

**RANCHO SANTIAGO COMMUNITY
COLLEGE DISTRICT FOUNDATION**

AUDITED FINANCIAL STATEMENTS

**For the Year Ended June 30, 2017
with Comparative Totals for the Year Ended June 30, 2016
and Independent Auditors' Report**

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....1

FINANCIAL STATEMENTS.....3

Statement of Financial Position.....3

Statement of Activities4

Statement of Cash Flows5

Statement of Functional Expenses.....6

Notes to the Financial Statements7

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rancho Santiago Community College District Foundation
Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Rancho Santiago Community College District Foundation (the Foundation), a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Foundation as of June 30, 2016 were audited by other auditors whose report dated December 5, 2016 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Glendora, California

December 4, 2017

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2017

With Comparative Totals as of June 30, 2016

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 109,956	\$ 164,626
Accounts receivable	5,768	34,916
Inventory	523	523
Total Current Assets	<u>\$ 116,247</u>	<u>\$ 200,065</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$	\$ 187
Refundable advances	76,500	112,500
Total Current Liabilities	<u>76,500</u>	<u>112,687</u>
 Net Assets:		
Unrestricted	32,732	54,469
Temporarily restricted	7,015	32,909
Total Net Assets	<u>39,747</u>	<u>87,378</u>
Total Liabilities and Net Assets	<u>\$ 116,247</u>	<u>\$ 200,065</u>

See accompanying notes to the financial statements.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	June 30, 2017			June 30, 2016
	Unrestricted	Temporarily Restricted	Total	Total
Revenue				
Support and revenue				
Contributions	\$ 8,500	\$ 13,500	\$ 22,000	\$ 49,000
Donated salaries and benefits	26,228	-	26,228	23,616
Total Support	34,728	13,500	48,228	72,616
Other income				
Realized gain on investments			-	719
Interest and dividends, net of expenses	50	-	50	(97)
Total Other Income	50	-	50	622
Total revenues before net				
assets released from restrictions	34,778	13,500	48,278	73,238
Net assets released from restrictions	39,394	(39,394)	-	-
Total Revenue	74,172	(25,894)	48,278	73,238
Operating Expenses				
Program services	39,394		39,394	11,162
Supporting services				
Management and general	56,515		56,515	102,705
Total Expenses	95,909	-	95,909	113,867
Change in net assets	(21,737)	(25,894)	(47,631)	(40,629)
Net Assets				
Beginning of year	54,469	32,909	87,378	128,007
End of year	\$ 32,732	\$ 7,015	\$ 39,747	\$ 87,378

See accompanying notes to the financial statements.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash flows from operating activities		
Cash received from donations	\$ (7,148)	\$ 47,481
Cash paid for student scholarships and campus programs	(1,000)	(10,000)
Cash paid for operating expenses	<u>(46,148)</u>	<u>(147,387)</u>
Net cash used by operating activities	<u>(54,296)</u>	<u>(109,906)</u>
 Cash flows from investing activities		
Proceeds from sale of investments		143,671
Reinvested interest and dividends, net of expenses	<u>(374)</u>	<u>(97)</u>
Net cash (used) provided by investing activities	<u>(374)</u>	<u>143,574</u>
 Net increase (decrease) in cash and cash equivalents	(54,670)	33,668
 Cash and cash equivalents, beginning of year	<u>164,626</u>	<u>130,958</u>
 Cash and cash equivalents, end of year	<u>\$ 109,956</u>	<u>\$ 164,626</u>
 Reconciliation of change in net assets to cash used by operating activities		
Change in net assets	\$ (47,631)	\$ (40,629)
Adjustment to reconcile change in net assets to cash used by operating activities		
Realized gain on investments	-	(719)
Decrease in operating assets:		
Accounts receivable	29,148	1,519
Increase (decrease) in operating liabilities:		
Accounts payable	187	(115,077)
Amounts held on behalf of others	<u>(36,000)</u>	<u>45,000</u>
Net cash used by operating activities	<u>\$ (54,296)</u>	<u>\$ (109,906)</u>

