

RIVERSIDE COMMUNITY COLLEGE DISTRICT
RESOURCES COMMITTEE

Report No.: VI-C-6

Date: December 14, 2010

Subject: 2009-2010 Independent Audit Report for the Riverside Community College District Foundation

Background: An independent audit of the Foundation's 2009-2010 financial statements was performed by Vavrinek, Trine, Day & Co., LLP Certified Public Accountants (VTD). A representative of the firm will be available to present the report. The Foundation's Board of Directors accepted the audit report on November 16, 2010. Results of the audit are summarized below.

Auditor's Opinion

The auditor has issued an unqualified opinion for the financial audit; an excerpt of which follows:

Financial Audit – "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverside Community College District Foundation as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America"

Audit Findings

There were no findings or questioned costs related to the audit for the year ended June 30, 2010.

Audit Adjustments to the Financial Statements

No audit adjustments were recommended.

Auditor's Required Communication – Audit Completion

In accordance with the Statement on Auditing Standards No. 114, at the conclusion of the audit engagement VTD is required to communicate information to the Board of Directors regarding their responsibility under United States Generally Accepted Auditing Standards, significant accounting policies, accounting estimates, significant audit adjustments and uncorrected misstatements, disagreements with management, consultation with other independent accountants, issues discussed prior to retention of the independent auditors and difficulties encountered in performing the audit. Attached for your information is the required communication issued by VTD.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
RESOURCES COMMITTEE

Report No.: VI-C-6

Date: December 14, 2010

Subject: 2009-2010 Independent Audit Report for the Riverside Community College
District Foundation (continued)

Management Recommendations

There was one reported management recommendation for fiscal year 2009-2010 as shown in the attached letter.

Recommended Action: It is recommended that the Board of Trustees receive the Riverside Community College District Foundation's independent audit report for the year ended June 30, 2010 for the permanent file of the District.

Gregory W. Gray
Chancellor

Prepared by: James L. Buysse
Vice Chancellor, Administration and Finance

Bill J. Bogle, Jr.
Controller

Amy Cardullo
Director, RCCD Foundation and Alumni Affairs

**RIVERSIDE COMMUNITY COLLEGE
DISTRICT FOUNDATION**

(A California Nonprofit Corporation)

ANNUAL FINANCIAL REPORT

JUNE 30, 2010 AND 2009

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Riverside Community College District Foundation
Riverside, California

We have audited the accompanying statements of financial position of Riverside Community College District Foundation (a California nonprofit corporation) as of June 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Riverside Community College District 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits 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 Riverside Community College District Foundation as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2010, on our consideration of Riverside Community College District Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of net assets on pages 20 through 32 are presented for purposes of additional analysis and are 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Vaurinek, Sine, Dagg & Co. LLP

Rancho Cucamonga, California
October 12, 2010

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 4,821,413	\$ -
Restricted	1,142,251	2,437,711
Accounts receivable	14,750	2,545
Receivable due from unrestricted funds	92,255	13,841
Unconditional promises to give	185,062	122,940
Total Current Assets	<u>6,255,731</u>	<u>2,577,037</u>
Noncurrent Assets		
Investments - restricted	3,481,432	2,815,387
Long-term unconditional promises to give, net of allowance	623,500	362,729
Total Noncurrent Assets	<u>4,104,932</u>	<u>3,178,116</u>
Total Assets	<u>\$ 10,360,663</u>	<u>\$ 5,755,153</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 4,943,691	\$ 197,525
Borrowing from restricted funds	92,255	13,841
Obligation to Riverside Community College District	-	346,478
Total Current Liabilities	<u>5,035,946</u>	<u>557,844</u>
Long-Term Liabilities		
Long-term obligation to Riverside Community College District	794,735	357,550
Total Long-Term Liabilities	<u>794,735</u>	<u>357,550</u>
Total Liabilities	<u>5,830,681</u>	<u>915,394</u>
 NET ASSETS		
Unrestricted		
Undesignated	(901,131)	(887,243)
Board designated	14,141	12,289
Total Unrestricted	<u>(886,990)</u>	<u>(874,954)</u>
Temporarily restricted	2,243,501	3,011,599
Permanently restricted	3,173,471	2,703,114
Total Net Assets	<u>4,529,982</u>	<u>4,839,759</u>
Total Liabilities and Net Assets	<u>\$ 10,360,663</u>	<u>\$ 5,755,153</u>

See the accompanying notes to financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Donations	\$ 152,739	\$ 5,266,787	\$ 179,980	\$ 5,599,506
In-kind donations				
Donated assets	161,341	-	-	161,341
Donated material	28,659	-	-	28,659
Donated services	475,958	-	-	475,958
Assets released from restrictions	5,904,347	(5,959,981)	55,634	-
Total Revenues	6,723,044	(693,194)	235,614	6,265,464
EXPENSES				
Operating expenses	410,991	-	-	410,991
Program expenses	6,381,560	-	-	6,381,560
Fundraising expenses	104,685	-	-	104,685
Total Expenses	6,897,236	-	-	6,897,236
OTHER INCOME (EXPENSE)				
Realized gain (loss) on sale of investments	1,626	2,693	10,891	15,210
Unrealized gain (loss) on investments	27,621	49,372	140,775	217,768
Interest and dividends income	9,700	22,309	64,987	96,996
Interest expense	(7,979)	-	-	(7,979)
Transfers	131,188	(149,278)	18,090	-
Total Other Income (Expense)	162,156	(74,904)	234,743	321,995
CHANGE IN NET ASSETS	(12,036)	(768,098)	470,357	(309,777)
NET ASSETS, BEGINNING OF YEAR	(874,954)	3,011,599	2,703,114	4,839,759
NET ASSETS, END OF YEAR	\$ (886,990)	\$ 2,243,501	\$ 3,173,471	\$ 4,529,982

See the accompanying notes to financial statements.

2009			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 6,266	\$ 1,728,202	\$ 276,666	\$ 2,011,134
73,727	-	-	73,727
45,310	-	-	45,310
433,102	-	-	433,102
899,717	(685,482)	(214,235)	-
<u>1,458,122</u>	<u>1,042,720</u>	<u>62,431</u>	<u>2,563,273</u>
213,757	-	-	213,757
1,223,890	-	-	1,223,890
127,734	-	-	127,734
<u>1,565,381</u>	<u>-</u>	<u>-</u>	<u>1,565,381</u>
(8,429)	(7,933)	(33,219)	(49,581)
(59,371)	(55,879)	(233,993)	(349,243)
345	325	1,362	2,032
(15,633)	-	-	(15,633)
13,366	13,572	(26,938)	-
<u>(69,722)</u>	<u>(49,915)</u>	<u>(292,788)</u>	<u>(412,425)</u>
(176,981)	992,805	(230,357)	585,467
(697,973)	2,018,794	2,933,471	4,254,292
<u>\$ (874,954)</u>	<u>\$ 3,011,599</u>	<u>\$ 2,703,114</u>	<u>\$ 4,839,759</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (309,777)	\$ 585,467
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized loss (gain) on investments	(217,768)	349,243
Contributions of long-term investments	(5,446,767)	(2,004,868)
Changes in Assets and Liabilities		
Increase in accounts receivable	(12,205)	(2,278)
Decrease in unrestricted unconditional promises to give	22,622	71,501
Increase in accounts payable	4,746,166	16,055
Decrease in refundable advances	-	(77,148)
Net Cash Flows From Operating Activities	<u>(1,217,729)</u>	<u>(1,062,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(456,631)	(467,983)
Proceeds from sale of investments	1,538,409	629,867
Net Cash Flows From Investing Activities	<u>1,081,778</u>	<u>161,884</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	90,707	93,158
Increase long-term unconditional promises to give	(322,893)	(207,978)
Collections of contributions restricted for long-term purposes	5,189,550	953,112
Net Cash Flows From Financing Activities	<u>4,957,364</u>	<u>838,292</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,821,413	(61,852)
UNRESTRICTED CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	<u>-</u>	<u>61,852</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS,		
END OF YEAR	<u>\$ 4,821,413</u>	<u>\$ -</u>
REQUIRED DISCLOSURE		
Interest paid	<u>\$ 7,979</u>	<u>\$ 15,633</u>

