

***Porterville College Foundation  
Porterville, CA***

***FINANCIAL STATEMENTS***

***For The Twelve Months Ended June 30, 2017***

**Rex A. Phinney**

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**Certified Public Accountant**

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**Porterville College Foundation  
Officers & Board of Directors  
June 30, 2017**

<b>Name</b>	<b>Title</b>
Milt Stowe	President
Paula Job	1 <sup>st</sup> Vice President
Gary Wallace	2 <sup>nd</sup> Vice President
Arlitha Williams- Harmon	Treasurer
Rosa Carlson	Interim Executive Director- Secretary
Geary Austin	Board Member
Richard Christenson	Board Member
John Corkins	Board Member
Julissa Leyva	Board Member
Monte Moore	Board Member
Janice Castle	Board Member
Mimi Stoneburner	Board Member
Antonio Salazar	Board Member
Richard Osborne	Board Member
Greg King	Board Member
Shelby Lewis	Board Member
Dr. Joel Wiens	Faculty Representative

# Rex A. Phinney

Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors  
Porterville College Foundation*

*I have audited the accompanying statement of financial position of Porterville College Foundation (a nonprofit organization) as of June 30, 2017, and the related statements of activities and cash flows for the twelve months then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.*

*I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that our audit provides a reasonable basis for my opinion.*

*In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Porterville College Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.*

*My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.*



*Rex A. Phinney  
Certified Public Accountant  
January 10, 2018*

**Porterville College Foundation**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2017*

**ASSETS**

**CURRENT ASSETS**

<i>Cash and cash equivalents</i>	\$	276,760
<i>Accounts receivable</i>		1,625
<i>Investments</i>		6,530,612
<i>Current portion of notes receivable</i>		9,837
<i>Prepaid expenses</i>		752
<i>Total Current Assets</i>		6,819,586

**FIXED ASSETS**

<i>Property and equipment, net</i>		105,254
<i>Total Fixed Assets</i>		105,254

**OTHER ASSETS**

<i>Notes receivable- net of current portion</i>		190,266
<i>Total Other Assets</i>		190,266

<i>Total Assets</i>	\$	7,115,106
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

<i>Accounts payable</i>	\$	11,275
<i>Scholarships payable</i>		20,000
<i>Total Current Liabilities</i>		31,275

**NET ASSETS**

<i>Unrestricted</i>		1,257,993
<i>Temporarily restricted</i>		4,251,420
<i>Permanently restricted</i>		1,574,418
<i>Total Net Assets</i>		7,083,831

<i>Total Liabilities and Net Assets</i>	\$	7,115,106
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*See Independent Auditor's Report and Accompanying Notes*

**Porterville College Foundation**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
*For the Twelve Months Ended June 30, 2017*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Contributions/ donations	\$ 1,342	\$ 90,652	\$ -	\$ 91,994
Fundraising	2,300	19,436	-	21,736
Grants	-	95,000	-	95,000
Interest income	788	12,310	-	13,098
Investment income	74,093	135,843	-	209,936
Other revenues	1,203	10,907	-	12,110
Realized gain on investment	-	5,762	-	5,762
SMART lab	-	11,475	-	11,475
Swap meet	459,358	-	-	459,358
Ticket sales	-	3,960	-	3,960
Unrealized gain on investment	123,948	225,478	-	349,426
Net assets released from restriction- or transferred	300	(23,862)	23,562	-
<b>Total Revenues and Support</b>	<u>663,332</u>	<u>586,961</u>	<u>23,562</u>	<u>1,273,855</u>
<b>EXPENDITURES</b>				
Scholarship distributions	39,375	151,950	-	191,325
SMART lab	-	83,736	-	83,736
Swap meet	323,535	-	-	323,535
Other programs	-	96,929	-	96,929
General and administrative	167,156	-	-	167,156
<b>Total Expenses</b>	<u>530,066</u>	<u>332,615</u>	<u>-</u>	<u>862,681</u>
<b>Changes in Net Assets</b>	133,266	254,346	23,562	411,174
<b>BEGINNING NET ASSETS</b>	1,124,727	3,997,074	1,550,856	6,672,657
<b>ENDING NET ASSETS</b>	<u>\$ 1,257,993</u>	<u>\$ 4,251,420</u>	<u>\$ 1,574,418</u>	<u>\$ 7,083,831</u>

See Independent Auditor's Report and Accompanying Notes

**Porterville College Foundation**  
**STATEMENT OF CASH FLOWS**  
*June 30, 2017*

**CASH FLOWS FROM OPERATING ACTIVITIES**

<i>Changes in net assets</i>	\$	411,174
<i>Adjustments to reconcile net income to net cash provided by operations:</i>		
<i>Depreciation</i>		12,572
<i>Unrealized (gain)/ loss in investments</i>		(349,425)
<i>(Increase) decrease in:</i>		
<i>Accounts receivable</i>		(500)
<i>Prepaid expenses</i>		(9)
<i>Increase (decrease) in:</i>		
<i>Accounts payable</i>		(13,955)
<i>Net Cash Provided (Used) by Operating Activities</i>		59,857

**CASH FLOWS FROM INVESTING ACTIVITIES**

<i>Property and equipment</i>		(41,386)
<i>Investment incomes</i>		64,534
<i>Net Cash Provided (Used) by Investing Activities</i>		23,148

**CASH FLOWS FROM FINANCING ACTIVITIES**

<i>Proceeds from notes receivable</i>		9,266
<i>Net Cash Provided (Used) by Financing Activities</i>		9,266

