

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION  
BOARD OF DIRECTORS REGULAR MEETING**

Tuesday, September 4, 2018 – 8:00am  
Board Room #107, District Office

***DRAFT - M I N U T E S***

**I. CALL TO ORDER**

Mr. Litfin called the meeting to order at 8:10 a.m.

**II. ROLL CALL**

Members in attendance: Ms. Arianna Barrios, Ms. Kristin Crellin, Mr. Todd O. Litfin, Mr. Richard Porras, and Dr. Raúl Rodríguez,

Ex-Officio Non-Voting Members in attendance: Mr. Joe Geissler, Dr. John Hernandez, Dr. Linda Rose, and Ms. Monica Zarske

Staff in attendance: Mr. Peter Hardash

Not Present: Mr. Enrique Perez

**III. APPROVAL OF THE AGENDA**

A. Amendments and Corrections (if any)

None were made.

B. Approval of Agenda

It was moved by Dr. Rodriguez, seconded by Ms. Crellin to approve the agenda. The motion was carried with the following vote: Ms. Crellin, Mr. Litfin, Mr. Porras, and Dr. Rodriguez.

**IV. APPROVAL OF MINUTES – June 5, 2018 Annual & June 5, 2018 Regular Board Meeting**

A. Corrections (if any)

None were made.

B. Approval of the Minutes

It was moved by Dr. Rodriguez, seconded by Ms. Crellin to approve the minutes. The motion was carried with the following vote: Ms. Crellin, Mr. Litfin, Mr. Porras, and Dr. Rodriguez.

**FOUNDATION BOARD MEMBERS:**

Arianna Barrios • Kristin Crellin • Todd O. Litfin • Richard Porras

**Ex-Officio Voting Members:** Dr. Raúl Rodríguez

**Ex-Officio Non Voting Members:** Joseph Geissler • Dr. John Hernandez • Dr. Linda Rose • Monica Zarske

**Staff:** Peter Hardash • Enrique Perez

**V. PUBLIC COMMENTS**

None were made.

*Ms. Barrios, Ms. Zarske, & Mr. Geissler arrived at this time.*

**VI. EXECUTIVE DIRECTOR'S REPORT**

A. Update on the Capability Building Contract between the Rancho Santiago Community College District Foundation and the Colleges of Excellence Company.

Dr. Rodriguez reported on the Saudi KSA project; payment received on project at end of last semester; with the Chancellor's departure of the district, the project will finish up and finalize. Mr. Coffaro resigned as the Foundation Board President; there is communication with Wells Fargo regarding a representative to join the Board; working on revising Bylaws, these are to be presented at next Board meeting; auditors raised a question on the Foundation being nonprofit but making revenue from the venture.

Discussion ensued. Dr. Rodriguez reported the COE agreement ending after one more semester, to end fall 2019. Mr. Hardash reported that the Foundations is a non-profit in a profit venture, a commercial venture for a non-profit and reported monies deposited in the Morgan Stanley accounts pending tax calculations before being transferred.

B. Board Membership

This item was reported with item VI. A.

**VII. COLLEGE PRESIDENT'S REPORT**

**SCC:** Dr. Hernandez reported on the fall semester, both colleges received the Veterans Resource Center Grant funded through 18/19, allowing capacity support of current veterans programs; SCC now designated as a Military Friendly School; SCC name ranked 2<sup>nd</sup> highest in country by Colleges.com for Real Estate online programs with certificates and AA degrees; Dr. Hernandez provided a brochure of food insecurity and reported 1,200 credit and non-credit visits to the SCC food pantry and 20, 000 lbs of food distributed.; ASG provided referendum to students to assess OCTA transportation resulting in 80% of students approving the referendum; students can access OCTA buses for all purposes not just for school; SCC Foundation sponsored booth at the 3<sup>rd</sup> of July Celebration in Orange partnering with Outreach; the summer retiree session attended by 20 retirees; the \$5,000 field of valor grant and two (2) new SCC Foundation Board members.