See the accompanying notes to financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2010			
	Operating	Program	Fundraising	Total
In-Kind Distributions				
Donated assets	\$ -	\$ 161,341	\$ -	\$ 161,341
Donated services	-	504,617	-	504,617
Support - Instructional and student programs	-	121,015	-	121,015
Scholarships	3,250	635,383	-	638,633
Printing	5,901	-	22,102	28,003
Allowance for uncollected pledges	19,398	-	-	19,398
Investment fees	19,161	8,296	-	27,457
Office supplies	4,025	-	178	4,203
Postage	810	-	-	810
Aquatics Complex	-	4,950,908	-	4,950,908
Other services	358,446	-	82,405	440,851
TOTAL EXPENSES	\$ 410,991	\$ 6,381,560	\$ 104,685	\$ 6,897,236

See the accompanying notes to financial statements.

2009			
Operating	Program	Fundraising	Total
\$ -	\$ 73,727	\$ -	\$ 73,727
-	478,412	-	478,412
109,898	224,986	1,080	335,964
5,000	435,354	-	440,354
17,815	-	127	17,942
6,607	-	-	6,607
16,553	8,338	15,633	40,524
109	-	172	281
713	-	-	713
-	-	-	-
57,062	3,073	110,722	170,857
<u>\$ 213,757</u>	<u>\$ 1,223,890</u>	<u>\$ 127,734</u>	<u>\$ 1,565,381</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Riverside Community College District Foundation (the Foundation) was formed as a nonprofit corporation on October 21, 1975, to solicit funds, provide support for the programs and projects of the Riverside Community College District (the District), and to account for the issuance of scholarships to the students of the District. The Foundation also serves as a link between the District and the community.

Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting. The statement of activities is a statement of financial activities related to the current reporting period. Using this method, revenues are recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports 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. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the 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.

Fair Value Measurements

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. The fair value of investments in partnerships and real estate held as investments is estimated using private valuations of the securities or properties held. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Public Support and Revenue

The Foundation receives substantially all of its revenue from direct donations and pledges. Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as assets released from restriction between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Donated Assets, Service, and Facilities

The Foundation records the value of donated assets, services, and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the accompanying statements at their estimated values at date of donation and fair market value of facilities for the year. Donated assets are capitalized at the stated donated value and depreciated in accordance with Foundation policies, unless they are passed through to the District. Donated services are reflected in the accompanying statements when the criteria for recognition have been met and are recorded at fair value.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided 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). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There were no unrelated business activities during the years ended June 30, 2010 and 2009.

Cash Equivalents for Statements of Cash Flows

For purposes of the statements of cash flows, the Foundation considers all highly liquid unrestricted investments available for current use purchased with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined the amount of allowance for uncollectible promises to give at June 30, 2010 and 2009, to be \$19,398 and \$25,561, respectively.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis. Accordingly, based upon management's estimates, certain costs have been allocated among the programs, support services, and fundraising activities.

Changes in Accounting Principles

Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, accounting standards were revised to establish the Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the Financial Accounting Standards Board (FASB) to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Codification does not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for annual periods ended after September 15, 2009, and as of the effective date, all existing accounting standard documents were superseded. Adoption of the Codification did not have a material impact on the Foundation's financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 2 - CONCENTRATION OF RISK

Cash accounts maintained by the Foundation are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Additionally, the Foundation deposits are covered under the collateralization of governmental funds agreement which provides for collateralization of deposits with eligible securities at a rate of 110 percent of the deposit on hand. As of June 30, 2010, the balances held in financial institutions of \$5,745,703 were not fully insured, but were collateralized with securities held by the financial institution, but not in the Foundation's name. Management reviews the balances and the financial condition of these financial institutions on a periodic basis.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets are gifts of cash and securities restricted by donors in ways that permit only the earnings to be used for specific programs, scholarships, and general operations of the Foundation. As restrictions on the net assets expire, due to time passing and earnings becoming available for expenditure, the funds are released to either temporarily restricted net assets or unrestricted net assets as applicable. Permanently restricted net assets consist of endowments to be held in perpetuity, the income is expendable for the donor's stated purpose.

Temporarily restricted net assets have donor-imposed restrictions that permit the Foundation to use up or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Foundation. As the restrictions expire and become available for expenditure, the funds are released to unrestricted net assets.

A description of the permanently and temporarily restricted net asset activity is included in the supplementary information to this report.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2010 and 2009, consists of pledges and are due within the following schedule:

	2010	2009
Unconditional promises to give	\$ 827,960	\$ 511,230
Less: Allowance for uncollectible promises to give	(19,398)	(25,561)
Total	<u>\$ 808,562</u>	<u>\$ 485,669</u>
	2010	2009
Due within 1 year	\$ 185,062	\$ 122,940
Due within 1 to 5 years	642,898	388,290
Less: Allowance for uncollectible promises to give	(19,398)	(25,561)
Total	<u>\$ 808,562</u>	<u>\$ 485,669</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Allowance for Uncollectible Promises to Give

	2010	2009
Beginning Balance	\$ 25,561	\$ 18,378
Additions	-	9,533
Deletions	(5,619)	-
Write-offs	(544)	(2,350)
Ending Balance	<u>\$ 19,398</u>	<u>\$ 25,561</u>

NOTE 5 - INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2010:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Equity	\$ 1,492,770	\$ 1,630,229	\$ 137,459
Corporate bonds	588,639	651,799	63,160
Government bonds	979,588	996,737	17,149
Interest in the California Community Colleges Scholarship Osher Endowment Fund	202,667	202,667	-
	<u>\$ 3,263,664</u>	<u>\$ 3,481,432</u>	<u>\$ 217,768</u>

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2009:

	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss)
Equity	\$ 1,702,368	\$ 1,494,030	\$ (208,338)
Corporate bonds	685,003	543,974	(141,029)
Government bonds	697,259	697,383	124
Interest in the California Community Colleges Scholarship Osher Endowment Fund	80,000	80,000	-
	<u>\$ 3,164,630</u>	<u>\$ 2,815,387</u>	<u>\$ (349,243)</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 9,700	\$ 22,309	\$ 64,987	\$ 96,996
Net realized and unrealized gains	29,247	52,065	151,666	232,978
	<u>\$ 38,947</u>	<u>\$ 74,374</u>	<u>\$ 216,653</u>	<u>\$ 329,974</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 345	\$ 325	\$ 1,362	\$ 2,032
Net realized and unrealized losses	(67,800)	(63,812)	(267,212)	(398,824)
	<u>\$ (67,455)</u>	<u>\$ (63,487)</u>	<u>\$ (265,850)</u>	<u>\$ (396,792)</u>

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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.

