

**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**

| <u>MEMBER</u>            | <u>OFFICE</u>      | <u>TERM EXPIRES</u> |
|--------------------------|--------------------|---------------------|
| Ann Stone                | Community Director | 2018                |
| Ernest Drewry            | Community Director | 2016                |
| Steve Cantu              | Trustee Director   | 2016                |
| Katie Delano             | Community Director | 2017                |
| William Bourdeau, C.P.A. | Community Director | 2017                |
| Frank Gornick, Ph.D.     | Staff Director     | N/A                 |
| Fred Harrell             | Community Director | 2016                |
| Phil Larson              | Community Director | 2017                |
| Carole Goldsmith, Ed.D.  | Staff Director     | N/A                 |
| Laura Mendes-Moore       | Community Director | 2016                |
| Nina Oxborrow            | Trustee Director   | 2016                |
| David Silveira, Ph.D.    | Community Director | 2017                |
| Stuart Van Horn, Ed.D.   | Staff Director     | 2018                |
| Ken Stoppenbrink         | Staff Director     | N/A                 |
| Kristin Clark, Ed.D.     | Staff Director     | N/A                 |

**ADMINISTRATION**

Frances Squire

Executive Director

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## TABLE OF CONTENTS JUNE 30, 2016

---

### *FINANCIAL SECTION*

|                                                                                                                                  |   |
|----------------------------------------------------------------------------------------------------------------------------------|---|
| Independent Auditor's Report                                                                                                     | 2 |
| Statement of Financial Position<br>June 30, 2016<br>With Comparative Totals as of June 30, 2015                                  | 4 |
| Statement of Activities<br>For the Year Ended June 30, 2016<br>With Comparative Totals for the Year Ended June 30, 2015          | 5 |
| Statement of Cash Flows<br>For the Year Ended June 30, 2016<br>With Comparative Totals for the Year Ended June 30, 2015          | 6 |
| Statement of Functional Expenses<br>For the Year Ended June 30, 2016<br>With Comparative Totals for the Year Ended June 30, 2015 | 7 |
| Notes to Financial Statements                                                                                                    | 8 |

---

---

***FINANCIAL SECTION***

---

---

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Hills Community College Foundation  
Coalinga, California

We have audited the accompanying financial statements of West Hills Community College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **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.

*Vannink, Trine, Day & Co., LLP*

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                |
| <b>ASSETS</b>                     |                     |                     |
| <b>CURRENT ASSETS</b>             |                     |                     |
| 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> |
| <b>LIABILITIES AND NET ASSETS</b> |                     |                     |
| <b>LIABILITIES</b>                |                     |                     |
| Accounts payable                  | \$ 113,737          | \$ 76,528           |
| Funds held for others             | 10,000              | 50,000              |
| Total Liabilities                 | <u>123,737</u>      | <u>126,528</u>      |
| <b>NET ASSETS</b>                 |                     |                     |
| 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 |                     |
| <b>CHANGES IN UNRESTRICTED NET ASSETS</b> |                   |                        |                        |                     |
| <b>REVENUES</b>                           |                   |                        |                        |                     |
| 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           | -                      | -                      | 172,176             |
| Investment income                         | 9,228             | 40,615                 | 49,928                 | 99,771              |
| Other                                     | 37,352            | (100)                  | -                      | 37,252              |
| Transfers                                 | (34,019)          | 35,020                 | (1,000)                | 1                   |
| Net assets released from restrictions     | 211,011           | (158,405)              | (52,606)               | -                   |
| Total Revenue                             | <u>1,792,185</u>  | <u>100,890</u>         | <u>16,322</u>          | <u>1,909,397</u>    |
| <b>EXPENSES</b>                           |                   |                        |                        |                     |
| Program services:                         |                   |                        |                        |                     |
| Scholarships                              | 270,193           | -                      | -                      | 270,193             |
| College Enhancement                       | 666,194           | -                      | -                      | 666,194             |
| Athletic Programs                         | 155,545           | -                      | -                      | 155,545             |
| Educational Programs                      | 176,619           | -                      | -                      | 176,619             |
| Support services:                         |                   |                        |                        |                     |
| General Administrative                    | 149,849           | (15,654)               | -                      | 134,195             |
| Fundraisers                               | 52,416            | -                      | -                      | 52,416              |
| Membership                                | -                 | -                      | -                      | -                   |
| Total Expenses                            | <u>1,470,816</u>  | <u>(15,654)</u>        | <u>-</u>               | <u>1,455,162</u>    |
| INCREASE/(DECREASE) IN NET ASSETS         | 321,369           | 116,544                | 16,322                 | 454,235             |
| NET ASSETS, BEGINNING                     | 572,248           | 778,371                | 1,135,051              | 2,485,670           |
| NET ASSETS, END OF YEAR                   | <u>\$ 866,400</u> | <u>\$ 894,919</u>      | <u>\$ 1,178,586</u>    | <u>\$ 2,939,905</u> |

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)                |
|    | 36,723                  |
|    | 372                     |
|    | -                       |
|    | <u>1,365,694</u>        |
|    | 242,369                 |
|    | 631,132                 |
|    | 171,885                 |
|    | 210,990                 |
|    | 147,148                 |
|    | 75,063                  |
|    | 944                     |
|    | <u>1,479,531</u>        |
|    | (113,837)               |
|    | <u>2,599,507</u>        |
| \$ | <u><u>2,485,670</u></u> |