*Dr. Rose arrived during the SCC report.*

**SAC:** Dr. Rose reported on the new semester; more activity and events in the new center Mall; upcoming President's Circle event at Bowers Museum in Santa Ana; over \$1 million dollars in donor and match scholarships for last year, excitement for the new year and the increase in student activity and presence in the community.

**VIII. APPROVAL OF TREASURER'S REPORTS**

A. Treasurer's Reports – May, June, & July 2018

It was moved by Ms. Barrios, seconded by Mr. Porras to approve the Treasurer's Reports. The motion was carried with the following vote: Ms. Barrios, Ms. Crellin, Mr. Litfin, Mr. Porras, and Dr. Rodriguez.

**IX. ITEMS FOR DISCUSSION AND/OR ACTION**

A. Approval of new account with Farmers & Merchants Bank (for discussion and/or action).  
Mr. Hardash reported that the district had moved accounts to Farmers & Merchants Bank and opened a new account for the district Foundation as well.

It was moved by Mr. Litfin, seconded by Ms. Barrios to approve the new account.

The motion was carried with the following vote: Ms. Barrios, Ms. Crellin, Mr. Litfin, Mr. Porras, and Dr. Rodriguez.

B. Approval of Board Resolution to open account with Farmers & Merchants Bank (for discussion and/or action).

It was moved by Ms. Crellin, seconded by Mr. Litfin to approve the Board Resolution.

The motion was carried with the following vote: Ms. Barrios, Ms. Crellin, Mr. Litfin, Mr. Porras, and Dr. Rodriguez.

**X. BOARD MEMBER COMMENTS**

None were made.

**XI. FUTURE MEETINGS**

Mr. Litfin reminded everyone of the next meeting scheduled for Tuesday, December 4, 2018 8am – Board of Directors Regular Meeting.

**XII. OTHER**

A. Conflict of Interest Statements for 2018-2019

Mr. Litfin reminded Board Members to turn in Conflict of Interest Statements.

**XIII. ADJOURNMENT**

The next regular and annual meeting of the Board of Directors will be held on December 4, 2018 at 2323 North Broadway, Santa Ana, California 92706.

Mr. Litfin adjourned the meeting at 8:21am.

Approved: \_\_\_\_\_

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

We have audited the financial statements of the Rancho Santiago Community College District Foundation as of and for the year ended June 30, 2018, and have issued our report thereon dated November 20, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Rancho Santiago Community College District Foundation are described in Note 2 to the financial statements.

As described in Note 6, the beginning balance of temporarily restricted net assets and the refundable advance accounts were restated by \$76,500. Management reviewed the contributions in the refundable advance account and determined that they were not contingent and revenue should have been recognized in prior periods.

We noted no transactions entered into by the entity 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*

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 were:

- 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 5.
- Management's estimate of the functional allocation of expenses shared between programs and management and general is based on a reasonable and consistent basis using factors such as direct payroll allocation, full time equivalents within each department, and total direct expenses.

We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

**Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the adjustment for restatement in Note 6. The balance in temporarily restricted net assets was restated by \$76,500 to recognize income from grants that was deferred in previous years.

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.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

***Corrected misstatements***

The attached schedule summarizes material misstatements detected as a result of audit procedures that were corrected by management.

***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 auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated November 20, 2018.

***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 entity's financial statements or a determination of the type of auditors' 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.

***Significant issues discussed with management prior to engagement***

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

***Other audit findings or issues***

Items to be Considered in 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 fiscal 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.