The table below presents the balance of assets and liabilities measured at fair value for 2010.

Description of Assets	Carrying Value at			
	June 30, 2010	Level 1	Level 2	Level 3
Investments - Bonds	\$ 1,648,536	\$ 563,064	\$ 1,085,472	\$ -
Investments - Equity	1,630,229	832,901	797,328	-
Interest in the California Community Colleges Scholarship Osher Endowment Fund	202,667	-	-	202,667
Unconditional promises to give	808,562	-	-	808,562
Total Assets	\$ 4,289,994	\$ 1,395,965	\$ 1,882,800	\$ 1,011,229

Description of Liability	Carrying Value at			
	June 30, 2010	Level 1	Level 2	Level 3
Obligation to Riverside Community College District	\$ 794,735	\$ -	\$ -	\$ 794,735

The following table presents changes in the Foundation's Level 3 assets and liabilities measured at fair value on a recurring basis for the year ending June 30, 2010:

Assets	Assets
Balance, Beginning of Year	\$ 565,669
Additions	5,241,500
Allowance for uncollectible pledges	(19,398)
Deletions	(4,776,542)
Balance, End of Year	\$ 1,011,229

Liabilities	Liability
Balance, Beginning of Year	\$ 704,028
Additions	90,707
Balance, End of Year	\$ 794,735

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

The table below presents the balance of assets and liabilities measured at fair value for 2009.

Description of Assets	Carrying Value at			
	June 30, 2009	Level 1	Level 2	Level 3
Investments - Bonds	\$ 1,241,357	\$ 492,650	\$ 748,707	\$ -
Investments - Equity	1,494,030	792,660	701,370	-
Interest in the California Community Colleges Scholarship Osher Endowment Fund	80,000	-	-	80,000
Unconditional promises to give	485,669	-	-	485,669
Total Assets	\$ 3,301,056	\$ 1,285,310	\$ 1,450,077	\$ 565,669

Description of Liability	Carrying Value at			
	June 30, 2009	Level 1	Level 2	Level 3
Obligation to Riverside Community College District	\$ 704,028	\$ -	\$ -	\$ 704,028

The following table presents changes in the Foundation's Level 3 assets and liabilities measured at fair value on a recurring basis for the year ending June 30, 2009:

Assets	Assets
Balance, Beginning of Year	\$ 349,192
Additions	589,590
Allowance for uncollectible pledges	(7,183)
Deletions	(365,930)
Balance, End of Year	\$ 565,669

Liabilities	Liability
Balance, Beginning of Year	\$ 610,870
Additions	93,158
Balance, End of Year	\$ 704,028

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the Foundation consisted of the following:

	<u>2010</u>	<u>2009</u>
Payables to District for the Aquatics Complex	\$ 4,831,506	\$ -
Payables to District	108,030	196,546
Vendor payables	4,155	605
Other	-	374
Total	<u>\$ 4,943,691</u>	<u>\$ 197,525</u>

NOTE 7 - OBLIGATIONS PAYABLE TO DISTRICT

During the year ended June 30, 2006, the Foundation entered into an agreement with the District whereby the District will advance funds up to \$1.3 million to the Foundation to cover costs associated with the Major Gifts Campaign. Repayment of advances will be in equal semi-annual payments beginning July 1, 2009, with the final payment due on or before June 30, 2013. Balances accrue interest at the rate realized by the District from the Riverside County Treasurer, which is 0.94 percent at June 30, 2010. Total amounts due to the District at June 30, 2010 and 2009, is \$794,735 and \$704,028, respectively. The Foundation and the District have mutually agreed to extend the debt repayment schedule from the Foundation to the District for an additional two-year period. The repayment schedule is presented below:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2011	\$ -	\$ -	\$ -
2012	385,297	30,319	415,616
2013	409,438	6,178	415,616
Total Due	<u>\$ 794,735</u>	<u>\$ 36,497</u>	<u>\$ 831,232</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

The Foundation provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as instructional and student programs and scholarship expense. The Foundation has contributed \$282,356 and \$298,713 to the District for student programs for the years ended June 30, 2010 and 2009, respectively. The Foundation has contributed \$635,383 and \$435,354 to the District for student scholarships for the years ended June 30, 2010 and 2009, respectively. Additionally, the Foundation provided \$4,950,908 to the District for construction of the Aquatics Complex.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

The District provides office space and other support to the Foundation. As described in Note 7, the Foundation has a long-term debt balance of \$794,734 at June 30, 2010, with the District. Interest expenses for the year ended June 30, 2010, was \$7,979. The Foundation office is currently housed in a building, which is owned by the District, and is jointly used by both the District and the Foundation. The Foundation leases the property at a cost of \$1.00 per year. This agreement expires November 30, 2018.

The Foundation received contributed employee services, other professional services, and materials valued at \$504,617 and \$478,412 from the District for the years ended June 30, 2010 and 2009, respectively.

NOTE 9 - COMMITMENTS

The Foundation is the fiscal agent for a scholarship component of a District Gear-Up Grant through the Department of Education. As of June 30, 2010, the Foundation has received a total of \$1,289,400 for years one through five of the five-year grant. At June 30, 2010, the funds, including interest income less a small amount expended for investment management fees, are included in the Foundation's temporarily restricted scholarship funds and total \$691,199. The Foundation will hold the funds until the scholarships are distributed beginning in the summer of 2007. During the year ended June 30, 2010, the Foundation has expended \$344,610 in scholarships and expenses related to the program.

NOTE 10 - TRANSFERS BETWEEN FUNDS

During the year ended June 30, 2010, management reviewed donor instructions and determined donations in the amount of \$149,278 has been classified as temporarily restricted when the donor's intent was to have the funds be either permanently restricted or unrestricted.

NOTE 11 - DEFICIT NET ASSETS

The unrestricted fund of the Foundation has incurred operating deficits in past years that created a net deficit ending balance. Management has increased unrestricted fundraising efforts and has reduced operating costs to correct this deficit. During the years ended June 30, 2010 and 2009, the unrestricted fund noted negative in ending balances of (\$886,990) and (\$874,954), respectively. The deficit account balance is also a result of the Major Gift Campaign expenses which were \$90,706 and \$127,733 for the years ended June 30, 2010 and 2009, respectively. The Board has approved the deficit until such time as there are sufficient gifts from the Campaign. Management is continuing to address this deficit and will be developing a plan to be in a positive position.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 12 - BEQUESTS

The Foundation received notification of a bequest which is considered to be a special kind of pledge. The bequest received generally requires compliance with terms and conditions specified in the agreement and is not collectible until the death of the donor. During the year ended June 30, 2009, the Foundation received a bequest which the donor bequeathed a life insurance policy to the Foundation which has a value of \$560,000. Under this agreement, the Foundation will pay premiums for the policy and is entitled to reimbursement by the donor. As this donation is conditional based on the terms of the bequest, it has not been recognized in the financial statements.