**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              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                          |                   |                   |
| Change in net assets                                                                                 | \$ 454,235        | \$ (113,837)      |
| Adjustments to Reconcile Change in Net Assets to Net<br>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>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                          |                   |                   |
| (Increase)/decrease in investments                                                                   | (445,306)         | 98,465            |
| Net Cash Flows Used by Investing Activities                                                          | <u>(445,306)</u>  | <u>98,465</u>     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                                     | (19,601)          | (2,616)           |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                                  | 485,158           | 487,774           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                                        | <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**

|                             | Programs          |                     |                   | Educational Programs | Total Program Services |
|-----------------------------|-------------------|---------------------|-------------------|----------------------|------------------------|
|                             | Scholarships      | College Enhancement | Athletic Programs |                      |                        |
| 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                      | -                 | 4,563               | 5,516             | 17,128               | 27,207                 |
| Scholarship                 | 211,011           | -                   | -                 | 4,589                | 215,600                |
| Supplies                    | -                 | 44,434              | 53,447            | 26,725               | 124,606                |
| Travel and training         | -                 | 116,317             | 22,070            | 32,632               | 171,019                |
| Total Expenses              | <u>\$ 270,193</u> | <u>\$ 666,194</u>   | <u>\$ 155,545</u> | <u>\$ 176,619</u>    | <u>\$ 1,268,551</u>    |

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

| <u>Support</u>                    |                    |                   | <u>Total<br/>Support<br/>Services</u> | <u>Total Expenses</u> |                     |
|-----------------------------------|--------------------|-------------------|---------------------------------------|-----------------------|---------------------|
| <u>General<br/>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**

---

The Foundation and the West Hills Community College District are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust That Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

### **Investments**

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.

### **Comparative Totals**

The financial statements include certain prior year summarized information in total but not by functional expense categories. Such information does not constitute sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

### **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.

# 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:

#### *Scholarships*

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.

#### *College Enhancement*

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.

#### *Athletic Programs*

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.

#### *Educational Programs*

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.

#### *General Administrative*

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**

---

### *Fundraising*

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.

### *Membership*

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/<br/>Carry</u> | <u>Unrealized<br/>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**

---

| <u>June 30, 2015</u>                |                     | Market/<br>Carry    | Unrealized<br>Gain/(Loss) |
|-------------------------------------|---------------------|---------------------|---------------------------|
|                                     | Cost                |                     |                           |
| 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

#### *Return Objectives and Risk Parameters*

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; that is, the aggregate return from capital appreciation and dividend and interest income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested to meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the style of investment management. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately three percent annually. Actual returns in any given year may vary from this amount.

#### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# WEST HILLS COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016 and 2015**

---

### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

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-term expected return on its endowment and the need to maintain some investment income in reserve to plan for the potential of scholarship awards exceeding investment income.

### **NOTE 5 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

# 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

|                                           | Level 1             | Level 2     | Level 3     | Total               |
|-------------------------------------------|---------------------|-------------|-------------|---------------------|
| 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

|                                     | Level 1             | Level 2     | Level 3     | Total               |
|-------------------------------------|---------------------|-------------|-------------|---------------------|
| 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              | 2015              |
| Program fees | <u>\$ 193,908</u> | <u>\$ 168,169</u> |

### NOTE 7 - ACCOUNTS PAYABLE

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

|                                  | June 30,          |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2016              | 2015              |
| Vendors payable                  | <u>\$ 113,737</u> | <u>\$ 76,528</u>  |
| USA Community College Consortium | <u>10,000</u>     | <u>50,000</u>     |
| Total                            | <u>\$ 123,737</u> | <u>\$ 126,528</u> |

### NOTE 8 - DONATED SERVICES

The Foundation receives donated services from the College for the general administration of the Foundation. For the years ended June 30, 2016 and 2015, the value of the services received from the College was as follows:

|                        | June 30,          |                   |
|------------------------|-------------------|-------------------|
|                        | 2016              | 2015              |
| Scholarships           | <u>\$ 55,838</u>  | <u>\$ 52,699</u>  |
| College Enhancement    | <u>69,634</u>     | <u>67,311</u>     |
| Athletic Programs      | <u>49,965</u>     | <u>49,006</u>     |
| Educational Programs   | <u>33,910</u>     | <u>32,469</u>     |
| General Administrative | <u>71,664</u>     | <u>67,971</u>     |
| Fundraisers            | <u>28,712</u>     | <u>27,800</u>     |
| Total                  | <u>\$ 309,723</u> | <u>\$ 297,256</u> |

**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 purposes:

|                                               | June 30,   |            |
|-----------------------------------------------|------------|------------|
|                                               | 2016       | 2015       |
| Endowed program funds available               |            |            |
| General                                       | \$ 41,415  | \$ 42,656  |
| WHCC Title V                                  | 79,129     | 81,500     |
| Subtotal endowed funds available for spending | 120,544    | 124,156    |
| Scholarships                                  | 946,400    | 830,982    |
| Other                                         | 13,767     | 13,767     |
| Total                                         | \$ 894,919 | \$ 778,371 |

**Permanently Restricted Net Assets**

Changes in temporarily and permanently restricted endowment net assets, for which investment and interest earnings may be used for scholarship grants, included the following:

|                         | Endowment<br>Temporarily<br>Restricted | Permanently<br>Restricted | Total<br>Endowments |
|-------------------------|----------------------------------------|---------------------------|---------------------|
| Beginning of year       | \$ 778,371                             | \$ 1,135,051              | \$ 1,913,422        |
| Contributions           | 183,760                                | 20,000                    | 203,760             |
| Investment income       | 40,615                                 | 49,928                    | 90,543              |
| Scholarships            | (158,405)                              | (52,606)                  | (211,011)           |
| Transfers               | 35,020                                 | (1,000)                   | 34,020              |
| Other income/(expenses) | 15,554                                 | -                         | 15,554              |
| Prior period adjustment | 4                                      | 27,213                    | 27,217              |
| Total                   | \$ 894,919                             | \$ 1,178,586              | \$ 2,073,505        |

# **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.