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



**CliftonLarsonAllen LLP**

Glendora, California

*Rancho Santiago CCD Foundation*  
*For fiscal year ended June 30, 2018*  
**Adjusting Journal Entries Report**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Effect on Net Assets Increase/ (Decrease)</u>
<b>Adjusting Journal Entries Journal Entry # 1</b>				
<i>To restate beginning net assets for contribution revenue earned in 2016-17</i>				
97-9631-910000-54112-9560	Refundable Advances : Foundation	\$ 76,500	\$	
97-9631-000000-54112-9735	Fund Balance - Restricted : Foundation	-	76,500	
<b>Total</b>		<u>\$ 76,500</u>	<u>\$ 76,500</u>	
<b>Adjusting Journal Entries Journal Entry # 2</b>				
<i>To recognize contribution revenue received and earned in 2017-18</i>				
97-9631-910000-54112-9560	Refundable Advances : Foundation	\$ 74,000	\$	
97-9631-900000-54112-8820	Contrib,Gifts,Grants & Endow : Foundation	-	74,000	
<b>Total</b>		<u>\$ 74,000</u>	<u>\$ 74,000</u>	
<b>Adjusting Journal Entries Journal Entry # 3</b>				
<i>To recognize contributed salaries</i>				
91-0000-000000-00000-2990	Donated Services Expense	\$ 29,443	\$	
91-0000-000000-00000-8990	Donated Services Revenue	-	29,443	
<b>Total</b>		<u>\$ 29,443</u>	<u>\$ 29,443</u>	
Total effect on net assets				<u>\$ 150,500</u>

*Rancho Santiago CCD Foundation*  
*For fiscal year ended June 30, 2018*  
***Reconciliation between Internal and External Financial Statements***

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Fund 91 - Foundation General Operating Fund Uninvested	\$ 99,392	\$	\$ 99,392
Fund 92 - Foundation General Operating Fund Invested	665		665
Fund 97 - Foundation Restricted Revenue Fund Uninvested		7,015	7,015
<b>Ending net assets - internal financials</b>	100,057	7,015	107,072
Restatement journal entry for refundable advances		76,500	76,500
Adjusting journal entry for refundable advances		74,000	74,000
<b>Ending net assets - external financials</b>	\$ 100,057	\$ 157,515	\$ 257,572



**RANCHO SANTIAGO COMMUNITY  
COLLEGE DISTRICT FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018  
with Comparative Totals for the Year Ended June 30, 2017  
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, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2018, 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***

We have previously audited the Foundation's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Glendora, California

November 20, 2018

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2018**

*With Comparative Totals as of June 30, 2017*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b><u>Assets</u></b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 257,742	\$ 109,956
Accounts receivable	4,510	5,768
Inventory	523	523
<b>Total Current Assets</b>	<u>\$ 262,775</u>	<u>\$ 116,247</u>
 <b><u>Liabilities and Net Assets</u></b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 5,203	\$ -
<b>Total Current Liabilities</b>	<u>5,203</u>	<u>-</u>
 <b>Net Assets:</b>		
Unrestricted	100,057	32,732
Temporarily restricted	157,515	83,515
<b>Total Net Assets</b>	<u>257,572</u>	<u>116,247</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 262,775</u>	<u>\$ 116,247</u>

*See accompanying notes to the financial statements.*

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2018**

*With Comparative Totals for the Year Ended June 30, 2017*

	<b>June 30, 2018</b>			<b>June 30, 2017</b>
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenue</b>				
Support and revenue				
Contributions	\$ 1,020	\$ 90,500	\$ 91,520	\$ 98,500
Contracted services	61,607		61,607	-
Donated salaries and benefits	29,443		29,443	26,228
Administration fee	9,000		9,000	-
<b>Total Support</b>	101,070	90,500	191,570	124,728
Other income				
Interest and dividends, net of expenses	40		40	50
<b>Total Other Income</b>	40	-	40	50
Total revenues before net				
assets released from restrictions	101,110	90,500	191,610	124,778
Net assets released from restrictions	16,500	(16,500)	-	-
<b>Total Revenue</b>	117,610	74,000	191,610	124,778
<b>Operating Expenses</b>				
Program services	16,500		16,500	39,394
Supporting services				
Management and general	33,785		33,785	56,515
<b>Total Expenses</b>	50,285	-	50,285	95,909
<b>Change in net assets</b>	67,325	74,000	141,325	28,869
<b>Net Assets</b>				
Beginning of year, as originally stated	32,732	7,015	39,747	87,378
Adjustment for restatement (see Note 6)		76,500	76,500	
Beginning of year, as restated	32,732	83,515	116,247	87,378
End of year	\$ 100,057	\$ 157,515	\$ 257,572	\$ 116,247