*Net Increase (decrease) in Cash* 92,271

**CASH, BEGINNING OF YEAR** 184,489

**CASH, END OF YEAR** \$ 276,760

*See Independent Auditor's Report and Accompanying Notes*

**PORTERVILLE COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

*Nature of Activities*

*The Porterville College Foundation (the Foundation) is a non-profit corporation organized under the laws of the State of California for the purpose of promoting the general welfare of Porterville College. This purpose is accomplished through instructional support, fund raising for the scholarship and grant programs, and providing support for other college related activities throughout the year.*

*Basis of Accounting*

*The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.*

*Basis of Presentation*

*Financial statement presentation follows the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Non-Profit Organizations. Under SFAS No. 117, 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.*

*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 assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.*

*Property and Equipment*

*The Foundation capitalizes property and equipment with a unit cost of \$5,000 or more. Lesser amounts are expensed. Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.*

*Public Support and Revenue*

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

*See Independent Auditor's Report*



**PORTERVILLE COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

*Public Support and Revenue (continued)*

*All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.*

*Contributed Services*

*The Foundation receives a substantial amount of administrative services provided by Porterville College under the auspices of the Kern Community College District. Those amounts for donated services that do not meet the criteria for recognition under SFAS No. 116 are not reflected in the financial statements.*

*Income Taxes*

*The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and California Revenue and Taxation Code. The organization files information tax returns in the United States and California governments. With few exceptions, the organization is no longer subject to US federal and California income tax examinations by tax authorities for years before 2014.*

*Cash and Cash Equivalents*

*Cash and cash equivalents include all monies in banks and high liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.*

*Investments*

*The Foundation carries all investments in debt and equity and securities at fair value in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets.*

*Fair Values of Financial Instruments*

*The fair value of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.*

*See Independent Auditor's Report*

**PORTERVILLE COLLEGE FOUNDATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

**NOTE B: PROPERTY AND EQUIPMENT**

*Property and equipment on June 30, 2017 consisted of the following:*

<i>Building</i>	\$ 72,233.00
<i>Equipment and machinery</i>	108,610.00
	<u>\$ 180,843.00</u>
<i>Less: Accumulated depreciation</i>	(75,589.00)
<i>Total Property and equipment, net</i>	<u>\$ 105,254.00</u>

**NOTE C: INVESTMENTS**

*Investments are carried at fair market value on June 30, 2017:*

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<i>Charles Schwab</i>	\$ 1,796,558	\$ 2,773,842	\$ 1,612,818	\$ 6,183,218
<i>Foundation for California</i>				
<i>Community College</i>	-	314,284	-	314,284
<i>Wells Fargo Advisors</i>	-	33,110	-	33,110
<i>Total</i>	<u>\$ 1,796,558</u>	<u>\$ 3,121,236</u>	<u>\$ 1,612,818</u>	<u>\$ 6,530,612</u>

**NOTE D: Related Party Transactions**

*The Porterville College Foundation Swap Meet has also entered into an agreement with the Kern Community College District whereby it pays the District rental fees for use of the stadium parking lot in conjunction with its weekly swap meet. These rental fees are paid monthly and include 25% of all funds collected as gate receipts and \$4 per participating vendor. The total rental expense paid by the Foundation Swap Meet to the District for the periods ending June 30, 2017 was \$106,804.*

*See Independent Auditor's Report*

*Porterville College Foundation*  
*STATEMENT OF FUNCTIONAL EXPENSES*  
*For the Twelve Months Ended June 30, 2017*

*Program Services*

	<i>Scholarships</i>	<i>SMART Lab</i>	<i>Swap Meet</i>	<i>Other Programs</i>	<i>General and Administrative</i>	<i>Total</i>
<i>Advertising</i>	\$ -	\$ -	\$ -	\$ -	\$ 801	\$ 801
<i>Depreciation</i>	-	9,586	-	2,986	-	12,572
<i>Dues and subscriptions</i>	-	-	-	-	160	160
<i>Educational measure support</i>	-	-	-	-	25,775	25,775
<i>Fundraising</i>	-	-	-	5,907	3,618	9,525
<i>Guest lecturers</i>	-	-	-	6,025	-	6,025
<i>Insurance</i>	-	519	3,581	-	195	4,295
<i>Investment expense</i>	23,090	2,828	-	9,428	19,295	54,641
<i>License, fees and permits</i>	-	-	10,922	-	105	11,027
<i>Miscellaneous</i>	-	120	1,879	1,533	1,441	4,973
<i>Payroll tax expense</i>	-	4,212	5,384	-	1,398	10,994
<i>Postage and shipping</i>	-	-	-	-	1,203	1,203
<i>Professional services</i>	-	687	22,120	1,475	4,263	28,545
<i>Reimbursements for services</i>	-	183	86,930	-	88,696	175,809
<i>Rent and lease expense</i>	-	-	106,804	225	-	107,029
<i>Repairs and maintenance</i>	-	3,161	1,025	498	-	4,684
<i>Salaries and wages</i>	-	52,281	63,271	-	15,111	130,663
<i>Scholarships and grants</i>	130,950	-	-	21,000	39,375	191,325
<i>Supplies</i>	-	9,642	1,798	40,757	5,095	57,292
<i>Travel</i>	-	517	-	5,005	-	5,522
<i>Utilities</i>	-	-	19,821	-	-	19,821
<i>Total Functional Expenses</i>	<u>154,040</u>	<u>83,736</u>	<u>323,535</u>	<u>94,839</u>	<u>206,531</u>	<u>862,681</u>

*See Independent Auditor's Report and Accompanying Notes*

