December 6, 2013

Board of Directors
Southwest Community College Foundation
1600 W. Imperial Hwy.
Los Angeles, California 90047

We have audited the financial statements of the Southwest Community College Foundation for the year ended June 30, 2013 and have issued our report thereon dated December 6, 2013. Professional standards require that we provide you with 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 Southwest Community 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 2013. We noted no transactions entered into by the Organization 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.

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 corrected all such misstatements, if material.
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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 auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Other Comments

The following comments are made relative to matters of internal control that came to our attention during the course of our audit. Most of these comments are not new to you, as they have been mentioned previously. We would like to point out that no material deficiencies were noted. The comments and the recommendations below are intended to improve the internal control structure or results in operating efficiencies.

Concentration of Credit Risk

Southwest Community College Foundation maintains its cash and short term cash investments at one banking institution. Based on the current economic environment of the banking industry and FDIC limits, cash balances should be continually reviewed for risk and appropriateness of investment strategies and whether Southwest Community College Foundation is at risk.

Use of Excel as an Accounting System

The significant limitations of the Foundation’s current use of Excel as an accounting system were noted during the audit process, including the limitation regarding the availability of reports and completeness of transactions. There are numerous off-the-shelf accounting packages that can provide far more efficient, accurate, and easier to use accounting systems. We feel that a new accounting system would benefit the Foundation in various ways including the ability to efficiently and effectively record daily transactions and reconcile them to assure accuracy and completeness of the transactions. We, therefore, recommend the Foundation to invest in an accounting system that will be worthwhile and beneficial over the years.

Reconciling Statements Regularly

During the audit, we noted that bank statements for the Foundation’s accounts were not reconciled to the Excel worksheets. This can be avoided if a proper system of checks and balances is incorporated into the company’s procedures. We recommend that all of the bank accounts be reconciled monthly to the Excel worksheets and that all non-reconciling items be promptly investigated and adjusted with adequate explanations.
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Accounting Staffing Needs to Do Year-End Accounting

For the audit year performed, we assisted the Foundation with the basic year-end bookkeeping and accounting procedures that are necessary to prepare the books for audit purposes. We have observed this is mainly due to lack of accounting personnel. This, we believe, is a situation that breeds inefficiency and weakens internal controls. We strongly recommend having an individual who specifically performs the Foundation’s accounting function so that more time can be spent in the accounting area. This change will greatly benefit the organization with more efficient accounting processes that produce more timely and complete financial reports.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2013.

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 Southwest Community College Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Satuloff,
Machado & Mendelsohn

ANDERSON, SATULOFF,
MACHADO & MENDELSOHN
Certified Public Accountants
An Accountancy Corporation

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