*See accompanying notes to the financial statements.*

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2018**

*With Comparative Totals for the Year Ended June 30, 2017*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Cash flows from operating activities</b>		
Cash received from donations	\$ 99,262	\$ (7,148)
Cash received from contracted services	61,607	
Cash paid for student scholarships and campus programs	(7,500)	(1,000)
Cash paid for operating expenses	<u>(5,583)</u>	<u>(46,148)</u>
Net cash provided (used) by operating activities	<u>147,786</u>	<u>(54,296)</u>
 <b>Cash flows from investing activities</b>		
Reinvested interest and dividends, net of expenses	<u>-</u>	<u>(374)</u>
Net cash used by investing activities	<u>-</u>	<u>(374)</u>
 Net increase (decrease) in cash and cash equivalents	147,786	(54,670)
 Cash and cash equivalents, beginning of year	<u>109,956</u>	<u>164,626</u>
 Cash and cash equivalents, end of year	<u>\$ 257,742</u>	<u>\$ 109,956</u>
 <b>Reconciliation of change in net assets to cash provided (used) by operating activities</b>		
Change in net assets	\$ 141,325	\$ 28,869
Adjustment to reconcile change in net assets to cash provided (used) by operating activities		
Decrease in operating assets:		
Accounts receivable	1,258	29,148
Increase (decrease) in operating liabilities:		
Accounts payable	5,203	187
Amounts held on behalf of others	<u>-</u>	<u>(112,500)</u>
Net cash provided (used) by operating activities	<u>\$ 147,786</u>	<u>\$ (54,296)</u>

*See accompanying notes to the financial statements.*

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2018**

*With Comparative Totals for the Year Ended June 30, 2017*

	<b>June 30, 2018</b>			<b>June 30, 2017</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>	<b>Total</b>
Donated salaries and benefits	\$ -	\$ 29,443	\$ 29,443	\$ 26,228
Scholarships and grants	500		500	1,000
Professional services - accounting			-	6,000
Professional services - legal			-	16,725
Foundation funded programs	7,000		7,000	-
Administrative expense	9,000		9,000	-
Advertising and promotion		560	560	-
Information technology		10	10	45
Conferences & meetings		416	416	-
Contracted services		3,341	3,341	45,911
Other expenses		15	15	-
	<u>\$ 16,500</u>	<u>\$ 33,785</u>	<u>\$ 50,285</u>	<u>\$ 95,909</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, 2018

*With Comparative Totals for the Year Ended June 30, 2017*

### 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, 2018**

*With Comparative Totals for the Year Ended June 30, 2017*

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

net assets for the years ended June 30, 2018 and June 30, 2017.

**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, 2017.

**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, 2018**

*With Comparative Totals for the Year Ended June 30, 2017*

**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 November 20, 2018, which is the date these financial statements were available to be issued. There were no subsequent events requiring disclosure as of June 30, 2018.

**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: NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets of \$16,500 were released from temporary donor restrictions during the fiscal year 2017-18. The Foundation met donor imposed restrictions by incurring qualified expenses.

**NOTE 5: 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

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018**

*With Comparative Totals for the Year Ended June 30, 2017*

**NOTE 5: RELATED PARTIES**

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, 2018 and 2017 were valued at \$29,443 and \$26,228, 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.