NOTE 13 - 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 October 12, 2010, 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.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Riverside Community College District Foundation
Riverside, California

We have audited the financial statements of Riverside Community College District Foundation for the year ended June 30, 2010, and have issued our report thereon dated October 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riverside Community College District Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverside Community College District Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Riverside Community College District Foundation's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverside Community College District Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Riverside Community College District Foundation in a separate letter dated October 12, 2010.

This report is intended solely for the information and use of the Board of Directors, Audit Committee, Management, others within Riverside Community College District Foundation, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Irine Day & Co. LLP

Rancho Cucamonga, California
October 12, 2010

Supplementary Information

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions/</u> <u>Transfers</u>	<u>Expenditures/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
Unrestricted				
Undesignated	\$ 167,651	\$ 137,239	\$ (60,422)	\$ 244,468
Major Gifts Campaign	(1,054,894)	-	(90,706)	(1,145,600)
Total Unrestricted - Undesignated	<u>(887,243)</u>	<u>137,239</u>	<u>(151,128)</u>	<u>(901,132)</u>
Unrestricted - Board Designated				
Powell, Berkeley Douglas Endowment	<u>12,289</u>	<u>14,976</u>	<u>(13,123)</u>	<u>14,142</u>
Total Board Designated	<u>12,289</u>	<u>14,976</u>	<u>(13,123)</u>	<u>14,142</u>
Total Unrestricted	<u><u>\$ (874,954)</u></u>	<u><u>\$ 152,215</u></u>	<u><u>\$ (164,251)</u></u>	<u><u>\$ (886,990)</u></u>

See accompanying notes to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
 (A California Nonprofit Corporation)**

**SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010**

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
TEMPORARY RESTRICTED PROGRAMS				
Allied Health	\$ -	\$ 100,000	\$ (5,000)	\$ 95,000
Advanced Technology Center - Norco	10,588	45	(2)	10,631
Alumni House Program	62,330	5,044	(1,214)	66,160
Art Gallery	535	-	-	535
Annual Recognition Event	12,339	27,025	(38,364)	1,000
Airey, Wilfred J. Library Fund	650	30	(443)	237
RCC Associates	9,524	3,230	(3,041)	9,713
Arbor Fund	8,000	5,000	(7,250)	5,750
African American Heritage Fund	4,851	79	(29)	4,901
Art Department Supply Fund	1,180	-	10	1,190
Aquatics Complex	1,057,648	4,317,885	(4,832,834)	542,699
Athletics	15,036	2,750	(1,635)	16,151
Baseball Program Fund	200	-	-	200
Best Technician Academy	347	-	-	347
Campus Account - Moreno Valley	905	3,300	(165)	4,040
Basic Skills and Readiness - Riverside	3,680	(50)	(472)	3,158
Basic Skills and Readiness - Norco	575	(20)	3	558
Basic Skills and Readiness - Moreno Valley	1,862	-	15	1,877
Center for Primary Education La Sierra	1,987	-	3	1,990
California Arts Council DOJ Music Presenting	-	15,000	(15,000)	-
Chancellor Retirement	4,002	-	-	4,002
Chemistry Department Equipment	423	-	5	428
Chemistry Instructional Improvements (Bond)	306	-	-	306
College Safety and Police	98	-	-	98
Community Events	131	-	-	131
Construction Technology	2,000	-	-	2,000
Culinary Arts	21	-	(21)	-
DSP&S	209	-	-	209
Dental Assisting Program	427	-	-	427
Dental Hygiene Grant	264	200,000	(200,264)	-
Dental Hygiene Program	6,516	66,959	(73,288)	187
Dental Hygiene for Low-Income	-	20,000	-	20,000

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
Early Childhood Studies	\$ 6,630	\$ 41	\$ (2)	\$ 6,669
Early Childhood Studies - Moreno Valley	1,974	223	(1,827)	370
EMS Program	1,759	10,540	(9,872)	2,427
Entrepreneurship Program	-	2,500	(2,500)	-
Faculty Association - Riverside	8,849	-	-	8,849
Faculty Association - Norco	1,249	-	-	1,249
Faculty Association - Moreno Valley	1,666	-	-	1,666
Faculty Development - Moreno Valley	1,469	-	15	1,484
Ford Asset	96	-	-	96
Forensics	50,772	14,839	(12,470)	53,141
Foundation Restricted	255	-	-	255
Guthrie Insurance Policy Gift	41,687	-	(570)	41,117
Handicapped Students	1,164	-	-	1,164
Instructional Media Services	79	-	-	79
International Students Program	250	-	-	250
Journalism Department	1,635	-	-	1,635
Library Acquisition	4,216	4,500	(195)	8,521
Library, Moreno Valley	153	-	-	153
Loma Linda Toy Project	283	-	-	283
Machine Shop	604	-	-	604
Manufacturing - Norco College	-	2,000	(100)	1,900
McGaugh Building Fund	6,000	3,000	(150)	8,850
Men's Tennis Program	2,507	-	30	2,537
Moreno Valley Outreach	60	-	-	60
Music Department	4,340	750	(763)	4,327
Musical Theater Conservatory	100	-	-	100
Moreno Valley Campus Grounds Beautification	1,918	-	16	1,934
Moreno Valley Music Department	550	-	-	550
New Nursing Prep Program - Moreno Valley	760	-	6	766
Norco Children's Playground	154	-	-	154
Norco ECS Fund	792	-	-	792
Norco Campus Fund	3,874	2,500	(2,462)	3,912
Norco Choir Fund	-	31,100	(31,100)	-
Norco Student Success	-	400	(20)	380
Nursing Immersion	4,357	-	(4,357)	-

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
Off-Broadway	\$ 509	\$ -	\$ -	\$ 509
Okubo, Mine Memorial Fund	3,770	650	(40)	4,380
Passport Plus	260	-	-	260
Performance Riverside	11,175	31,756	(2,163)	40,768
Performance Riverside Bank of America Grant	-	10,000	(1,602)	8,398
Performance Riverside City Arts Grant	-	25,000	(25,000)	-
Performance Riverside City Sponsorship	-	9,500	(9,499)	1
Performance Riverside N.E.A.	-	10,000	(10,000)	-
Physician Assistant Program	1,272	-	-	1,272
Planetarium Development	934	-	-	934
President's Discretionary	149	-	-	149
Professional Auto Tech Center	1,100	-	10	1,110
Public Art - Norco	3,500	-	(3,500)	-
Public Safety and Homeland Security	1,828	-	-	1,828
Puente Alumni Fund	915	-	-	915
Retiree Luncheon	175	-	-	175
Ribbon Cutting - Aquatics Complex	-	25,000	(2,500)	22,500
Riverside Master Chorale	1,495	-	-	1,495
Riverside Public Art Fund	-	2,666	(133)	2,533
RSA Rotella Fund	5,245	-	-	5,245
School of Nursing	12,019	650	67	12,736
Showcase Singers	200	-	-	200
Stover Fund for Music and Arts	365	200	(10)	555
Study Abroad Program	500	-	(500)	-
Teacher Prep Program	750	600	(30)	1,320
Theatre Department	135	-	-	135
Toyota T-Ten	3,131	120	(154)	3,097
Toyota T-Ten Books	2,999	-	-	2,999
Toyota T-Ten Regionals	518	-	-	518
TriTech Program	-	1,500	(1,500)	-
Veteran's Fund	-	2,875	(144)	2,731
Wells Fargo Grant	25,000	25,000	(42,730)	7,270
Young at Heart	133	300	(270)	163
Total Temporarily Restricted - Programs	\$ 1,434,913	\$ 4,984,487	\$ (5,345,005)	\$ 1,074,395

