

Rancho Santiago Community College District
 Fiscal Year: 2018

District Foundation
 Income Statement
 Year to Date Ending 11/30/2017

GL0020
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	<u>Unrestricted Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
REVENUES					
Contributions, Gifts, Donations	4,000.00	0.00	0.00	0.00	4,000.00
Fundraising	1,020.00	0.00	0.00	0.00	1,020.00
Interest on Banks	57.16	0.00	0.00	0.00	57.16
Total Revenues	<u>5,077.16</u>	<u>\$0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,077.16</u>
Beginning Net Asset Balance	<u>32,732.83</u>	<u>0.00</u>	<u>0.00</u>	<u>7,014.75</u>	<u>39,747.58</u>
Ending Net Assets Balance	<u>\$37,809.99</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$7,014.75</u>	<u>\$44,824.74</u>

District Foundation
Balance Sheet
Year to Date Ending 11/30/2017

	<u>Unrestricted Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
ASSETS					
Cash and Equivalents	37,287.12	0.00	0.00	112,514.75	149,801.87
Office Equipment, Net of Depreciation	522.87	0.00	0.00	0.00	522.87
Total Assets	<u>\$37,809.99</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$112,514.75</u>	<u>\$150,324.74</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Funds Held on Behalf of Others	0.00	0.00	0.00	105,500.00	105,500.00
Total Liabilities	<u>0.00</u>	<u>\$0.00</u>	<u>0.00</u>	<u>105,500.00</u>	<u>105,500.00</u>
Net Assets	<u>37,809.99</u>	<u>\$0.00</u>	<u>0.00</u>	<u>7,014.75</u>	<u>44,824.74</u>
Tot. Liabilities and Net Assets	<u>\$37,809.99</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$112,514.75</u>	<u>\$150,324.74</u>

District Foundation
 Income Statement
 Year to Date Ending 12/31/2017

	<u>Unrestricted Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
REVENUES					
Contributions, Gifts, Donations	4,000.00	0.00	0.00	0.00	4,000.00
Fundraising	1,020.00	0.00	0.00	0.00	1,020.00
Interest on Banks	69.87	0.00	0.00	0.00	69.87
Total Revenues	<u>5,089.87</u>	<u>\$0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,089.87</u>
EXPENDITURES					
Investment and Interest Expense	120.00	0.00	0.00	0.00	120.00
Total Expenditures	<u>120.00</u>	<u>\$0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>120.00</u>
Revenue Over (Under) Expenditure	<u>4,969.87</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,969.87</u>
Beginning Net Asset Balance	<u>32,732.83</u>	<u>0.00</u>	<u>0.00</u>	<u>7,014.75</u>	<u>39,747.58</u>
Ending Net Assets Balance	<u>\$37,702.70</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$7,014.75</u>	<u>\$44,717.45</u>

District Foundation
Balance Sheet
Year to Date Ending 12/31/2017

	<u>Unrestricted Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
ASSETS					
Cash and Equivalents	37,179.83	0.00	0.00	112,514.75	149,694.58
Office Equipment, Net of Depreciation	<u>522.87</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>522.87</u>
Total Assets	<u><u>\$37,702.70</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$112,514.75</u></u>	<u><u>\$150,217.45</u></u>
LIABILITIES AND NET ASSETS					
Liabilities					
Funds Held on Behalf of Others	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>105,500.00</u>	<u>105,500.00</u>
Total Liabilities	<u>0.00</u>	<u>\$0.00</u>	<u>0.00</u>	<u>105,500.00</u>	<u>105,500.00</u>
Net Assets	<u>37,702.70</u>	<u>\$0.00</u>	<u>0.00</u>	<u>7,014.75</u>	<u>44,717.45</u>
Tot. Liabilities and Net Assets	<u><u>\$37,702.70</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$112,514.75</u></u>	<u><u>\$150,217.45</u></u>

