

**SANTA ANA COLLEGE FOUNDATION  
(A California Nonprofit Corporation)**

---

**ANNUAL FINANCIAL REPORT**

---

**JUNE 30, 2014 AND 2013**

**SANTA ANA COLLEGE FOUNDATION  
(A California Nonprofit Corporation)**

**JUNE 30, 2014 AND 2013**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Santa Ana College Foundation  
Santa Ana, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Santa Ana College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, the auditor considers 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 Santa Ana College Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2014, on our consideration of Santa Ana College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Ana College Foundation's internal control over financial reporting and compliance.

*Vannest, Tunc, Day & Co., LLP*

Rancho Cucamonga, California  
November 29, 2014

**SANTA ANA COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30,**

	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents - unrestricted	\$ 122,049	\$ 133,856
Cash and cash equivalents - restricted	840,848	1,338,898
Investments, at fair value	-	170,855
Accounts receivable	17,650	1,126
<b>Total Current Assets</b>	<b>980,547</b>	<b>1,644,735</b>
<b>Noncurrent Assets</b>		
Investments, at fair value	6,000,938	4,667,509
Property and equipment (net of accumulated depreciation)	19,129	21,011
<b>Total Noncurrent Assets</b>	<b>6,020,067</b>	<b>4,688,520</b>
<b>Total Assets</b>	<b>\$ 7,000,614</b>	<b>\$ 6,333,255</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 28,185	\$ 43,098
 <b>NET ASSETS</b>		
Unrestricted	1,222,234	1,101,703
Temporarily restricted	5,750,195	5,188,454
<b>Total Net Assets</b>	<b>6,972,429</b>	<b>6,290,157</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,000,614</b>	<b>\$ 6,333,255</b>

See the accompanying notes to financial statements.

**SANTA ANA COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30,**

	2014		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Contributions	\$ 81,958	\$ 1,190,173	\$ 1,272,131
Donated facilities	18,608	-	18,608
Donated salaries and benefits	264,905	-	264,905
Administrative fee	57,890	-	57,890
Assets released from restrictions	1,011,542	(1,011,542)	-
Total Revenues	1,434,903	178,631	1,613,534
<b>EXPENSES</b>			
Operating expenses	321,863	-	321,863
Program expenses	1,004,321	-	1,004,321
Fundraising expenses	106,526	-	106,526
Total Expenses	1,432,710	-	1,432,710
<b>OTHER INCOME (EXPENSE)</b>			
Realized gain (loss) on sale of investments	(1,960)	69,925	67,965
Unrealized gain (loss), net	75,967	181,643	257,610
Interest and dividends	35,175	140,698	175,873
Transfers	9,156	(9,156)	-
Total Other Income (Expense)	118,338	383,110	501,448
<b>CHANGE IN NET ASSETS</b>	120,531	561,741	682,272
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,101,703	5,188,454	6,290,157
<b>NET ASSETS, END OF YEAR</b>	\$ 1,222,234	\$ 5,750,195	\$ 6,972,429

See the accompanying notes to financial statements.

2013		
Unrestricted	Temporarily Restricted	Total
\$ 1,853,470	\$ 1,596,928	\$ 3,450,398
18,366	-	18,366
247,190	-	247,190
18,615	-	18,615
779,250	(779,250)	-
<u>2,916,891</u>	<u>817,678</u>	<u>3,734,569</u>
300,480	-	300,480
764,217	-	764,217
121,810	-	121,810
<u>1,186,507</u>	<u>-</u>	<u>1,186,507</u>
2,115	16,203	18,318
(26,754)	(118,246)	(145,000)
17,330	114,662	131,992
(1,054,773)	1,054,773	-
<u>(1,062,082)</u>	<u>1,067,392</u>	<u>5,310</u>
668,302	1,885,070	2,553,372
433,401	3,303,384	3,736,785
<u>\$ 1,101,703</u>	<u>\$ 5,188,454</u>	<u>\$ 6,290,157</u>

**SANTA ANA COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 682,272	\$ 2,553,372
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized (gain) loss	(257,610)	145,000
Depreciation	6,584	5,989
Contributions restricted for long-term purposes	(1,190,173)	(1,596,928)
Changes in Assets and Liabilities		
(Increase) Decrease in accounts receivable	-	3,338
Increase (Decrease) in accounts payable	(14,913)	30,637
Net Cash Flows From Operating Activities	(773,840)	1,141,408
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchase of investments	(904,964)	(1,845,007)
Net purchase of capital assets	-	-
(Increase) Decrease in restricted cash and cash equivalents	-	(925,130)
Net Cash Flows From Investing Activities	(904,964)	(2,770,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for long-term purposes	1,190,173	1,596,928
<b>NET DECREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	(488,631)	(31,801)
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	133,856	165,657
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ (354,775)	\$ 133,856
<b>NONCASH TRANSACTIONS</b>		
Donated salaries and benefits	\$ 264,905	\$ 247,190
Donated facilities	\$ 18,608	\$ 18,366

See the accompanying notes to financial statements.