See accompanying notes to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
TEMPORARY RESTRICTED SCHOLARSHIPS				
AARP	\$ -	\$ 300	\$ (300)	\$ -
AAUW Scholarship	350	-	(350)	-
Aiko, Dora Katono Scholarship	-	300	(300)	-
Air Force Association Scholarship	1,750	1,000	(1,050)	1,700
Allied Health Scholarship	200	-	-	200
Alpha Delta Kappa Iota Chapter Scholarship	5,410	1,380	(1,069)	5,721
American Legion Scholarship	200	200	(210)	190
Applied Technology Scholarship	3,233	68	(303)	2,998
Art Club Scholarship	250	-	(250)	-
Ayres, Tillie Scholarship	505	-	(505)	-
Anderberg Nursing Scholarship	3,061	1,375	(1,481)	2,955
Armstrong, Devonne Music Scholarship	1,000	1,000	(1,050)	950
Baum, Drs. Bradley and Carla Lidner	1,000	-	-	1,000
Bigbee, Elizabeth Scholarship	25	-	-	25
Brodie James Smith Memorial Scholarship	6,547	240	(312)	6,475
Belote, Roberta Memorial Scholarship	1,046	410	(530)	926
Best, Patricia Leigh Scholarship	100	-	-	100
Business Office Scholarship	1,055	1,200	(320)	1,935
Blaker, Bill Memorial Scholarship	1,220	-	-	1,220
Boyd, Allan Memorial Scholarship	300	700	(1,000)	-
Catholic Charities Scholarship	-	3,000	(150)	2,850
Courbat, Thomas Citizen Activist Scholarship	1,000	1,000	(550)	1,450
Communication Department Scholarship - Norco	1,633	-	20	1,653
Cancer Federation Award Scholarship	500	250	(263)	487
Carnes, Carl and Margaret Scholarship	250	-	-	250
Carranza, Rosalie Memorial Scholarship	614	120	(204)	530
Clark, Christopher A. Scholarship	250	-	-	250
Thomas/Vallejo Family Scholarship	4,477	110	(931)	3,656
Clark, Megan E. Memorial Scholarship	3,266	-	-	3,266
College for Kids Scholarship	3,342	250	(13)	3,579
Community Foundation Scholarship	15,323	37,205	(37,706)	14,822
Community Foundation Designated Scholarship	2,500	18,420	(16,920)	4,000
Community Foundation Edna Bailey Lockhart	1,970	1,456	(1,970)	1,456
CSEA Chapter 535 Scholarship	-	100	(100)	-
Creative Writing Scholarship	5,033	420	(759)	4,694
Cutter, Albert B. Memorial Scholarship	450	900	(1,350)	-
Deutsch, Osker Memorial Nursing	-	250	(250)	-

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
Dance Department Scholarship	\$ 4,357	\$ 750	\$ (413)	\$ 4,694
Dassow Memorial Scholarship	86	-	-	86
Dance - Dorella Anderson Scholarship	1,500	-	(750)	750
Deluhery, James Memorial Scholarship	-	500	(500)	-
Chasteen, Darrell Memorial Scholarship	-	290	(15)	275
Dieguez, Alcira Memorial Scholarship	1,234	-	(238)	996
DLLRC Scholarship	500	250	(263)	487
Dyer, Bob Memorial Scholarship	1,575	-	-	1,575
Ehret, Dr. Charles F. Memorial Scholarship	874	2,480	(499)	2,855
Ellis, Robert Memorial Scholarship	50	-	-	50
EOPS Scholarship Fund	2,937	(1,250)	(437)	1,250
Eslamidoust, Pouran Memorial Scholarship	295	-	-	295
Exchange Club Scholarship	3,000	2,500	(2,125)	3,375
Faculty Memorial Scholarship	12,573	1,343	(317)	13,599
Farmer, William M. (Max) Memorial	785	-	(300)	485
Foreman Scholarship	-	2,000	(1,100)	900
Gateway to College	14,877	-	(3,611)	11,266
Gear-Up Scholarship	1,033,731	2,078	(344,610)	691,199
Gentry Scholarship	500	-	(500)	-
Gonzalez, Jesse Memorial Scholarship	-	200	(10)	190
Gospel Singers Scholarship	555	-	-	555
Grant, David Memorial Scholarship	170	530	(151)	549
Griffin, Dale and Theresa	104,792	-	(100,000)	4,792
Guzman, Manuel F. Scholarship	1,600	-	(250)	1,350
History Department Scholarship	550	190	(510)	230
Hispanic Educators Scholarship	-	500	(215)	285
History Day Scholarship	75	180	(169)	86
Honore, Annie and Raymond Scholarship	500	1,000	(550)	950
International Student Scholarship	407	150	(4)	553
Iravani, Roya Telecom Scholarship	-	300	(300)	-
Irvine, James Foundation Fund	13,997	348	(14,345)	-
Jackson, Henry Welding Scholarship	1,629	10	6	1,645
Jacobs, Doug Memorial Scholarship	1,642	120	(250)	1,512
Kaiser Hospital Volunteer Scholarship	-	1,000	(550)	450

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
Kinser, William M. Nursing Scholarship	\$ 6,344	\$ 1,980	\$ (653)	\$ 7,671
Kirkpatrick, Jeanne N. Nursing Scholarship	570	500	(525)	545
Latino Network Leadership Institute	300	-	(300)	-
Locke, Owen Memorial Scholarship	79,000	75,000	(20,244)	133,756
Logistics Scholarship - APICS	-	500	(25)	475
Curtin, Mary Scholarship	-	25,335	(2,470)	22,865
Maguire Family Scholarship	1,100	-	(205)	895
Medrano, Martin J. Memorial Scholarship	1,019	500	(522)	997
Mehegan, Dr. James Memorial Scholarship	3,620	700	(178)	4,142
Molly Adams Memorial Scholarship - Community Foundation	-	16,840	(16,839)	1
Mosaic Scholars Foster Youth	674	-	(199)	475
Moors, Susen Study Abroad Scholarship	2,064	-	15	2,079
Moreno Valley Middle College HS Program	290	-	-	290
Music Department Faculty Scholarship	1,600	250	(712)	1,138
Moreno Valley Math/Science Scholarship	5,430	40	(193)	5,277
Nightingales, Memorial Scholarship	500	800	(540)	760
Norco Creative Writing Scholarship	-	379	(19)	360
Norco Campus Student Book Scholarship	3,325	500	(25)	3,800
Norco Math Tutor Scholarship	1,500	1,000	(1,050)	1,450
Nursing Leadership Scholarship	1,655	350	(617)	1,388
Ogata-Sarafian Family Memorial	100	100	(105)	95
Oksman, Dr. Linda Cosmetology	150	-	-	150
OSHER Scholarship	-	29,000	(22,500)	6,500
Panhellenic Association Scholarship	600	500	(525)	575
Pardee, Dr. Ron Scholarship	500	500	(25)	975
Parker, Chrystine Memorial Scholarship	2,320	450	(122)	2,648
Passport to College Program	26,287	3,427	(29,714)	-
Pauley, Blaga S. Memorial	4,464	100	(284)	4,280
Perkic, Alex Memorial Telecom Scholarship	3,117	-	(350)	2,767
Pepsi Bottling Group Scholarship	-	1,500	(825)	675
Pond, Lena T. Scholarship	-	11,412	(11,408)	4
Quin Piano Scholarship	600	400	(270)	730

