To the Board of Directors  
Gavilan College Education Foundation  
Gilroy, California

We are pleased to present this letter related to our engagement to audit the financial statements of Gavilan College Education Foundation (the "Foundation") as of and for the year ended June 30, 2010. This report is intended to inform the Board of Directors of Gavilan College Education Foundation about significant matters related to the conduct of the annual audit so that they can appropriately discharge their oversight responsibility, and that we comply with our professional responsibilities.

The following summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Foundation's financial reporting process.

The Auditor's Responsibility Under Generally Accepted Auditing Standards

We were engaged to audit the financial statements of Gavilan College Education Foundation as of and for the year ended June 30, 2010. Management has not provided written representations as to its responsibility for the fair presentation of the classification of net assets, which could materially affect the amounts and classification of items included in the financial statements. Such representations are required under generally accepted auditing standards.

Since the management of the Foundation has not provided written representations as noted above in the preceding paragraph, the scope of our work was not sufficient to enable us to express an opinion on the Foundation's financial statements.

Adoption of, or Change in, Accounting Policies

The Board of Directors and management have the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation. Significant accounting policies are included in Note 1 to the financial statements. Following is a description of significant accounting policies or their application which were either initially selected or changed during the year:

Business Combinations

In April 2009, the FASB issued ASC Topic 958 - 850. This standard improves the relevance, representational faithfulness, and comparability of the information that a not-for-profit entity provides in its financial reports about a combination with one or more other not-for-profit entities, businesses, or nonprofit activities. The Foundation adopted Topic 958 - 805 for the year ending June 30, 2010, and the adoption did not have a material impact on the financial statements as a whole.
Adoption of, or Change in, Accounting Policies (Continued)

Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This ASU requires new disclosures and clarifies existing disclosure requirements about fair value measurement. Specifically, ASU 2010-06 amends Codification Subtopic 820-10 to now require:

- A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and

- In the reconciliation for Level 3 fair value measurements, a reporting entity should present separately information about purchases, sales, issuances and settlements.

In addition, ASU 2010-06 clarifies the requirements of the following existing disclosures:

- For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and

- A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

The Foundation adopted ASU 2010-06 for the year ending June 30, 2010, and the adoption did not have a material impact on the financial statements as a whole.

Amendments to Certain Recognition and Disclosure Requirements

In February 2010, the FASB issued ASU No. 2010-09, Subsequent Events – Amendments to Certain Recognition and Disclosure Requirements. Issues addressed under ASC Topic 855 as amended include terminology used, requirements for the evaluation of subsequent events and disclosure requirements. The Foundation adopted ASU No. 2010-09 for the year ending June 30, 2010.

Technical Corrections to Various Topics

In January 2010, the FASB issued ASU No. 2010-08, Technical Corrections to Various Topics. This update contains amendments to various topics with the aim to update and clarify existing guidance. This update is not expected to result in pervasive changes to current practice. The Foundation adopted ASU No. 2010-09 for the year ending June 30, 2010.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.

Accounting Estimates and Management Judgments

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. You may wish to monitor throughout the year the processes used to compute and record these accounting estimates.

We have evaluated the reasonableness of accounting estimates in relationship to the financial statements taken as a whole and concluded that management's approach to these estimation processes is reasonable.

Financial Statement Disclosures

We discussed with you the following items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements:

- Significant accounting policies.
- Fair value measurements.

Significant Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

We did not identify any uncorrected misstatements to the financial statements.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited financial statements of the Foundation.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

Material Written Communications Between Management and Our Firm

Enclosed you will find copies of all material written communications between our firm and the management of Gavilan College Education Foundation.

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We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to Gavilan College Education Foundation.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties.

Perry-Smith LLP

Sacramento, California
December 17, 2010
Perry-Smith LLP
400 Capitol Mall, Suite 1200
Sacramento, California

In connection with your audit of the statement of financial position of Gavilan College Education Foundation as of and for the year ended June 30, 2010 and the related statements of revenues, support, expenses and change in net assets and cash flows for the year then ended, we confirm, we are responsible for the fair presentation in the financial statements of financial position, results of activities and cash flows in conformity with generally accepted accounting principles.