District Foundation
 Income Statement
 Year to Date Ending 01/31/2018

	<u>Unrestricted Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
REVENUES					
Contributions, Gifts, Donations	4,000.00	0.00	0.00	0.00	4,000.00
Fundraising	1,020.00	0.00	0.00	0.00	1,020.00
Internal-Management Fee/Interest Policy	5,000.00	0.00	0.00	0.00	5,000.00
Interest on Banks	86.22	0.00	0.00	0.00	86.22
Total Revenues	<u>10,106.22</u>	<u>\$0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>10,106.22</u>
EXPENDITURES					
Contract and Outside Services/Professional Fees	1,670.40	0.00	0.00	0.00	1,670.40
Investment and Interest Expense	120.00	0.00	0.00	0.00	120.00
Total Expenditures	<u>1,790.40</u>	<u>\$0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,790.40</u>
Revenue Over (Under) Expenditure	<u>8,315.82</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,315.82</u>
Beginning Net Asset Balance	<u>32,732.83</u>	<u>0.00</u>	<u>0.00</u>	<u>7,014.75</u>	<u>39,747.58</u>
Ending Net Assets Balance	<u>\$41,048.65</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$7,014.75</u>	<u>\$48,063.40</u>

District Foundation
Balance Sheet
Year to Date Ending 01/31/2018

	<u>Unrestricted Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Endowment Fund</u>	<u>Total All Funds</u>
ASSETS					
Cash and Equivalents	40,525.78	0.00	0.00	157,514.75	198,040.53
Office Equipment, Net of Depreciation	522.87	0.00	0.00	0.00	522.87
Total Assets	<u>\$41,048.65</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$157,514.75</u>	<u>\$198,563.40</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Funds Held on Behalf of Others	0.00	0.00	0.00	150,500.00	150,500.00
Total Liabilities	<u>0.00</u>	<u>\$0.00</u>	<u>0.00</u>	<u>150,500.00</u>	<u>150,500.00</u>
Net Assets	<u>41,048.65</u>	<u>\$0.00</u>	<u>0.00</u>	<u>7,014.75</u>	<u>48,063.40</u>
Tot. Liabilities and Net Assets	<u>\$41,048.65</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$157,514.75</u>	<u>\$198,563.40</u>



CliftonLarsonAllen LLP
CLAAconnect.com

CliftonLarsonAllen

December 4, 2017

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

We have audited the financial statements of Rancho Santiago Community College District Foundation (the Foundation) for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 30, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016-17. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

Donated Services – The Foundation records the value of donated services as in-kind donations on the statement of activities and statement of functional expense when there is an objective basis available to measure their value. See Notes 2 and 7.

Unrelated Business Income Tax (UBIT) – The Foundation has considered the Financial Accounting Standards Board's (FASB) statement related to uncertainty in income taxes. This guidance requires organizations to evaluate tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities. The primary tax positions evaluated relate to the Foundation's tax exempt status and the potential for unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of income tax contingencies are required. See Note 2.

Qualitative Aspects of Accounting Practices (continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2017.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule, Attachment A, summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A reconciliation between the internal financial statements ending net assets and the audited ending net assets has been provided for management's use as Attachment B.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Audit Findings or Issues (continued)

The following issues are considered significant and relevant to communicate to management and those charged with governance in overseeing the financial reporting process:

Master Agreement

In accordance with California Code and Regulations (CCR), Title 5 Division 6 Chapter 10 Subchapter 4.5 Section 59257, the Rancho Santiago Community College District (the District) and Foundation should have a master agreement which provides for all requirements of this subdivision which have not been addressed in the district implementing regulations. The implementing regulation or agreement allows the District to provide administrative services and working space to assist the Foundation in carrying out its purpose and establishes monitoring procedures. The Foundation originally incorporated as an independent organization under California Business Code in 1983 and later amended its articles of incorporation to be incorporated as an auxiliary organization under Education Code in 1998. The Foundation does not have an approved master agreement and it is uncertain if this amendment to the articles of incorporation addressed the implementing regulations. However, it is our understanding that the Foundation is in the process for approving their master agreement with the District.

Upon approval of the master agreement, we recommend the agreement be reviewed on a regular basis to ensure it is updated and reflects the current operations of the Foundation and monitoring procedures of the District.

