



Financial Statements

June 30, 2021 (With Summarized Totals for 2020)

**Rancho Santiago Community College
District Foundation**

Rancho Santiago Community College District Foundation

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, 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, 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 Rancho Santiago Community College District Foundation as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2020 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 February 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 3, 2021

Rancho Santiago Community College District Foundation
 Statement of Financial Position
 June 30, 2021
 (With Summarized Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 510,775	\$ 547,484
Accounts receivable - related party	<u>-</u>	<u>12,238</u>
Total current assets	<u>\$ 510,775</u>	<u>\$ 559,722</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 4,269</u>
Net Assets		
Without donor restrictions	306,460	316,938
With donor restrictions	<u>204,315</u>	<u>238,515</u>
Total net assets	<u>510,775</u>	<u>555,453</u>
Total liabilities and net assets	<u>\$ 510,775</u>	<u>\$ 559,722</u>

Rancho Santiago Community College District Foundation

Statement of Activities

Year Ended June 30, 2021

(With Summarized Totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Contributions	\$ 750	\$ 3,250	\$ 4,000	\$ 2,500
Contracted services	800	-	800	1,035
Donated salaries and benefits	53,668	-	53,668	64,839
Assets released from restrictions	37,450	(37,450)	-	-
Total revenues	92,668	(34,200)	58,468	68,374
Expenses				
Program services	46,710	-	46,710	157,132
Management and general	59,090	-	59,090	98,471
Total expenses	105,800	-	105,800	255,603
Other Income				
Interest	2,654	-	2,654	3,572
Change in Net Assets	(10,478)	(34,200)	(44,678)	(183,657)
Net Assets, Beginning of Year	316,938	238,515	555,453	739,110
Net Assets, End of Year	\$ 306,460	\$ 204,315	\$ 510,775	\$ 555,453

Rancho Santiago Community College District Foundation

Statement of Cash Flows

Year Ended June 30, 2021

(With Summarized Totals for 2020)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ (44,678)	\$ (183,657)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	-	40,000
Accounts receivable - related party	12,238	(7,910)
Accounts payable	(4,269)	(628)
	(36,709)	(152,195)
Net Cash Flows from Operating Activities		
Cash and Cash Equivalents, Beginning of Year	547,484	699,679
Cash and Cash Equivalents, End of Year	\$ 510,775	\$ 547,484

Rancho Santiago Community College District Foundation
 Statement of Functional Expenses
 Year Ended June 30, 2021
 (With Summarized Totals for 2020)

	2021			2020
	Program	Management and General	Total	Total
Donated salaries and benefits	\$ -	\$ 53,668	\$ 53,668	\$ 64,839
Foundation scholarships/Grants	-	-	-	140,000
Foundation funded programs	36,675	-	36,675	-
Sponsorships	8,500	-	8,500	15,750
Professional services	-	5,402	5,402	13,847
Dues, memberships, and subscriptions	1,035	-	1,035	-
Other licenses and fees	-	20	20	75
Contracted services	-	-	-	1,382
Awards	500	-	500	-
Supplies	-	-	-	210
Other expenses	-	-	-	19,500
Total expenses	\$ 46,710	\$ 59,090	\$ 105,800	\$ 255,603

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, 2020, 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 and Revenue Recognition

In May 2014, the FASB issued guidance ASC 606, *Revenue from Contracts with Customers* which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Foundation adopted ASC 606 with a date of the initial application of July 1, 2020, using the full-retrospective method.

As part of the adoption of ASC 606, the Foundation elected to use the following transition practical expedients: (1) revenue from contracts which begin and end in the same fiscal year has not been restated; (2) hindsight was used when determining the transaction price for contracts that include variable consideration, rather than estimating variable consideration amounts in the comparative reporting period; (3) the amount of transaction price allocated to unsatisfied performance obligations and when those amounts are expected to be recognized, for the reporting periods prior to the date of initial application of the guidance, have not been disclosed; and (4) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate.

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. Contracted service revenue is recognized at a point in time when the services have been rendered and the performance obligation has been met.

The adoption of ASC 606 did not have a significant impact on the Foundation's statement of financial position, results of its activities, or cash flows. The Foundation's revenue arrangements generally consist of a single performance obligation to transfer services. There are no significant contract assets, accounts receivable, or contract liabilities associated with these revenue streams. Based on the Foundation's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

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. Donated services are recorded at the respective fair values of the services received (Note 4). No significant contributions of such goods were received during the year ended June 30, 2021.

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, 2021.

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. 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.

Administrative Fee

Contributions with donor restrictions received by the Foundation are subject to a ten percent administrative fee of the value of the contributed asset. Revenues received from these related fees are used by the Foundation to further advancement efforts on behalf of the Rancho Santiago Community College District.

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	<u>\$ 306,460</u>
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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, 2021:

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, 2021, the Foundation recognized \$53,668, 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, 2021 through December 3, 2021, 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.