**NOTE 6: ADJUSTMENT FOR RESTATEMENT**

The balance in temporarily restricted net assets was restated by \$76,500 to recognize income from grants that was deferred in previous years. Management conducted a review of the grants and determined that they were not conditional. For the year ended June 30, 2017, the following balances were affected:

Financial statement line item	As originally stated	Restatement	As restated
Refundable advances	\$ 76,500	\$ (76,500)	\$ -
Temporarily restricted net assets	7,015	76,500	83,515
Contribution revenue	22,000	76,500	98,500



December 12, 2018

Dear Mr Enrique Perez:

On behalf of the MUFG Union Bank Foundation, It is with great pleasure that I send you the third installment check of the Advancing Communities Forward three-year grant.

I want to thank you for the great work of your organization and for your partnership in helping our communities thrive.

Please do not hesitate to contact me, if you have any questions.

Best regards,

A handwritten signature in black ink that reads 'Rossina Gallegos'.

*Rossina Gallegos*  
*Director and CSR Officer*  
*Corporate Social Responsibility*  
*Union Bank*

6700010220  
MUFG UNION BANK FOUNDATION AG  
CONTRIBUTION TO CHARITY  
PAYMENT ON EXISITING - PLEDGES (F)

DATE  
12/11/18

AMOUNT  
50,000.00

RANCHO SANTIAGO-CCD FOUNDATION  
2323 N BROADWAY, SUITE 302  
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  
PAYMENT ON EXISITING - PLEDGES (F)

16-49  
1220

UB

PAY TO THE ORDER OF **FIFTY THOUSAND DOLLARS AND ZERO CENTS**

DATE	CHECK NUMBER
12/11/18	3570261

**AMOUNT**

\*\$50,000.00

**PAY**

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

TO THE  
ORDER  
OF

RANCHO SANTIAGO CCD FOUNDATION  
2323 N BROADWAY, SUITE 302  
SANTA ANA, CA 92706

VOID AFTER 90 DAYS

*Cheryl Spurgin*  
Authorized Signature

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

⑈ 3 5 7 0 2 6 1 ⑈

⑆ 1 2 2 0 0 0 4 9 6 ⑆ 0 2 0 5 0 0 0 0 3 ⑈



December 14, 2018

Mr. Enrique Perez  
Executive Director  
Rancho Santiago Community College District Foundation  
2323 N. Broadway  
Santa Ana, CA 92706

Dear Enrique,

Our founder of 111 years ago was an individual of high morals and Christian principles. It was his firm conviction that F&M Bank should dedicate itself to serving the needs of its community, and should lend its support to religious and humanitarian institutions. The succeeding generations of our management have not only adhered to our founder's principles, they have ensured that his philosophy of giving will continue by constantly adding to the financial strength of F&M Bank. Today we are acknowledged as one of the safest banks in the nation.

There has always been and will continue to be a mutuality of interest between your Foundation and the Bank, which we sincerely believe will continue to make life more rewarding for us and those we seek to serve.

Therefore, it is our pleasure to enclose this gift in appreciation for your contributions to the community, and to enable you to continue serving those in need. We would be most pleased to hear how these funds are used, especially funds used to support local individuals and families in need.

May we extend to you and those you touch our sincere blessings and warmest good wishes for a prosperous New Year. Thank you for the opportunity we have together to make a difference in our community.

Sincerely,

Daniel K. Walker, CEO  
Chairman of the Board

W. Henry Walker  
President

John W. H. Hinrichs  
Chief Financial Officer

Phillip J. Bond  
Chief Credit Officer

Melissa Lanfre  
Chief Operating Officer



**Farmers & Merchants Bank of Long Beach**  
302 Pine Avenue, Long Beach, CA 90802

90-119  
1222

109925

DATE

12/13/2018

**EXPENSE CHECK**

ACCOUNT NUMBER

109925

\*\*\*\*\* FOUR THOUSAND AND 00/100

AMOUNT

\$4,000.00

PAY  
TO  
THE  
ORDER OF

**Rancho Santiago Community College  
District Foundation  
2323 N. Broadway  
Santa Ana, CA 92706**

AUTHORIZED SIGNATURE

SAFEGUARD SEC U  
SAFEGUARD SEC U

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