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PALO VERDE COLLEGE FOUNDATION

(A California Community College Auxiliary Organization)

BLYTHE, CALIFORNIA

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

INDEPENDENT AUDITORS' REPORT

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Board of Directors
Palo Verde College Foundation
(A California Community College Auxiliary Organization)
Blythe, California

We have audited the accompanying statements of financial position of Palo Verde College Foundation (A California Community College Auxiliary Organization), as of June 30, 2011 and 2010 and the related statements of activities and cash flows for the years 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 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 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 audits provide 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 Palo Verde College Foundation (A California Community College Auxiliary Organization), as of June 30, 2010 and 2011 and changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 30, 2011

PALO VERDE COLLEGE FOUNDATION
(A California Community College Auxiliary Organization)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

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ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	$ 238,153	$ 122,999
Investments	977,723	832,925
TOTAL ASSETS	$ 1,215,876	$ 955,924

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$ 1,701	$ -
TOTAL LIABILITIES	1,701	-
NET ASSETS	1,214,175	955,924
TOTAL LIABILITIES AND NET ASSETS	$ 1,215,876	$ 955,924

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

PALO VERDE COLLEGE FOUNDATION
(A California Community College Auxiliary Organization)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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	2011	2010
REVENUES		
Donation - endowment fund	$ 96,195	$ 56,145
Donations - other	11,000	20,406
Fundraising - BBQ	10,435	10,835
Fundraising - Seat for Performing Arts	22,672	-
Other	6	30
	140,308	87,416
EXPENSES		
Scholarships	21,802	24,911
Nonscholarship earmarks	-	5,493
Nursing program	4,492	1,457
Investment fees	7,927	5,586
Fundraising	2,123	2,468
Other	1,048	1,857
	37,392	41,772
OPERATING INCOME	102,916	45,644
INVESTMENT INCOME		
Dividends	20,865	21,970
Realized gain (loss)	16,936	(2,248)
Unrealized gain	117,534	82,915
	155,335	102,637
INCREASE IN NET ASSETS	258,251	148,281
NET ASSETS, BEGINNING OF YEAR	955,924	807,643
NET ASSETS, END OF YEAR	$ 1,214,175	$ 955,924

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

PALO VERDE COLLEGE FOUNDATION
(A California Community College Auxiliary Organization)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 258,251	$ 148,281
Unrealized gains on investments	(117,534)	(82,915)
Increase in accounts payable	1,701	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	142,418	65,366
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	(27,264)	(3,855)
NET CASH (USED) BY INVESTING ACTIVITIES	(27,264)	(3,855)
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,154	61,511
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	122,999	61,488
END OF YEAR	$ 238,153	$ 122,999

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Palo Verde College Foundation (the Foundation) is a California nonprofit auxiliary organization of Palo Verde College District. The Foundation was organized with the purpose of providing benefit to the educational programs and services of the Palo Verde College District (the District). The Foundation is authorized to operate as an auxiliary organization of the District under the provisions of Article 6 of Chapter 6 of Part 45 of the Education Code and, although a separate Board of Directors presides over the Foundation, the District's Board of Trustees approves the operations. To comply with the provisions of Governmental Accounting Standards Board Statement No. 14, the Foundation has been included in the reporting entity of Palo Verde College District as a discretely presented component unit.

Basis of Accounting

The Foundation utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when goods are received or services rendered.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments are accounted for pursuant to Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. In accordance with SFAS No. 124, investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the statement of activities. The fair value of equity and debt securities is based on the quoted market price of the underlying securities. Investments acquired by gift are recorded at their fair market value at the date of the gift.

Cash Equivalents

For purposes of financial statement reporting, the Organization considers all highly liquid investments with a maturity of three months or less to be considered cash equivalents.

Income Taxes

The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and corresponding California provisions; therefore, no provision for income taxes has been provided in the financial statements. The Foundation may be subject to tax on income from any unrelated business operations. The Foundation does not currently have any unrelated business operations.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Foundation's form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2009 – 2011 are subject to examination by the IRS, generally for three year after they were filed.

2. INVESTMENTS

Investments consisted of the following at June 30, 2011 and 2010:

	2011		
	Fair Market Value	Cost	Unrealized Gain at June 30, 2011
Stock Funds	$ 521,743	$ 453,183	$ 68,560
Bond Funds	455,980	444,892	11,088
	$ 977,723	$ 898,075	$ 79,648

	2010		
	Fair Market Value	Cost	Unrealized Gain/(Loss) at June 30, 2010
Stock Funds	$ 425,048	$ 443,178	$ (18,130)
Bond Funds	407,877	401,506	6,371
	$ 832,925	$ 844,684	$ (11,759)

3. SUBSEQUENT EVENTS

The Foundation has evaluated all potential subsequent events as of November 30, 2011, when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2011 or as of November 30, 2011 that require additional disclosure to the financial statements.