Foundation Accounting Manual

Developing accounting procedures to document processes is considered a part of an organization's internal control system. In December 2001, the District prepared a Foundation Accounting Procedures Manual. Based on inquiry, the manual is seen as being out of date and is no longer considered a resources for the Foundations.

To properly maintain the internal control system, we recommend that the District consider updating the manual and implement procedures to maintain them.

Deficit Spending

We have reviewed the previous auditor's observations in their letter dated December 5, 2016 that discussed the financial condition of unrestricted net assets and the deficit spending of \$35 thousand and \$93 thousand in 2015-16 and 2014-15, respectively. During 2016-17, the unrestricted net assets had deficit spending of \$21 thousand and has an ending net asset balance of \$33 thousand. This was the result of \$25 thousand expended on contracted services. It is our understanding that these expenses are one one-time expenses and will not be incurred going forwards. Furthermore, the Foundation is considering other revenue sources, including consultation services to help an international college with setting up and training.

We recommend that the Foundation continue to explore other unrestricted funding sources and adjust the Foundations budget to align with available unrestricted revenue. As new revenue sources are identified, we recommend that management of the Foundation consult with the audit team and tax experts to determine compliance with CCR for the purpose of providing supportive services and specialized programs for the general benefit of its college or colleges and applicability of UBIT rules.

Items to be Considered in the Future Audits

The Financial Accounting Standards Board (FASB) released a new standard pertaining to the presentation of financial statements for not for-profit entities that will have significant implications to the Rancho Santiago Community College District Foundation's financial statements. This standard is effective for fiscal years beginning after December 15, 2017. For the Rancho Santiago Community College District Foundation, this standard is effective for the calendar year June 30, 2019 and early implementation is allowed.

The proposed standard contains a number of changes to the current Not-for-Profit financial statement model. Some of the more significant changes include a shift in the presentation of net assets on the statement of financial position and the statement of activities from the current three classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with and net assets without donor restrictions). This change attempts to highlight the specific nature of each net asset restriction rather than on whether there are temporary or permanent restrictions.

In addition to the changes to the basic financial statements, certain disclosures will also be enhanced to provide additional information. Disclosures impacted by the new requirements include, but are not limited to, the availability of resources to meet cash needs for general expenditures within the next year, resources restricted by governing board actions, the composition of net assets subject to donor restrictions and how the restrictions affect the use of resources, and the nature and function of operating expenses.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

The Board of Directors
Rancho Santiago Community College District Foundation
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Other Information in Documents Containing Audited Financial Statements

We are aware that the District issues other documents that contain the audited basic financial statements of the Foundation. When such documents are to be published, such as the Foundation's Annual Report, we have a responsibility to determine that such financial information is materially consistent with the audited statements of the Foundation.

Closing

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

Very truly yours,

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP
Glendora, California

Attachments:

- A. Schedule of Uncorrected Misstatements
- B. Reconciliation between Internal and External Financial Statements

Attachment A
Schedule of Uncorrected Misstatements

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Effect on Net Assets Increase/ (Decrease)</u>
Journal Entry # 1				
Reclassification for financial statement presentation to recognize administration fee revenues and expenses associated with temporarily restricted contributions.				
Current financial statement presentation shows the administrative fees as unrestricted contributions.				
97-0000-000000-00000-5977	Administrative Expense: Other	\$ 7,500	\$	\$ -
91-0000-000000-00000-8892	Administrative Fee		7,500	
91-9631-900000-54112-8820	Contrib, Gifts, Grants & Endow: Foundation	7,500		
97-9631-900000-54112-8820	Contrib, Gifts, Grants & Endow: Foundation		7,500	
Total		<u>\$ 15,000</u>	<u>\$ 15,000</u>	

Total effect on net assets \$ -

Attachment B
Reconciliation between Internal and External Financial Statements

	Unrestricted	Temporarily Restricted	Total
Fund 91 - Foundation General Operating Fund Uninvested	\$ 31,947	\$	\$ 31,947
Fund 92 - Foundation General Operating Fund Invested	785		785
Fund 97 - Foundation Restricted Revenue Fund Uninvested		52,015	52,015
Ending net assets - internal financials	<u>32,732</u>	<u>52,015</u>	<u>84,747</u>
Post closing entry for refundable advance		(45,000)	(45,000)
Ending net assets - external financials	<u>\$ 32,732</u>	<u>\$ 7,015</u>	<u>\$ 39,747</u>

**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

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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.

