



Financial Statements

June 30, 2023 (With Summarized Totals for 2022)

# Rancho Santiago Community College District Foundation

Rancho Santiago Community College District Foundation

Table of Contents

June 30, 2023

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Independent Auditor’s Report .....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Cash Flows .....	5
Statements of Functional Expenses.....	6
Notes to Financial Statements .....	7



## Independent Auditor's Report

To the Board of Directors  
Rancho Santiago Community College District Foundation  
Santa Ana, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Rancho Santiago Community College District Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Rancho Santiago Community College District Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Report on Summarized Comparative Information***

We have previously audited the 2022 financial statements of Rancho Santiago Community College District Foundation, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Eide Bailly LLP*

Rancho Cucamonga, California  
December 1, 2023

Rancho Santiago Community College District Foundation  
 Statements of Financial Position  
 June 30, 2023  
 (With Summarized Totals for 2022)

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	2023	2022
Assets		
Current assets		
Cash and cash equivalents	<u>\$ 481,111</u>	<u>\$ 496,161</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	<u>\$ 7,450</u>	<u>\$ -</u>
Net Assets		
Without donor restrictions	269,346	291,846
With donor restrictions	<u>204,315</u>	<u>204,315</u>
Total net assets	<u>473,661</u>	<u>496,161</u>
Total liabilities and net assets	<u>\$ 481,111</u>	<u>\$ 496,161</u>

Rancho Santiago Community College District Foundation  
 Statements of Activities  
 Year Ended June 30, 2023  
 (With Summarized Totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues</b>				
Contributions	\$ 500	\$ 500	\$ 1,000	\$ -
Donated salaries and benefits	65,665	-	65,665	60,458
Assets released from restrictions	500	(500)	-	-
Total revenues	<u>66,665</u>	<u>-</u>	<u>66,665</u>	<u>60,458</u>
<b>Expenses</b>				
Program services	19,785	-	19,785	11,585
Management and general	71,823	-	71,823	65,993
Total expenses	<u>91,608</u>	<u>-</u>	<u>91,608</u>	<u>77,578</u>
<b>Other Income</b>				
Interest	2,443	-	2,443	2,506
Change in Net Assets	(22,500)	-	(22,500)	(14,614)
Net Assets, Beginning of Year	<u>291,846</u>	<u>204,315</u>	<u>496,161</u>	<u>510,775</u>
Net Assets, End of Year	<u>\$ 269,346</u>	<u>\$ 204,315</u>	<u>\$ 473,661</u>	<u>\$ 496,161</u>

Rancho Santiago Community College District Foundation

Statements of Cash Flows

Year Ended June 30, 2023

(With Summarized Totals for 2022)

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ (22,500)	\$ (14,614)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts payable	7,450	-
Net Operating Activities	<u>(15,050)</u>	<u>(14,614)</u>
Cash and Cash Equivalents, Beginning of Year	<u>496,161</u>	<u>510,775</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 481,111</u></u>	<u><u>\$ 496,161</u></u>

**Rancho Santiago Community College District Foundation**  
 Statements of Functional Expenses  
 Year Ended June 30, 2023  
 (With Summarized Totals for 2022)

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	2023			2022
	Program	Management and General	Total	Total
Donated salaries and benefits	\$ -	\$ 65,665	\$ 65,665	\$ 60,458
Sponsorships	2,500	-	2,500	9,200
Professional services	-	6,138	6,138	5,535
Dues, memberships, and subscriptions	1,885	-	1,885	885
Other licenses and fees	-	20	20	-
Contracted services	14,900	-	14,900	-
Awards	500	-	500	1,500
<b>Total expenses</b>	<b>\$ 19,785</b>	<b>\$ 71,823</b>	<b>\$ 91,608</b>	<b>\$ 77,578</b>



**Note 1 - Nature of Organization and Summary of Significant Accounting Policies****Organization and Nature of Activities**

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.

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) has established the Accounting Standards Codification (ASC) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

The Foundation and the District are financial interrelated organizations as defined by ASC Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Net Assets**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

*Net Assets with Donor Restrictions* - Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. In the years ended June 30, 2023 and 2022, the Foundation did not receive any conditional promises to give.

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as net assets without donor restrictions.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods were received during the year ended June 30, 2023.

Donated services include the value of Foundation services paid for by the District as part of its master agreement with the Foundation. At June 30, 2023, services were valued at \$65,665. Donated services are based on the fair value of comparable services provided by third parties. Donated services were recognized in the financial statements as in-kind donation revenue and in-kind services and allocated to all of the Foundation's programs. See further information regarding the donation of services in Note 4.

### **Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the Foundation to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**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 classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. There was no unrelated business activity income for the year ended June 30, 2023.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in an interest bearing checking account. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2023 and 2022, the Foundation had cash balances in financial institutions in excess of FDIC in the amount of \$231,111 and \$246,161, respectively. Deposit concentration risk is managed by placing cash balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

**Functional Allocation of Expenses**

The costs of providing program and supporting services activities have been summarized on a functional basis in statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, there are no shared costs among the program and supporting services that require allocation.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position comprise of the following:

Cash and cash equivalents	\$ 276,796
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**Liquidity Management**

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances.

Additionally, on behalf of the Foundation, the District has implemented cash management procedures, that include the monthly reconciliation of banked cash deposits and disbursements to related receipts and disbursement records.

**Note 3 - Restrictions on Net Asset Balances**

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2023:

Various donor-restricted funds	<u>\$ 204,315</u>
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**Note 4 - Related Party Transactions**

**Rancho Santiago Community College District**

During the year, Rancho Santiago Community College District (the District) staff and administrators donate significant amounts of time and services to the Foundation in an effort to advance the programs and objectives of the Foundation. As of June 30, 2023, the Foundation recognized \$65,665, in the financial statements as donated salaries and benefits. In addition, office space and other District services were provided by the District. The value of the donated space and donated indirect cost has not been determined and is not recognized in the financial statements.

**Note 5 - Subsequent Events**

The Foundation’s management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2023 through December 1, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.