See accompanying notes to the financial statements.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	June 30, 2017			June 30, 2016
	Program Services	Management and General	Total	Total
Donated salaries and benefits	\$	\$ 26,228	\$ 26,228	\$ 23,616
Scholarships and grants	1,000		1,000	10,000
Professional services - accounting		6,000	6,000	7,000
Professional services - legal		16,725	16,725	57,226
Advertising and promotion			-	1,162
Office expenses			-	230
Information technology		45	45	-
Travel			-	45
Conferences & meetings			-	1,541
Contracted services	38,394	7,517	45,911	6,972
Shipping and delivery			-	142
Other expenses			-	5,933
	<u>\$ 39,394</u>	<u>\$ 56,515</u>	<u>\$ 95,909</u>	<u>\$ 113,867</u>

See accompanying notes to the financial statements.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

NOTE 1: ORGANIZATION

Rancho Santiago Community College District Foundation (the Foundation) is a nonprofit organization founded in 1998 for the purpose of receiving contributions for the support and advancement of education on behalf of Rancho Santiago Community College District (the District). The primary purpose of the Foundation is to enhance the economic development of their region and to generate revenue to supplement the resources of the District and its two colleges, Santa Ana College and Santiago Canyon College.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all cash available for immediate use and cash held for investment. Cash and cash equivalents consist of cash in interest bearing bank accounts and money market funds.

Classification of Net Assets

The Foundation reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are restricted for scholarship and educational program funds.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for specific purposes. The Foundation did not have any permanently restricted

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

net assets for the years ended June 30, 2017 and June 30, 2016.

Functional Allocation of Expenses

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

Contributions

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donations, other than cash, are recorded at estimated fair value at the time of the donation.

Donated Services

The Foundation records the value of donated services when there is an objective basis available to measure their value. Donated services are recorded at market value when a specialized skill is provided that would have otherwise been purchased or paid.

Comparative Totals

The financial statements and notes include certain prior-year summarized comparative information in total, but not by net assets class. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016.

Reclassifications

Certain amounts to the summarized comparative information have been made to conform to the current year presentation.

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 reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

reporting period. Actual results could differ from those estimates.

Income Taxes

The Foundation is a non-profit foundation exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

The Foundation has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Foundation's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Foundation files informational returns in the U.S. federal jurisdiction, and the state of California. With few exceptions, the Foundation is no longer subject to U.S. federal and state examinations for generally three and four years, respectively.

Subsequent Events

The Foundation has evaluated subsequent events through December 4, 2017, which is the date these financial statements were available to be issued. There were no subsequent events requiring disclosure as of June 30, 2017.

NOTE 3: CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation occasionally has a need to maintain cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4: REFUNDABLE ADVANCES

The Foundation solicits and receives various grants on the District's behalf. These grants are received and held by the Foundation and passed through to the District when the funds have been spent according to the grant's purpose. Funds not spent must be returned; therefore, grant proceeds are recorded as refundable advances. At June 30, 2017 and 2016, refundable advances held by the Foundation on the District's behalf are \$76,500 and \$112,500, respectively.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

NOTE 5: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$39,394 were released from temporary donor restrictions during the fiscal year 2016-17. The Foundation met donor imposed restrictions by incurring qualified expenses.

NOTE 6: RELATED PARTIES

The Foundation provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as scholarship expense.

The Foundation was organized as auxiliary organization under Education Code. As an auxiliary organization, the District provides administrative services to assist the Foundation in carrying out its purpose. Salaries and benefits for the Executive Director, administrative staff, and other services are paid by the District. The donated services for the fiscal year ended June 30, 2017 and 2016 were valued at \$26,228 and \$23,616, respectively, and are reflected in the financial statements as donated services.

Working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The value of donated facilities has not been determined and is therefore not included in the financial statements; however, management does not believe the amount to be significant.