

ANTELOPE VALLEY COLLEGE FOUNDATION

AUDITED FINANCIAL STATEMENTS

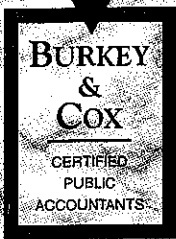
JUNE 30, 2007

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

ANTELOPE VALLEY COLLEGE FOUNDATION
JUNE 30, 2007

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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, 2007, 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, 2007, 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
BURKEY COX EVANS BRADFORD & ALDEN
Certified Public Accountants

Lancaster, California
December 14, 2007

ANTELOPE VALLEY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

<u>ASSETS</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CURRENT ASSETS				
Cash	\$ 33,763	\$ 0	\$ 100,000	\$ 133,763
Short-Term Investments	<u>21,791</u>	<u>338,936</u>	<u>1,161,777</u>	<u>1,522,504</u>
Total Current Assets	<u>55,554</u>	<u>338,936</u>	<u>1,261,777</u>	<u>1,656,267</u>
NON-CURRENT ASSETS				
Long-Term Unconditional Promises to Give	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 55,554</u>	<u>\$ 338,936</u>	<u>\$ 1,261,777</u>	<u>\$ 1,656,267</u>
 <u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Accounts Payable	<u>\$ 62,362</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 62,362</u>
NET ASSETS				
Unrestricted:				
Operating	(6,808)	0	0	(6,808)
Temporarily Restricted	0	338,936	0	338,936
Permanently Restricted	0	0	<u>1,261,777</u>	<u>1,261,777</u>
Total Net Assets	<u>(6,808)</u>	<u>338,936</u>	<u>1,261,777</u>	<u>1,593,905</u>
Total Liabilities and Net Assets	<u>\$ 55,554</u>	<u>\$ 338,936</u>	<u>\$ 1,261,777</u>	<u>\$ 1,656,267</u>

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

ANTELOPE VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 105,588	\$ 395,797	\$ 143,670	\$ 645,055
Interest	12,763	0	50,602	63,365
In-Kind Contribution	0	98,992	0	98,992
Total Public Support and Revenue	118,351	494,789	194,272	807,412
EXPENSES AND LOSSES				
Salaries and Benefits	117,180	0	0	117,180
Total Salaries and Benefits	117,180	0	0	117,180
General and Administration:				
Consulting, Accounting and Office Expense	47,814	0	0	47,814
Conferences, Dues, and Advertising Expense	13,340	0	0	13,340
Program Supplies and Operating Expense	1,127	0	7,061	8,188
Total General and Administration	62,281	0	7,061	69,342
Program Support:				
Program Support	16,650	291,570	14,850	323,070
Program Support - In-Kind	0	98,992	0	98,992
Total Program Support	16,650	390,562	14,850	422,062
Total Expenses Before Other Income (Loss)	196,111	390,562	21,911	608,584
OTHER INCOME (LOSS)				
Transfer of Restricted Funds	0	0	0	0
Unrealized Gains (Losses)	0	6,320	120,282	126,602
Realized Gains (Losses)	2,715		(7,619)	(4,904)
Total Other Income (Loss)	2,715	6,320	112,663	121,698
Total Net Expenses and Other Expenses	193,396	384,242	(90,752)	486,886
Changes in Net Assets	(75,045)	110,547	285,024	320,526
Net Assets - June 30, 2006	68,237	228,389	976,753	1,273,379
Net Assets - June 30, 2007	<u>\$ (6,808)</u>	<u>\$ 338,936</u>	<u>\$ 1,261,777</u>	<u>\$ 1,593,905</u>

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

ANTELOPE VALLEY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in Net Assets	\$ (75,045)	\$ 110,547	\$ 285,024	\$ 320,526
(Increase) Decrease in Current Assets:				
Investments Held for Sale	5,600	0	0	5,600
Increase (Decrease) in Current Liabilities:				
Accounts Payable	61,362	0	0	61,362
Net Cash Provided (Used) by Operating Activities	<u>66,962</u>	<u>0</u>	<u>0</u>	<u>66,962</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,083)	110,547	285,024	387,488
Cash and Cash Equivalents - June 30, 2006	<u>63,637</u>	<u>228,389</u>	<u>976,753</u>	<u>1,268,779</u>
Cash and Cash Equivalents - June 30, 2007	<u>\$ 55,554</u>	<u>\$ 338,936</u>	<u>\$ 1,261,777</u>	<u>\$ 1,656,267</u>

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

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007

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 INVESTMENTS

Cash consisted of the following:

Cash in Banks	\$ 133,763
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All cash in banks is insured to \$100,000 by the Federal Depository Insurance Corporation.