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
RCCD Management Association Scholarship - Riverside	\$ -	\$ 1,000	\$ (1,000)	\$ -
RCCD Management Association Scholarship - Norco	-	1,000	(550)	450
RCCD Management Association Scholarship - Moreno Valley	-	1,000	(50)	950
Renaissance Scholars - Moreno Valley	971	-	10	981
Reyes, Nick and Lucy Memorial Scholarship	-	300	(15)	285
Moreno Valley College Student Services	6,391	250	(2,010)	4,631
Richards, Regina Education Scholarship	1,250	1,000	(1,300)	950
Rickson, Roger Memorial Scholarship	3,304	-	(500)	2,804
Riverside Community Hospital Auxiliary Nursing Scholarship	1,500	500	(2,000)	-
Riverside School for the Arts	20,044	(2,023)	(1,560)	16,461
Riverside Scholars Scholarship	38,000	16,000	(18,300)	35,700
Riverside Woman's Club Scholarship	-	2,000	(2,000)	-
Riverside Woman's Club Dental Hygiene Scholarship	-	500	(25)	475
Roby, Paul Memorial Nursing Scholarship	1,750	-	(500)	1,250
Rotary Club of Magnolia Center Scholarship	375	1,300	(1,675)	-
Rotary Club of Norco Scholarship	1,375	1,600	(1,580)	1,395
Russell, Hazel M. Hawkins Scholarship	372	-	-	372
Ruiz, Shawn Marie Memorial CIS Scholarship	3,356	856	(42)	4,170
Ryan Memorial Scholarship	2,405	500	(325)	2,580
Scandura, Al Scholarship	50	-	(50)	-
Schmitt, Chuck Memorial Scholarship	138	-	-	138
Scileppi, Professor Patricia Interpersonal Communication Scholarship	1,165	2,000	(100)	3,065
Smith, V.C. "Smitty" Memorial Scholarship	350	-	-	350
So Cal Restaurant Writers Scholarship	500	521	(775)	246
Spoto, Luciana Memorial Scholarship	390	250	(212)	428
Spencer, Mary Jo Memorial Scholarship	100	-	-	100
Stalder, Cecil Scholarship	1,000	500	(275)	1,225
Stalder, Evelyn RN Scholarship	500	500	(525)	475
Strickland, Dean E. Memorial Scholarship	7,150	250	(763)	6,637

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions/ Transfers	Expenditures/ Transfers	Balance June 30, 2010
Student Financial Aid Scholarship	\$ 239	\$ -	\$ -	\$ 239
Student Equity Scholarship	15,332	450	(647)	15,135
Student Insurance Agency	300	-	(150)	150
Slocum, Grace D. Nursing Scholarship	-	1,000	(50)	950
Taylor, Gary and Patty Education Scholarship	1,963	-	(487)	1,476
Textbook Assistance	2,021	-	-	2,021
Thompson, Wilson Memorial	1,000	1,000	(550)	1,450
Tworek, Dr. R K President Scholarship	12,055	(11,964)	(91)	-
RCC Norco Campus Faculty Scholarship	81	280	(314)	47
Vargas, Gina Memorial Scholarship	11,369	1,000	(278)	12,091
Veteran's - Dale Adams Scholarship	-	1,500	(75)	1,425
Victor, Lucille Book Fund	10,800	-	-	10,800
Veltum, Ann Memorial Scholarship	1,482	-	-	1,482
Vocational/Occupational Scholarship	2,123	-	(2,000)	123
Voiture 394 Scholarship	2,625	2,500	(2,625)	2,500
Walsh, Bonita Scholarship	2,230	-	(2,230)	-
Wilds, Dr. Dennis and Leilani	-	500	(500)	-
Williamson, Afton Memorial Scholarship	-	6,202	(310)	5,892
Wright Family Scholarship	250	700	(35)	915
Zimmer, Don Memorial Scholarship	-	1,375	(68)	1,307
Zimmerman Family Scholarship	600	-	-	600
Total Temporarily Restricted Scholarships	1,576,686	293,533	(701,113)	1,169,106
GRAND TOTAL TEMPORARY RESTRICTED NET ASSETS	\$ 3,011,599	\$ 5,278,020	\$ (6,046,118)	\$ 2,243,501

See accompanying notes to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**SCHEDULE OF PERMANENTLY RESTRICTED NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance July 1, 2009	Additions/ Transfers*	Losses/ Transfers*	Balance June 30, 2010
Arlington/Riverside Gakuen Endowment	\$ 10,547	\$ 11,562	\$ (10,255)	\$ 11,854
ASRCC Endowed Scholarship	168,361	218,206	(193,884)	192,683
Alan and Jan Pauw FOF Endowment	9,564	9,305	(8,096)	10,773
Alan and Jan Pauw Endowment	60,828	58,208	(51,108)	67,928
Angrimson, Sharon Evans Nursing Endowment	13,052	12,658	(11,192)	14,518
Barron, Paul Memorial Endowment	25,261	12,218	(10,253)	27,226
Bates, Cheri Jo Endowment	10,184	11,552	(10,102)	11,634
Birren, Coach Don Endowed Scholarship	8,601	16,203	(10,822)	13,982
Blakely, Marjorie C. Memorial Endowed Scholarship	9,069	10,401	(9,901)	9,569
Board of Realtors/Devonne Armstrong Endowment	25,659	12,225	(10,507)	27,377
Brauti, T. Martin Memorial Endowment	15,358	11,781	(10,154)	16,985
Brown, Bartholomew Endowed Memorial Scholarship	12,978	11,703	(10,469)	14,212
Bushman, Fran Memorial Endowment	14,621	11,746	(10,500)	15,867
Castro, Rodolpho Endowment	77,828	14,565	(10,771)	81,622
Chemistry/Allied Health Endowment	8,276	12,139	(10,415)	10,000
Chin, Harry S.P. Endowment	12,873	11,721	(10,128)	14,466
Coil, Horace O. Endowment	12,756	11,655	(10,378)	14,033
Coil, James L. Endowment	13,645	11,694	(10,386)	14,953
Colucci, Dr, Marie Endowed Nursing Scholarship	-	12,695	(10,145)	2,550
Corona, Frank and Mary Endowment	17,724	23,002	(20,354)	20,372
Coudures, John M. Health Sciences Endowed Scholarship	40,527	49,905	(41,261)	49,171
Coudures, John M. Health Sciences Endowed - OSHER Scholarship	35,000	74,938	(55,000)	54,938
Davis, Drs William and Brenda Endowment	-	14,486	(10,221)	4,265
Day, Betty Endowed Scholarship	25,669	12,230	(10,407)	27,492
DeAro, Steven Memorial Endowment	10,358	11,560	(10,104)	11,814
DeFrancisco, Nate Endowment	14,417	11,733	(10,294)	15,856
Diederich, Antoinette "Tavy" Endowment	8,714	16,603	(10,424)	14,893
Distribution Management Association - OSHER Scholarship	-	51,868	(28,000)	23,868
Distribution Management Association Endowment	29,565	12,950	(17,546)	24,969
Doss, F.M. Memorial Endowed - OSHER Scholarship	-	25,511	(13,500)	12,011
Faculty Memorial Endowment	41,383	29,637	(27,670)	43,350
Fauth, Bette Memorial Endowment	21,316	12,044	(10,213)	23,147
Ferne McCoy FOF Endowment	10,782	9,358	(8,108)	12,032
Finch, Vernon and Sylvia Endowment	16,808	11,845	(10,168)	18,485
Ford, Charles and Elaine Endowment	106,034	115,704	(102,560)	119,178
Foster, Sandra Filion Memorial Endowment	8,310	11,773	(10,083)	10,000
Hawkins-Newstead Endowed Scholarship	88,484	98,543	(86,402)	100,625

