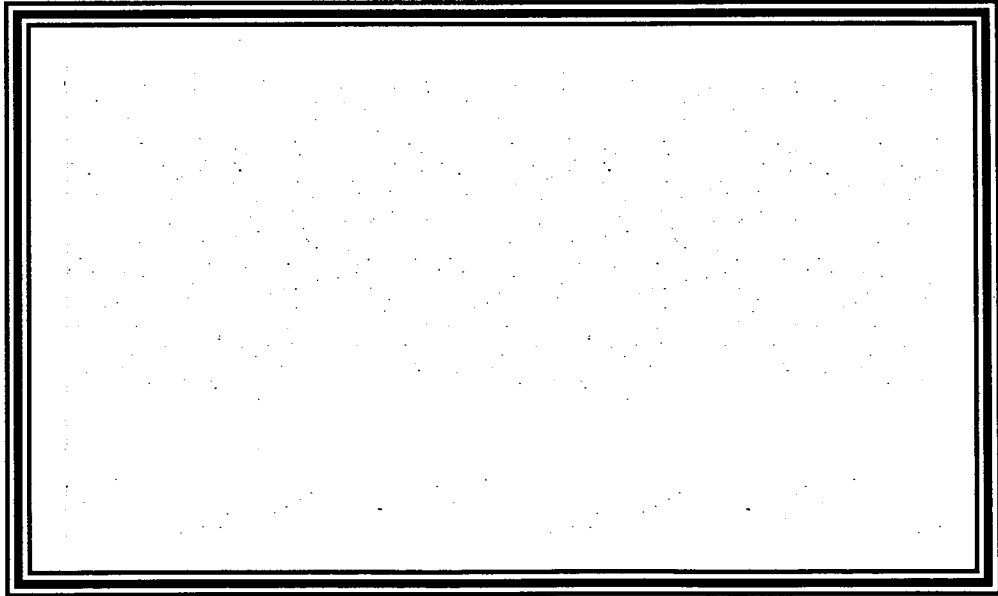




Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants



JUNE 30, 2007

INDEPENDENT AUDITORS' REPORT
with
FINANCIAL STATEMENTS

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)



To the Board of Directors and Management of
Delta College Foundation

In planning and performing our audit of the financial statements of Delta College Foundation (the Foundation) for the year ended June 30, 2007, we considered the Foundation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

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 matters that we believe are opportunities for improvement of the internal control and monitoring of the Foundation's activities.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be control deficiencies.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Best Practices and Code of Conduct - Conflict of Interest Statements

Comment

Current Best Practices for Not for Profit Organizations has noted the need for a Code of Professional Conduct and Conflict of Interest Policy to be approved by the Board of Directors of the Foundation. The Code of Professional Conduct should be written to apply to all Foundation staff and should include the ideal of always acting in an ethical manner when serving on Foundation business.

Recommendation

A Code of Professional Conduct should be written and approved by the Board and communicated to all staff to ensure the highest ethical standards are followed. A Conflict of Interest Policy should be included within the Code and statements prepared annually for all Board members.

to thank the staff of the accounting office and others throughout the Foundation and the District that assisted us during our audit.

Report is intended solely for the information and use of the Board of Directors, management, and others within the Foundation and is not intended to be and should not be used by anyone other than those specified

Thomas J. Day & Co., LLP

Rancho Cucamonga, California
December 24, 2007

To the Board of Directors
Delta College Foundation

We have audited the financial statements of Delta College Foundation (the Foundation) for the year ended June 30, 2007, and have issued our report thereon dated December 24, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to our planned scope and timing as noted in our engagement letter. There were no significant changes to the scope of our audit during the engagement.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Delta College 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 year ended June 30, 2007. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

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 Foundation also holds significant investments that are subject to unrealized gains and losses due to the timing of the year end financial statements. The Foundation will sell investments during the year and the actual gain or loss realized on the sale may be different than the estimated unrealized gain or loss included within these financial statements.



DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

JUNE 30, 2007

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

Independent Auditors' Report

To the Board of Directors
Delta College Foundation
Stockton, California

We have audited the accompanying statements of financial position of the Delta College Foundation (a California Nonprofit Corporation) (the Foundation), a component unit of San Joaquin Delta Community College District, as of June 30, 2007, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the overall accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delta College Foundation as of June 30, 2007, and the changes in its net assets, its cash flows, and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 24, 2007

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">\$ 318,669</td> </tr> <tr> <td>Due from San Joaquin Delta Community College District</td> <td style="text-align: right;">214,408</td> </tr> <tr> <td>Accounts receivable</td> <td style="text-align: right;">290</td> </tr> <tr> <td>Total Current Assets</td> <td style="text-align: right;">533,367</td> </tr> <tr> <td>Noncurrent Assets</td> <td style="text-align: right;">28,793</td> </tr> <tr> <td>Unrestricted investments</td> <td style="text-align: right;">2,211,387</td> </tr> <tr> <td>Restricted investments</td> <td style="text-align: right;">2,240,180</td> </tr> <tr> <td>Total Noncurrent Assets</td> <td style="text-align: right;">2,773,547</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: right;">\$ 2,773,547</td> </tr> </table>		\$ 318,669	Due from San Joaquin Delta Community College District	214,408	Accounts receivable	290	Total Current Assets	533,367	Noncurrent Assets	28,793	Unrestricted investments	2,211,387	Restricted investments	2,240,180	Total Noncurrent Assets	2,773,547	Total Assets	\$ 2,773,547	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">\$ 119,402</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">35,446</td> </tr> <tr> <td>Accounts payable</td> <td style="text-align: right;">154,848</td> </tr> <tr> <td>Noncurrent Liabilities</td> <td style="text-align: right;">27,264</td> </tr> <tr> <td>Liability under split interest agreement</td> <td style="text-align: right;">2,531,434</td> </tr> <tr> <td>Temporarily restricted</td> <td style="text-align: right;">60,001</td> </tr> <tr> <td>Permanently restricted</td> <td style="text-align: right;">2,618,699</td> </tr> <tr> <td>Total Liabilities and Net Assets</td> <td style="text-align: right;">\$ 2,773,547</td> </tr> </table>		\$ 119,402	Current Liabilities	35,446	Accounts payable	154,848	Noncurrent Liabilities	27,264	Liability under split interest agreement	2,531,434	Temporarily restricted	60,001	Permanently restricted	2,618,699	Total Liabilities and Net Assets	\$ 2,773,547
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See the accompanying notes to financial statements.

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions	\$ 13,597	\$ 204,766	\$ 2,255	\$ 220,618
Special events	-	154,789	-	154,789
Miscellaneous income	-	5,247	-	5,247
Net assets released from restrictions	420,536	(405,832)	(14,704)	-
Total Revenues	<u>434,133</u>	<u>(41,030)</u>	<u>(12,449)</u>	<u>380,654</u>
Expenses				
Program expenses	395,268	-	-	395,268
Operating expenses	12,777	-	-	12,777
Fundraising expenses	24,080	-	-	24,080
Total Expenses	<u>432,125</u>	<u>-</u>	<u>-</u>	<u>432,125</u>
Other Income				
Realized gains on investments	-	8,830	-	8,830
Unrealized gains on investments	-	143,508	3,474	146,982
Interest and dividends	1,216	84,923	1,555	87,694
Transfers between funds	(1,202)	1,202	-	-
Total Other Income	<u>14</u>	<u>238,463</u>	<u>5,029</u>	<u>243,506</u>
CHANGE IN NET ASSETS	<u>2,022</u>	<u>197,433</u>	<u>(7,420)</u>	<u>192,035</u>
NET ASSETS, BEGINNING OF YEAR	<u>57,979</u>	<u>2,334,001</u>	<u>34,684</u>	<u>2,426,664</u>
NET ASSETS, END OF YEAR	<u>\$ 60,001</u>	<u>\$2,531,434</u>	<u>\$ 27,264</u>	<u>\$2,618,699</u>

See the accompanying notes to financial statements.

**DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Unrealized gain	(146,982)
Change in operating assets and liabilities	
Increase in due from San Joaquin Delta Community College District	(82,724)
Increase in accounts receivable	(290)
Decrease in accounts payable	(9,600)
Decrease in deficit cash liability	(23,239)
Decrease in liability under split-interest agreement	(2,255)
Net Cash Flows Provided by Operating Activities	<u>(73,055)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(215,765)
Sales of investments	468,264
Net Cash Flows Used by Investing Activities	<u>252,499</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	179,444
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	139,225
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 318,669</u>

See the accompanying notes to financial statements.