Short-term investments consisted of the following:

Cash in Ameriprise Financial Account	\$ 1,522,504
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All short-term investments were uninsured by the Federal Depository Insurance Corporation.

The Foundation has adopted Governmental Accounting Standards Board Statements 31 and 40 (GASB 31 and 40), which requires investments of governmental agencies to be reported at fair values. Cash and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Summary of New Asset Cash and Investment	
Cash and Investments	\$ 133,763
Restricted Cash and Investment	<u>1,522,504</u>
 Total Cash and Investment	 <u>\$ 1,656,267</u>

Cash and investments as of June 30, 2007, consist of the following:

	Unrestricted	Restricted	Totals
Deposit with Financial Institutions	\$ 33,763	\$ 100,000	\$ 133,763
Investments	<u>21,791</u>	<u>1,500,713</u>	<u>1,522,504</u>
 Total Cash and Investment	 <u>\$ 55,554</u>	 <u>\$ 1,600,713</u>	 <u>\$ 1,656,267</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Foundation manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Available cash in excess of \$133,763.

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – CASH AND INVESTMENTS - Continued

As of June 30, 2007, the Foundation had the following investments:

	<u>Amount</u>	<u>Maturity Date</u>
Mutual Funds:		
Janus Twenty Fund	\$34,731	N/A
Janus Enterprise	\$2,715	N/A
Janus Growth & Income	2,975	N/A
Wells Government Securities	59,497	N/A
AIM Cap Development	47,154	N/A
American Century Equity Income	87,348	N/A
American Century Infl. Adj. Bond	15,163	N/A
American Century - Marisico 21st	148,481	N/A
Davis New York Venture	91,925	N/A
Fidelity Advisor Strat Income	121,135	N/A
Fidelity Advisor New Insights	66,133	N/A
Fidelity High Income Advantage	53,834	N/A
Fidelity Advisor Div. & Inc.	20,757	N/A
Fidelity New Insights	63,402	N/A
John Hancock Int'l Core	31,815	N/A
Oppenheimer Small & M/Cap Val - A	39,903	N/A
Oppenheimer Capital Appreciation	55,916	N/A
Van Kampen Growth & Income	67,217	N/A
Van Kampen Equity & Income	83,921	N/A
RVS Diversified Equity Income - A	72,358	N/A
CR Suisse GL Small Cap	2,391	N/A
Henn Cornerstone Growth	4,460	N/A
Pimco Real Return BD-D	35,377	N/A
Putnam International Cap Opps	6,666	N/A
RS Select Growth	2,505	N/A
Van Kampen Strategic Growth - A	1,559	N/A
Mutual Funds Total	<u>1,219,338</u>	
Money Market Funds:		
Amerprise Financial	27,900	N/A
Amerprise Financial	39,297	N/A
Amerprise Financial	12,926	N/A
Money Market Funds Total	<u>80,123</u>	
Certificates of Deposit:		
Flexible Savings Certificate	92,449	10/2/2007
Flexible Savings Certificate	104,857	11/4/2007
Flexible Savings Certificate	25,737	12/4/2007
Certificates of Deposit Total	<u>223,043</u>	
Total Investments	<u>\$1,522,504</u>	

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – CASH AND INVESTMENTS - Continued

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

None of the Foundation's investments were held in investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Foundation's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Exempt from Disclosure	AA+	A+	A	Not Rated
Certificates of Deposit	N/A	\$ 223,043	\$ 0	\$ 0	\$ 0	\$ 0
Money Market	N/A	80,123	0	0	0	0
Mutual Funds	N/A	0	0	0	0	1,219,338
Totals		<u>\$ 303,166</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,219,338</u>

Concentration of Credit Risk

The investment policy of the Foundation contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Foundation did not maintain any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Foundation investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Foundation's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Foundation deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 – INVESTMENT EARNINGS (NET)

Investment earnings are summarized as follows for the year ended June 30, 2007:

<u>Investment Earnings</u>	
Interest and Dividends on Investments	\$ 63,365
Realized Gains (Losses) on Investment Sold:	
Gross Proceeds	\$ 288,351
Cost	<u>(293,253)</u>
	<u>(4,904)</u>
Total Investment Earnings (Loss)	<u>58,461</u>
 <u>Unrealized Gains / (Losses)</u>	
Unrealized Gain (Loss) on Investments Sold	
Recorded in Previous Years	(1,201)
Unrealized Gain on Investments Recorded in Current Year	<u>127,803</u>
Total Unrealized Gains / (Losses)	<u>126,602</u>
Net Investment Earnings	<u>\$ 185,063</u>