**SANTA ANA COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30,**

	2014			
	Operating	Program	Fundraising	Total
Donated salaries and benefits	\$ 145,698	\$ 66,226	\$ 52,981	\$ 264,905
Donated facilities	10,234	4,652	3,722	18,608
Salaries and benefits	7,897	3,590	2,872	14,359
In-kind donations	-	41,391	-	41,391
Scholarship payments	-	394,051	-	394,051
Program expenses	-	146,247	-	146,247
Professional fees	28,955	34,279	-	63,234
Public relations	9,276	-	2,500	11,776
Equipment	2,447	8,971	-	11,418
Hospitality	4,687	16,079	10,483	31,249
Printing	10,021	-	2,073	12,094
Supplies	8,233	45,663	-	53,896
Administrative fee	8,683	49,207	-	57,890
Conferences and travel	8,270	13,225	-	21,495
Depreciation	6,584	-	-	6,584
General operating expenses	70,878	180,740	31,895	283,513
Total Expenses	\$ 321,863	\$ 1,004,321	\$ 106,526	\$ 1,432,710

See the accompanying notes to financial statements.

## 2013

Operating	Program	Fundraising	Total
\$ 148,314	\$ 49,438	\$ 49,438	\$ 247,190
11,020	3,673	3,673	18,366
-	-	-	-
15,932	-	-	15,932
-	343,962	-	343,962
-	116,605	-	116,605
10,847	62,448	-	73,295
10,699	-	500	11,199
809	-	1,171	1,980
4,468	4,286	19,287	28,041
9,345	-	2,660	12,005
4,531	8,511	18,924	31,966
8,761	-	-	8,761
4,373	5,274	-	9,647
5,989	-	-	5,989
65,392	170,020	26,157	261,569
<u>\$ 300,480</u>	<u>\$ 764,217</u>	<u>\$ 121,810</u>	<u>\$ 1,186,507</u>

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

***NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**Organization and Nature of Activities**

Santa Ana College Foundation (the Foundation) is a nonprofit organization founded in 1968 for the purpose of receiving contributions for the support and advancement of education on behalf of Santa Ana College (the College). The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the College.

**Financial Statement Presentation**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by, and directly under, the control of the Foundation.

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. As permitted by the statement, the Foundation does not use fund accounting.

The Foundation and the Rancho Santiago Community College District (the District) are financially interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and support services.

**Fair Value Measurements**

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. The fair value of investments in partnerships and real estate held as investments is estimated using private valuations of the securities or properties held. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

**Public Support and Revenue**

The Foundation receives substantially all of its revenue from direct donations, pledges, and corporate grants. Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

**Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis. Certain reclassifications may have been made to conform with the current year presentation.

**Donated Assets, Services, and Facilities**

The Foundation records the value of donated assets and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the accompanying statements at their estimated values at date of donation and fair market value of facilities for the year. Donated assets are capitalized at the stated donated value and depreciated in accordance with Foundation policies, unless they are passed through to the College.

**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 reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under 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.

The Foundation has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.

The Foundation's Federal informational tax returns for the years ended June 30, 2011, 2012, and 2013, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2010, 2011, 2012, and 2013, are open to audit by State authorities.

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2014 and 2013, the Foundation had cash balances of \$141,928 and \$127,652, respectively, held in financial institutions in excess of Federal depository insurance coverage.

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**Investments**

Investments in marketable securities with readily determinable fair values are presented at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and Equipment**

For equipment, the Foundation capitalization policy includes all items with a unit cost of \$1,000 or more and an estimated useful life of greater than one year. Depreciation for equipment and leasehold improvements is computed on a straight-line basis over an estimated useful life of three to five years.

**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.

**NOTE 2 - RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30, 2014:

Scholarships	\$ 3,129,648
Student assistance	1,933,201
Title V endowment grant	687,346
Total Temporarily Restricted Net Assets	<u>\$ 5,750,195</u>

Temporarily restricted net assets consisted of the following at June 30, 2013:

Scholarships	\$ 2,612,455
Student assistance	1,941,483
Title V endowment grant	634,516
Total Temporarily Restricted Net Assets	<u>\$ 5,188,454</u>

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE 3 - INVESTMENTS**

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2014:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Certificates of deposit	\$ 273,464	\$ 273,464	\$ -
Equity securities	1,418,834	1,608,461	189,627
Other fixed income	3,305,167	3,342,022	36,855
Alternative	745,863	776,991	31,128
	<u>\$ 5,743,328</u>	<u>\$ 6,000,938</u>	<u>\$ 257,610</u>

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2013:

	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss)
Certificates of deposits	\$ 271,090	\$ 271,090	\$ -
Equity securities	1,115,951	1,176,659	60,708
Other fixed income	3,012,322	2,855,146	(157,176)
Alternative	584,001	535,469	(48,532)
	<u>\$ 4,983,364</u>	<u>\$ 4,838,364</u>	<u>\$ (145,000)</u>

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2014 and 2013:

	2014
Realized gains on investments	\$ 67,965
Unrealized gain on investments	257,610
Interest and dividends	175,873
Total Investment Income	501,448
Investment expenses	(45,935)
Total Investment Income, Net of Expenses	\$ 455,513
	2013
Realized gains on investments	18,318
Unrealized loss on investments	(145,000)
Interest and dividends	131,992
Total Investment Income	5,310
Investment expenses	(30,149)
Total Investment Income, Net of Expenses	\$ (24,839)

**NOTE 4 - INVESTMENT SECURITIES**

**Market Value of Financial Assets and Liabilities**

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2014. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2014.