Board of Directors
Rancho Santiago Community College District Foundation

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

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>
Assets		
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>
 Liabilities and Net Assets		
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

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

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.



September 13, 2017

Leila Mozaffari
Director
Rancho Santiago Foundation
2323 N. Broadway, Suite 201
Santa Ana, CA 92706

Dear Leila:

We are pleased to present the second installment payment in the amount of \$50,000.00 of the aggregate amount of \$150,000.00 for the Small Business Technical Assistance Grant (the "Grant") awarded to Rancho Santiago Foundation (the "Grantee") by the MUFG Union Bank Foundation (the "Foundation"). These funds are designated for funding the Advancing Communities Forward Program - Small Business Technical Assistance by Orange County Small Business Development Center (SBDC).

As mentioned in our original commitment letter, you will be asked to report on ACFP related outcomes that occurred during calendar year 2017. You will receive specific instructions in Q4 2017 for reports due on or before January 31, 2018.

You may know that the MUFG Union Bank Foundation is a nonprofit public benefit corporation established by MUFG Union Bank, N.A., and that MUFG Union Bank, N.A., is related to many financial companies that provide a wide range of financial products and services worldwide. We may share information about you and the Grant with our affiliated companies' news media. In addition, it is possible that your organization might be contacted by one of our affiliates about products and services that might be of interest to your organization. However, this Grant is not conditioned on any relationship being established between Grantee and any of those companies. If Grantee wishes to publicly acknowledge the gift, please forward a copy of the draft acknowledgement to my attention. Any use of the MUFG Union Bank, N.A., and MUFG Union Bank Foundation logos in connection with mentioning the MUFG Union Bank Foundation would require MUFG Union Bank, N.A.'s prior approval.

We commend you on the progress that you have made and extend our best wishes to you for continued success. We look forward to working closely with you to bring about real change in our communities, and to hearing about your accomplishments throughout the Grant period. It is a pleasure to be among your current supporters and we see the Grant as a great opportunity for the community. Once again, congratulations!

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Patoff".

Kathy Patoff
Chief Operating Officer
MUFG Union Bank Foundation

6700010220
MUFG UNION BANK FOUNDATION AG
CONTRIBUTION TO CHARITY
FOUNDATION CENTRALIZED

DATE
9/5/17

AMOUNT
50,000.00

RANCHO SANTIAGO FOUNDATION
2323 N. BROADWAY, SUITE 201
SANTA ANA, CA 92706

PLEASE DETACH BEFORE PRESENTING FOR PAYMENT

THIS CHECK WILL NOT BE CASHED IF THE FACE OF THIS DOCUMENT APPEARS TO BE ALTERED IN ANY WAY.

MUFG Union Bank, N.A.

TRUST DEPARTMENT
P.O. BOX 85602, SAN DIEGO, CA, 92186-5602

6700010220
MUFG UNION BANK FOUNDATION AG
CONTRIBUTION TO CHARITY
FOUNDATION CENTRALIZED

16-49
1220

PAY ONLY **50000.00** CTS CTS

UB

DATE	CHECK NUMBER
9/5/17	3516275
AMOUNT	
*\$50,000.00	

PAY

■ FIFTY THOUSAND DOLLARS AND ZERO CENTS *****

TO THE
ORDER
OF

RANCHO SANTIAGO FOUNDATION
2323 N. BROADWAY, SUITE 201
SANTA ANA, CA 92706

VOID AFTER 90 DAYS

Cheyl Spuzi
Authorized Signature

THE ORIGINAL DOCUMENT HAS A REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW WHEN CHECKING THE ENDORSEMENT.

⑈ 3516275 ⑈

⑆ 122000496⑆ 0205000003 ⑈