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Program	Operating	Fundraising	Total
Materials and supplies	\$ 21,575	\$ -	\$ -	\$ 21,575
Other operating expenses	50,851	1,750	24,080	76,681
Classroom support equipment	99,434	-	-	99,434
Investment management fees	-	9,677	-	9,677
Legal	-	1,350	-	1,350
Contracted services	68,242	-	-	68,242
Student training programs	134,024	-	-	134,024
Beneficiary payment	4,200	-	-	4,200
Field trips	16,942	-	-	16,942
Total Expenses	\$ 395,268	\$ 12,777	\$ 24,080	\$ 432,125

See the accompanying notes to financial statements.

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The San Joaquin Delta Community College Foundation (the Scholarship Foundation) originated in September 1973 as a private, nonprofit corporation. The Auxiliary Foundation of San Joaquin Delta Community College District (the Auxiliary Foundation) was established in 1984 and consisted of two operational components: an instructional support component and a commercial operations component. The instructional components were composed of individual councils for respective instructional programs. The Boards of Directors of the Scholarship Foundation and the Auxiliary Foundation approved a merger of the two separate foundations into one foundation in May of 2003. Additionally, the Boards of Directors approved renaming of the newly merged foundation to the Delta College Foundation (the Foundation). This merger took place on July 1, 2003. All assets, liabilities, and net asset balances of the Scholarship Foundation, as well as the Auxiliary Foundation at June 30, 2003, were transferred to the newly named Delta College Foundation in total.

The Foundation is organized around the goals of advancing education and the charitable purposes related to education. The Foundation solicits and raises money for the purpose of supporting programs and services of the San Joaquin Delta Community College District (the District) including awarding scholarships to assist students to pursue their education. The Foundation is considered a component unit of, and is included in, the San Joaquin Delta Community College District's financial statements as a discretely presented component unit because the District has ultimate responsibility over the Foundation's operations.

Basis of Accounting

The financial statements of the Foundation have been prepared 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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

In accordance with Statement of Financial Accounting Standard (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, donated materials and equipment are recorded as contributions based on the estimated fair value at the date of donation. Donated services are recorded as contributions at their estimated fair value only in those instances where the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of short maturities of those financial instruments.

Investments

The Foundation has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

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 was no unrelated business activity income.

Statement of Functional Expenses

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

NOTE 2 - CONCENTRATION

The Foundation maintains its accounts at two financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$100,000. As of June 30, 2007, no deposits exceeded the FDIC limit.

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 - INVESTMENTS

Investments at June 30, 2007, consist of the following:

Unrealized/Realized	Adjusted	Cost	Fair Market Value	Gains/(loss)
	Cash in county treasury	\$ 454,160	\$ 454,160	\$ -
	U.S. Government agency	631,318	622,408	(8,910)
	Equity securities	998,890	1,163,612	164,722
		\$ 2,084,368	\$ 2,240,180	\$ 155,812

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2007:

Interest and dividends	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,216	\$ 1,216	\$ 84,923	\$ 1,555	\$ 87,694
Net realized and unrealized gains	-	152,338	3,474	155,812
	\$ 1,216	\$ 237,261	\$ 5,029	\$ 243,506

NOTE 4 - SPLIT-INTEREST AGREEMENT

The Foundation is the beneficiary of a Charitable Gift Annuity. The donated assets are held in trust by the Community College League on behalf of the Foundation. The basis used to recognize the asset is cost. The present value of the annuity is recorded as a liability using an eight percent interest factor. The contribution is recorded separately as permanently restricted assets. Quarterly payments of \$1,050 are to be made to the donor. The donor retains all income rights during their lifetime.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Foundation awards financial support for various programs and general support, along with grants and scholarships, to faculty and students of the District in accordance with donor instructions.

DELTA COLLEGE FOUNDATION
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2007:

Restricted for the use of campus councils for respective instructional programs	\$	879,363
Restricted for scholarships		1,652,071
Total Temporarily Restricted Net Assets	\$	2,531,434

During the year ended June 30, 2007, temporarily restricted assets totaling \$405,832 were released to the unrestricted fund which records the restricted programs' expense.

Permanently restricted net assets consist of the following as of June 30, 2007:

Charitable Gift Annuity	\$	27,264
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During the year ended June 30, 2007, permanently restricted assets totaling \$14,704 were released to the unrestricted fund which records the restricted programs' expense.