See accompanying notes to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**SCHEDULE OF PERMANENTLY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance July 1, 2009	Additions/ Transfers*	Losses/ Transfers*	Balance June 30, 2010
Hayashi, Norio Endowed Scholarship	\$ 9,925	\$ 11,546	\$ (10,399)	\$ 11,072
Hockett, Bruce Memorial Directors Choice Award	11,599	11,613	(10,482)	12,730
Hord, Roy Athletic Endowed Scholarship	14,554	11,745	(10,146)	16,153
Hunt, Debby R.N. Endowed Nursing Scholarship	22,147	12,189	(11,229)	23,107
Information Services Endowed Scholarship	17,976	12,380	(10,198)	20,158
Jaeger, Edmund Endowment	13,025	11,678	(10,130)	14,573
Kincell, Dorothy - Foreign Language Endowment	24,590	17,739	(15,237)	27,092
Kincell, Dorothy - Spanish Endowment	23,942	17,711	(15,240)	26,413
Knox, Harley Endowed Scholarship	88,572	114,912	(100,075)	103,409
Friends of Forensics Endowment	13,453	11,697	(10,135)	15,015
General Scholarship Endowment	96,064	104,918	(94,906)	106,076
General Scholarship Endowment - Moreno Valley	46,269	29,809	(25,964)	50,114
General Scholarship Endowment - Norco	32,949	27,404	(25,717)	34,636
General Scholarship Endowment - Riverside	54,338	58,227	(51,025)	61,540
Griffin, Dale and Theresa Endowment	-	94,487	(50,000)	44,487
Grindstaff, Leonard Memorial Endowment	9,623	11,527	(10,096)	11,054
Groves, Eleanore Endowed Nursing Scholarship	13,525	11,711	(10,271)	14,965
Heers, John C. Memorial Endowment	15,313	11,779	(10,153)	16,939
Holmes, Clifford W., Jr. Endowment	18,595	12,430	(10,213)	20,812
Holmes, Dale S. Endowment	19,740	15,911	(13,743)	21,908
Hunt, Glenn Endowment	8,855	11,675	(10,748)	9,782
John W. and Dina Stallings FOF Endowment	11,063	9,371	(8,659)	11,775
Johnson, Tom Memorial Endowed Scholarship	11,643	11,645	(10,177)	13,111
Kaiser Allied Health Endowment	24,467	28,854	(26,239)	27,082
Kaiser Permanente Nursing Endowment	77,055	62,961	(53,521)	86,495
Kane, Charles A. Endowment	24,112	12,167	(10,241)	26,038
Kinnear, Ellen Ed.D Endowment	10,495	12,289	(9,545)	13,239
Kipper, Daniel J. Memorial Civil Engineering Endowment	28,096	12,322	(10,781)	29,637
Kiwanis Club of Riverside Endowment	30,459	29,083	(25,730)	33,812
Knopf, Arthur C. Memorial Endowment	39,455	15,082	(12,670)	41,867
Knopf, Dorothy Memorial Endowment	24,624	28,833	(25,496)	27,961
L.E.T. Club Endowed Scholarship	12,087	11,706	(10,811)	12,982
Lamar, Margaret Farr Endowment	12,266	11,644	(10,123)	13,787
Leila Vahdani FOF Endowment	17,295	23,051	(20,346)	20,000
Leonard, John L. Memorial Endowment	20,383	12,003	(10,204)	22,182

See accompanying notes to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**SCHEDULE OF PERMANENTLY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance July 1, 2009	Additions/ Transfers*	Losses/ Transfers*	Balance June 30, 2010
Lionel Rentschler FOF Endowment	\$ 9,409	\$ 9,298	\$ (8,560)	\$ 10,147
Locke Family Endowed Scholarship	10,661	12,529	(10,263)	12,927
Louise Griffin FOF Endowment	8,663	9,264	(8,028)	9,899
MacDonald Family Endowed Scholarship	10,707	15,714	(11,437)	14,984
Management Association Endowment	13,876	11,715	(10,139)	15,452
Marsh, Jack and Jean Endowment	17,149	11,860	(10,171)	18,838
McCoy, Ferne Future Teachers Endowment	14,446	17,292	(15,145)	16,593
McCroskey, Alyssa Rayne "Aly" Memorial Endowment	12,156	12,620	(10,586)	14,190
Moeller, Karen/Harold Memorial Endowment	126,890	116,629	(101,269)	142,250
Moors/Goodwill Memorial Endowment	10,572	14,534	(12,606)	12,500
Kathleen Gonzales Puente Program Book Fund	14,397	12,055	(10,806)	15,646
Moreno Valley Community Partners Endowed Scholarship	2,293	10,323	(9,519)	3,097
Moreno Valley Community Health Fnd Endowed Scholarship	3,810	25,603	(25,576)	3,837
Moreno Valley Community Health Fnd Endowed - OSHER Scholarship	45,000	47,023	(45,900)	46,123
Nursing Faculty Endowed Scholarship	16,834	15,189	(11,717)	20,306
Patterson, Lewis/Jessie Memorial Endowment	12,929	11,668	(10,254)	14,343
Performance Riverside Endowment	5,329	10,240	(10,107)	5,462
Playday for Women Endowment	19,684	11,997	(10,422)	21,259
Poison Garden Endowment	10,219	11,562	(10,204)	11,577
Ramirez Family Endowment	9,459	11,520	(10,094)	10,885
Riemer, Judith Endowed Nursing Scholarship	8,935	11,962	(10,179)	10,718
RCC Associates Endowment	47,028	14,289	(11,776)	49,541
Riverside Public Utilities Energy Tech Endowment	38,469	35,051	(31,885)	41,635
Riverside Sunrise Rotary Endowment	14,653	11,750	(10,147)	16,256
Roberts, Dell Endowed Scholarship	20,723	11,979	(10,207)	22,495
Rotary Club of Riverside Endowment	13,070	11,680	(10,131)	14,619
Schlein, David and Sadie Memorial Endowment	9,156	11,824	(10,409)	10,571
Singletary Family Endowment	15,929	11,806	(10,159)	17,576
Soroptimist Intl Corona/Norco Endowment	13,990	11,720	(10,140)	15,570
Southern California Edison Endowed - OSHER Scholarship	-	37,826	(13,333)	24,493
Stover Fellowship Endowment	43,326	13,016	(10,434)	45,908
Swoffer, Betty J. and Gordon N. Endowment	8,162	11,920	(10,082)	10,000
Taber Family Endowment	16,334	11,824	(10,164)	17,994
Tegley, Coral Ann Memorial Endowment	-	19,820	(10,519)	9,301

