u>\$116,707</u>

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 6- TEMPORARILY RESTRICTED NET ASSETS (Continued)

<u>Name</u>	<u>Amount</u>
Carried forward from prior page	\$116,707
Scholarship Memorials:	
Allen and Marilyn Golden	1,400
A V Quilty Association	2,000
Buklog Ng Pagkakaisa	1,250
Cash for College	3,300
Christian Women in White	1,500
Coach Austin Jordan	2,895
Dana L. Smith Theatre Arts	1,075
Donald Campbell Memorial	1,426
Engineering	6,000
Foreign Language	2,818
Gary W. Boyles	1,000
General Fund	3,082
High Desert Health System	5,000
High Desert Medical Group	1,000
Justin Meramble Memorial	5,000
Larry Lake Baseball	1,000
Lockheed Martin	5,750
Michael and Lynn Tran	1,000
Muslims	1,000
Northrup Grumman Corporation	6,000
Pepsi Bottling Group	1,250
Phil Lanman Memorial	1,529
President	49,502
Robert N. Herrera Memorial	1,000
Rotary Club of Lancaster	1,500
Rotary Club of Lancaster West	3,000
Others (Less than \$1,000)	15,372
Specific Use Fund	1,025
Technology Fund	1,760
Title V Matching Grant	<u>581,507</u>
Total Temporarily Restricted	
Net Assets as of June 30, 2005	<u><u>\$827,648</u></u>

**ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 7- PERMANENTLY RESTRICTED NET ASSETS

The Antelope Valley College Foundation's permanently restricted net assets as of June 30, 2005 are summarized below:

Name	Amount
Endowment Antelope Valley Air Quality Management District Endowment	\$14,647
Endowment Antelope Valley Board School Association	17,004
Endowment Ida and Frank Bernatt Scholarship	10,336
Endowment James V. DuPratt Jr. Scholarship	57,676
Endowment Julia Kono-Long Scholarship	8,668
Endowment Keenan/Taylor Scholarship	4,171
Endowment John and Rae Yoshida General	106,209
Endowment John and Rae Yoshida Scholarship	33,736
Endowment P.B. Martinez and E. Martinez Reed	6,379
Endowment Robert Hornstein Memorial Scholarship	10,382
Endowment Kiwanis Club of Palmdale Scholarship	16,792
Endowment Tim and Rosa Fuller Scholarship	7,121
Total Permanently Restricted Net Assets as of June 30, 2005	<u><u>\$293,121</u></u>

NOTE 8- LEASES

The Foundation does not lease any land, building, or equipment as of June 30, 2005.

NOTE 9- RETIREMENT PLANS

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

NOTE 10 - DONATED SERVICES

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

NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 12 - INVESTMENTS HELD FOR SALE

The Foundation received donations of two parcels of vacant land. Pursuant to Board policy these parcels are available for sale and are not intended to be held for investment purposes. Appraisals for both properties totaled \$10,600 at the time of donation.