We confirm to the best of our knowledge and belief, as of December 17, 2010, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America, except we are unable to represent to you that the net assets have been properly characterized as unrestricted or temporarily restricted.

2. We have made available to you:
   a. Financial records and related data.
   b. Minutes of the meetings of the directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. We have no knowledge of fraud or suspected fraud affecting the entity involving:
   a. Management or employees who have significant roles in the internal control.
   b. Others where the fraud could have a material effect on the financial statements.

4. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

5. We have no knowledge of any allegations of fraud or suspected fraud affecting Gavilan College Education Foundation received in communications from employees, former employees, analysts, regulators, short sellers, or others.

6. There are no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize, and report financial data.

7. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Board of Trustees:  Tom Breen  Kent Child  Mike Davenport
Laura A. Perry, Esq.  Debra Smith  Elvira Zaragoza Robinson, Esq.
Rigoberto Lopez, Student Trustee
8. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities. In that regard:
   a. The Organization has no significant amounts of idle property and equipment.
   b. The Organization has no plans or intentions to discontinue any significant service activities.
   c. Provision has been made to reduce all investments, intangibles, and other assets which have permanently declined in value to their realizable values.
   d. Long-lived assets, including intangibles, which are impaired or to be disposed of, have been recorded at the lower of their cost or fair value.

9. Where applicable, the following have been properly recorded and/or disclosed in the financial statements:
   a. Related party relationships, transactions and related amounts receivable or payable including sales, purchases, loans, transfers, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
   b. Guarantees, whether written or oral, under which the Government is contingently liable.
   c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
   d. Line of credit or similar arrangements.
   e. Agreements to repurchase assets previously sold.
   f. Security agreements in effect under the Uniform Commercial Code.
   g. All other liens or encumbrances on assets and all other pledges of assets.
   h. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets and intangibles.
   i. Investments in debt and equity securities, including their classification.
   j. All liabilities which are subordinated to any other actual or possible liabilities of the Organization.
   k. All leases and material amounts of rental obligations under long-term leases.
   l. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), *Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
   m. Concentrations of credit risk.
   n. All recordable contributions, by appropriate net asset class.
   o. Conditional promises to give.
   p. Reclassifications between net asset classes.
   q. Allocations of functional expenses based on reasonable basis.
   r. Composition of assets in amounts needed to comply with all donor restrictions.
   s. Deferred revenue from exchange transactions.
   t. Refundable advances.
u. The fair value of financial instruments.

v. Tax status.

w. Board designated unrestricted net assets.

x. Derivative financial instruments.

10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made.

a. To reduce receivables to their estimated net collectable amounts.

b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.

c. For uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2010 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2010.

d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through June 30, 2010.

e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.

f. For environmental clean up obligations.

g. For amounts held for others under agency and/or split interest agreements.

11. There are no:

a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

b. 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. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.

c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC, Accounting for Contingencies, and/or GASB Codification Section 1500.110.

d. Pledges for the Foundation.

12. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC, Accounting for Contingencies, and/or GASB Codification Section 1500.110.

13. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

14. The Organization has satisfactory title to all owned assets.

15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
16. The methods and significant assumptions used to estimate the fair values of financial instruments are as follows:

    Investments are pooled and are valued at their fair market value based upon quoted market prices, when available, or estimates of fair value in the statement of financial position and unrealized and realized gains and losses are included in the statement of revenues, support, expenses and changes in net assets.

17. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501 (c)(3) not-for-profit corporation, and we have complied with the IRS regarding this exemption.

18. No events or transactions have occurred subsequent to the statement of net assets date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

19. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Gavilan College Education Foundation

[Signature]

Joseph Keefer
Vice President of Administrative Services