See accompanying notes to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)**

**SCHEDULE OF PERMANENTLY RESTRICTED NET ASSETS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance July 1, 2009	Additions/ Transfers*	Losses/ Transfers*	Balance June 30, 2010
Thompson and Colegate Endowment	\$ 12,823	\$ 11,664	\$ (10,228)	\$ 14,259
Thonis Family Endowed Scholarship	9,809	12,659	(10,756)	11,712
Toro Company Endowment	13,293	11,690	(10,133)	14,850
Tworek, Dr. Richard K. Health Services Endowment	1,191	23,748	(10,210)	14,729
Virginia Blumenthal FOF Endowment	8,763	11,497	(10,175)	10,085
Wadding, Richard Nursing Endowment	10,767	11,662	(10,363)	12,066
Waite, Martha/Ernest K. Endowment	22,239	12,085	(10,222)	24,102
Wecksler, Becky Endowment	11,618	13,660	(10,230)	15,048
Western Community Bank Endowment	13,748	11,710	(10,137)	15,321
Williams, Clarence R. Memorial Endowment	4,835	10,217	(10,096)	4,956
Willmon, David C., Jr. Endowment	13,292	11,690	(10,132)	14,850
Wilson, Dorcas B. Nursing Endowment	22,427	12,280	(10,872)	23,835
Woodruff, Timilie Endowment	10,167	11,786	(10,466)	11,487
Wright, Martha Jane, Art and Design Endowed - OSHER Scholarship	-	25,511	(13,500)	12,011
Ybarra, Cecil and Mildred Endowment	10,716	11,576	(10,107)	12,185
Young, Arthur Edward Memorial Endowment	9,179	13,313	(11,273)	11,219
Yount, Gwen Endowment	11,565	11,613	(10,115)	13,063
Zonta Club of Riverside Endowment	9,318	11,618	(10,936)	10,000
Total Permanently Restricted	<u>\$ 2,703,114</u>	<u>\$2,845,107</u>	<u>\$(2,374,750)</u>	<u>\$ 3,173,471</u>

* Transfers include intrafund transfers to segregate the corpus from accumulated earnings.

See accompanying notes to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
(A California Nonprofit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2010

NOTE 1 - SCHEDULES OF UNRESTRICTED, TEMPORARILY RESTRICTED, AND PERMANENTLY RESTRICTED NET ASSETS

These schedules are presented as optional schedules at the request of management. The schedules show the changes under the various funds within the larger classifications. These schedules are prepared on the same basis as the financial statements.



To the Board of Directors
Riverside Community College District Foundation
Riverside, California

We have audited the financial statements of the Riverside Community College District Foundation (the Foundation) for the year ended June 30, 2010, and have issued our report thereon dated October 12, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter for the June 30, 2010, year-end audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2010 fiscal year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

The calculation of the allowance for uncollectible promises to give is described in Note 4 to the financial statements. This estimate is provided by management to determine the collectibility and valuation of long-term promises to give. We have reviewed management's calculations and analysis in determining the fair presentation of these balances in the financial statements.

The unrealized gains/losses as described in Note 5 to the financial statements are based upon market analysis as of June 30, 2010. We have obtained information from the investment managers in determining the fair presentation of these amounts and have verified individual investment values through third party analysis such as quoted market prices within *The Wall Street Journal*.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the long-term obligation owed to the Riverside Community College District. This disclosure is included within Note 7 to the financial statements. The repayment of this obligation is based upon agreements between the Foundation and the District. More detail on this situation is also included in Note 11 describing the deficit balance currently maintained within the unrestricted net assets.

To the Board of Directors
Riverside Community College District Foundation
Page 2

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has reviewed all proposed audit adjustments noted during the audit and has corrected the entries in the financial records of the Foundation.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2010. Management has reviewed this letter, signed it, and returned it to our office.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Riverside Community College District Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Daurineh, June Day & Co. LLP

Rancho Cucamonga, California
October 12, 2010



To the Board of Directors and Management of
Riverside Community College District Foundation
Riverside, California

In planning and performing our audit of the financial statements of Riverside Community College District Foundation (the Foundation) for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Riverside Community College District Foundation's internal control to be significant deficiencies

Deficit Net Assets

Comment

As noted in our prior year comments, the Foundation entered into an agreement with Riverside Community College District (the District) to undertake a Major Gift Campaign to support targeted initiatives of the District and campuses. Under this agreement, the District would advance funds of up to \$1.3 million to the Foundation to cover costs associated with the Campaign. Funds drawn under this agreement to cover campaign costs, coupled with negative returns on investments, has resulted in the unrestricted fund of the Foundation incurring operating deficits in each of the past four years that have created a net deficit ending balance. Management has taken action to raise additional unrestricted income and to reduce operating expenses, but a deficit remains. Repayment of advances was set to begin July 1, 2010. The District and the Foundation have reached an agreement to defer the repayment starting period to 2011.

In analyzing all of the accounts and the effect of the negative unrestricted net assets, it became evident that the Foundation currently has no available unrestricted funds to pay obligations as they come due. Temporarily restricted funds have been borrowed in order to ensure the ongoing operations of the Foundation.

Board of Directors and Management of
Riverside College Community College Foundation
Page 2

Recommendation

The Foundation management must work closely with the Board and the District to address the continued decline in the unrestricted operating funds of the Foundation. Additionally, a plan to provide for unrestricted contributions needs to be implemented which will restore the ongoing operations of the Foundation to a positive position.

Management Response

Foundation and District staffs have discussed strategies for generating additional unrestricted income. In fiscal year 2010, the Foundation Board took action to institute the full five percent administrative fee, as per current spending policy, on all new gifts to the Foundation. In action related to prior Campaign RCC expenses, the Riverside Community College District Board of Trustees approved the extension of the repayment schedule at its regular meeting on June 15.

The Foundation continues to actively raise funds and encourages unrestricted support. The District's new Chancellor, Gregory W. Gray, is an experienced fundraiser and is committed to leading a major effort on behalf of the Foundation. In October 2010, the District funded a feasibility study that will help to determine the goals and framework for a new Foundation Campaign to be launched in early 2011 that will include a major emphasis on unrestricted gifts.

This letter does not affect our report dated October 12, 2010, on the financial statements of the Foundation.

We appreciate the time and assistance the staff of the District and the Foundation Offices has provided during our audit. We will follow up on each of the areas noted above during the early stage of our fieldwork for the 2011 fiscal year.

This report is intended solely for the information and use of the Board of Directors, audit committee, management, and others within the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Vauriock, Irine, Day & Co. LLP

Rancho Cucamonga, California
October 12, 2010