ASSETS	Level 1	Level 2	Total
Certificates of deposit	\$ 273,464	\$ -	\$ 273,464
Equity securities	-	1,608,461	1,608,461
Other fixed income	-	3,342,022	3,342,022
Alternative	-	776,991	776,991
Total	<u>\$ 273,464</u>	<u>\$ 5,727,474</u>	<u>\$ 6,000,938</u>

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2013. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2013.

ASSETS	Level 1	Level 2	Total
Certificates of deposit	\$ 271,090	\$ -	\$ 271,090
Equity securities	-	1,176,659	1,176,659
Other fixed income	-	2,855,146	2,855,146
Alternative	-	535,469	535,469
Total	<u>\$ 271,090</u>	<u>\$ 4,567,274</u>	<u>\$ 4,838,364</u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2014 and 2013:

	2014	2013
Depreciable Assets		
Leasehold improvements	\$ 32,764	\$ 29,945
Furniture and equipment	6,319	4,436
	<u>39,083</u>	<u>34,381</u>
Accumulated depreciation	(19,954)	(13,370)
Total Depreciable Assets	<u>\$ 19,129</u>	<u>\$ 21,011</u>

Depreciation expense for the years ended June 30, 2014 and 2013, was \$6,584 and \$5,989, respectively.



**SANTA ANA COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

***NOTE 6 - TRANSFERS BETWEEN FUNDS***

During the years ended June 30, 2014 and 2013, management reviewed original donor instructions and determined that various donations in the amount of \$7,550 and \$28,275, respectively, had been classified incorrectly, and transfers were made to properly move them to the correct fund.

***NOTE 7 - ENDOWMENT GRANT***

The District provided the Foundation with an endowment grant, which was awarded by the U.S. Department of Education in the fiscal year ended June 30, 2003. The grant was a Title V, Hispanic Serving Institution Grant and its purpose was to expand educational opportunities for, and improve the academic attainment of, Hispanic students, and expand and enhance the academic offerings, program quality, and institutional stability of colleges that are educating Hispanic students. The Foundation received \$300,000 over a five-year period ending June 30, 2010, upon certification that matching funds from acceptable resources were met. The corpus of the endowment was to be invested over a period of twenty years, and the Foundation may not spend more than 50 percent of the aggregate income earned in years six through twenty for allowable expenses. No earnings were allowed to be spent in years one through five. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

***NOTE 8 - RELATED PARTY TRANSACTIONS***

**Santa Ana College**

Santa Ana College donates administrative services to the Foundation. Salaries and benefits for the Executive Director, administrative staff, and other services are paid primarily by the District; however, a small portion of the Director's salary is paid for by the Foundation. Accordingly, the Foundation received \$264,905 and \$247,190 from the District for salaries and benefits for the years ended June 30, 2014 and 2013, respectively, which has been reflected in the financial statements as donated salaries. In addition, the District provides office space for employees who perform services for the Foundation at no charge. The donated facilities for the fiscal years 2014 and 2013 amounted to \$18,608 and \$18,366, respectively, which has been reflected in the financial statements as donated facilities.

**Rancho Santiago Community College District Foundation**

The Foundation received a one-time contribution from the Rancho Santiago Community College District Foundation in the amount of \$1,707,236 for the 2013 fiscal year.

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE 9 - DONOR DESIGNATED ENDOWMENTS**

Endowment net asset composition by type of fund as of June 30, 2014, is as follows:

	Total Endowment Funds
Donor-restricted endowment funds	\$ 687,346

Changes in endowment net assets as of June 30, 2014, are as follows:

	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ 634,516
Investment income	17,984
Net appreciation	79,620
Transfers of investment to unrestricted	(37,851)
Amounts appropriated for expenditures	(6,923)
Endowment net assets, end of year	\$ 687,346

Endowment net asset composition by type of fund as of June 30, 2013, is as follows:

	Total Endowment Funds
Donor-restricted endowment funds	\$ 634,516

Changes in endowment net assets as of June 30, 2013, are as follows:

	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ 607,655
Investment income	16,834
Net appreciation	24,889
Transfers of investment to unrestricted	(8,417)
Amounts appropriated for expenditures	(6,445)
Endowment net assets, end of year	\$ 634,516

**SANTA ANA COLLEGE FOUNDATION  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

***NOTE 10 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through November 29, 2014, 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.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Santa Ana College Foundation  
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Ana College Foundation (the Foundation) (a California nonprofit corporation) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Santa Ana College Foundation's basic financial statements, and have issued our report thereon dated November 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Santa Ana College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Ana College Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Ana College Foundation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Ana College Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannest, Tinn, Day & Co., LLP

Rancho Cucamonga, California  
November 29, 2014