NOTE 4 – 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 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2007 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, 2007	<u>\$0</u>

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – 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 \$125,000 at June 30, 2007.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are summarized below as of June 30, 2007:

<u>Programs Names</u>	<u>Amount</u>
Academic Senate	\$ 4,750
Aircraft Fabrication	5,105
Airframe & Powerplant	4,290
Archaeology Lab	1,000
Athletics Department	11,337
Athletics Basketball Mens	1,413
Athletics Basketball Women	5,701
Athletics - Cheeleaders	1,500
Athletics - Football Mens	4,796
Cash for College	3,300
Child Development Center	4,159
Cinema Series	3,796
Diversity Fund	1,426
ESL Study Center	1,755
Landmark Forum	9,590
Library Fund	80,803
Nurse Aide/Home Health Ad	3,500
Social Science Division	1,182
Student Eng./Physics Club	2,500
Student Retention	1,253
Students on the Move	1,357
Theatre	2,038
Women's History Month	1,175
Other (Less than \$1,000)	5,361
Carried forward to next page	<u>\$ 163,087</u>

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS - (Continued)

Program Names	Amount
Carried forward from prior page	\$ 163,087
Scholarships	
American Assoc. Univ. Women	2,400
AV Quilt Assoc. Scholarship	1,000
Bryan Cooper Memorial Scholarship	1,165
Deaf Studies Scholarship	1,445
Dorothy N. Sweet Memorial	50,000
Dr. Marianne McCarthy Scholarship	3,700
Francis Kuhn	1,200
High Desert Health System	2,000
High Desert Medical Group	2,000
Jose Dolores Tavera	1,500
Julia Kono-Long Scholarship	1,308
Justin Meramble Memorial	2,424
Michelle O'Keefe Memorial	1,000
Northrop Grumman Corp.	5,000
Nursing-Rae Yoshida Memorial	2,164
Pepsi Bottling Group	2,250
Robert N. Herrera Memorial Scholarship	1,000
Other (Less than \$1,000)	4,800
Miscellaneous	
Athletics-Whit Carter Hall	24,319
Achievement Awards Dinner	16,077
Specific Use	9,986
AV Independent Film Fest	9,405
Carillon Bell Fund	8,900
Foundatoin Grants	7,092
Joyce Shawler Memorial	3,091
Florence Parton Memorial	2,580
President's Fund	2,147
Technology Fund	1,794
Ross Ampsoker Memorial	1,347
Others (Less than \$1,000)	2,755
Total Temporarily Restricted Net Assets as of June 30, 2007	\$ 338,936

ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

The Antelope Valley College Foundation's permanently restricted net assets as of June 30, 2007 are summarized below:

	Name	Amount
Endowment	Antelope Valley Air Quality Management District	\$ 15,804
Endowment	Antelope Valley Board School Association	17,532
Endowment	AVC Scholarship	15,166
Endowment	Foundation Endowment	22,592
Endowment	Frank and Ida Bernatt Family Scholarship	9,594
Endowment	Grooms Family Scholarship	2,795
Endowment	Hornstein Family	12,314
Endowment	James V. DuPratt Jr. Scholarship	66,629
Endowment	John and Rae Yoshida General	128,428
Endowment	John and Rae Yoshida Scholarship	39,289
Endowment	Julia Kono-Long Scholarship	12,662
Endowment	Kiwanis Club of Palmdale Scholarship	18,662
Endowment	Petra B. Martinez Mem.	8,108
Endowment	Preschler Foreign Language	5,902
Endowment	President Scholars	56,454
Endowment	Ron Emard Cherish the Child	13,195
Endowment	Tim and Rosa Fuller Scholarship	7,490
Endowment	Title V 2005	699,492
Endowment	Title V #2 2006	104,858
Endowment	Tyler Lundin Memorial Scholarship	4,811
	Total Permanently Restricted	
	Net Assets as of June 30, 2007	\$ <u>1,261,777</u>

NOTE 9 – LEASES

The Foundation does not lease any land, building, or equipment as of June 30, 2007.

NOTE 10 – RETIREMENT PLANS

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

NOTE 11 - 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.

**ANTELOPE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 12 – 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.