



**James Marta & Company**  
***Certified Public Accountants***

*Accounting, Auditing, Consulting, and Tax*

---

**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

Board of Trustees  
Los Medanos College Foundation  
Pittsburg, California

We have audited the financial statements of the Los Medanos College Foundation (Foundation) for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. Professional standards require that we communicate certain matters to you related to our audit. These are provided below:

**Our Responsibility under Generally Accepted Auditing Standards**

As communicated in our engagement letter dated February 29, 2012, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, 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 respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Foundation's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Qualitative Aspects of the Organization's Significant Accounting Practices**

### Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the years audited. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

We are not aware of any significant estimates in the financial statements.

### Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Foundation's financial statements relate to the investments and the prior period adjustment in Note 2 and Note 5, respectively, to the financial statements.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements. Management provided a prior period adjustment to beginning net assets totaling \$212,267. This adjustment was a result of incorrectly reported Net Assets and Liabilities in the prior year. In the current year, no uncorrected misstatements were identified as result of our audit procedures. All adjustments were presented to us by management. These adjustments are summarized in Attachment 1.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated December 18, 2012 (Attachment 2).

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Findings or Issues**

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the use of the Board of Trustees and management of Los Medanos College Foundation and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "James Marta & Company". The script is cursive and fluid, with the company name written in a single line.

James Marta & Company  
Certified Public Accountants  
December 18, 2012

# ATTACHMENT 1

## Adjusting Entries:

### Adjusting Journal Entries JE # 2

4510

To record yearly depreciation

7440	Miscellaneous expense	290.00	
1800	Depreciation		290.00
<b>Total</b>		<b>290.00</b>	<b>290.00</b>

# LOS MEDANOS COLLEGE

## Foundation

BEHOLDING THE FUTURE, CHANGING THE WORLD

### MANAGEMENT REPRESENTATION LETTER

December 18, 2012

To: James Marta & Company

We are providing this letter in connection with your audit of the Statement of Financial Position, Statement of Activities, Statement of Functional Expenses and Statement of Cash Flows of Los Medanos College Foundation as of June 30, 2012 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects the financial position of Los Medanos College Foundation, results of operations, and cash flows in conformity with generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of Los Medanos College Foundation's financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 18, 2012, the following representations made to you during your audit(s).

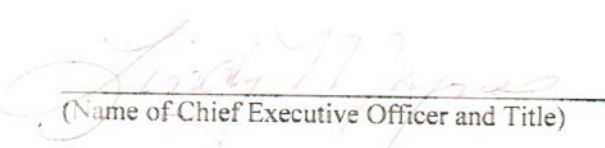
1. The financial statements of the various opinion units referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you all:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the elected body and other relevant committees or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the entity involving (a) management, (b) employees who have significant roles in internal controls, or (c) others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, vendors, regulators, or others.
8. The Los Medanos College Foundation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. The following have been properly recorded or disclosed in the financial statements:
  - a. Related-party transactions, including sales or charges for services provided, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Los Medanos College Foundation is contingently liable.
  - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
10. There are no:
  - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FAS-5.
11. The Los Medanos College Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
13. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
14. We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
15. We represent to you the following regarding the financial statements for Los Medanos College Foundation:
  - a. All funds and activities are properly classified.
  - b. All net assets component and fund balance reserves and designations have been properly reported.
  - c. All revenues within the statement of activities have been properly classified as program revenues or general revenues.
  - d. Special items and extraordinary items have been properly classified and reported.
  - e. Deposit and investment risks have been properly and fully disclosed.

- f. With regard to investments and other instruments reported at fair value:
- (1) The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - (2) The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - (3) The disclosures related to fair values are complete, adequate, and in conformity with GAAP.
  - (4) There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

16. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

  
\_\_\_\_\_  
(Name of Chief Executive Officer and Title)

\_\_\_\_\_  
(Name of Chief Financial Officer and Title)