

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

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2015 AND 2014**

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

**JUNE 30, 2015 AND 2014**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Santa Ana College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Santa Ana College Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of Santa Ana College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Ana College Foundation's internal control over financial reporting and compliance.

Vavrinich, Trinn, Day & Co., LLP

Rancho Cucamonga, California  
December 3, 2015

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

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

	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents - unrestricted	\$ 5,222,508	\$ 122,049
Cash and cash equivalents - restricted	181,310	840,848
Investments, at fair value	357,187	-
Accounts receivable	1,954	17,650
<b>Total Current Assets</b>	<b>5,762,959</b>	<b>980,547</b>
<b>Noncurrent Assets</b>		
Investments, at fair value	6,302,737	6,000,938
Property and equipment (net of accumulated depreciation)	13,958	19,129
<b>Total Noncurrent Assets</b>	<b>6,316,695</b>	<b>6,020,067</b>
<b>Total Assets</b>	<b>\$ 12,079,654</b>	<b>\$ 7,000,614</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 126,572	\$ 28,185
 <b>NET ASSETS</b>		
Unrestricted	6,334,966	1,222,234
Temporarily restricted	5,618,116	5,750,195
<b>Total Net Assets</b>	<b>11,953,082</b>	<b>6,972,429</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,079,654</b>	<b>\$ 7,000,614</b>

See the accompanying notes to financial statements.

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

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

	2015		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Contributions	\$ 243,896	\$ 857,965	\$ 1,101,861
California Award for Innovation	5,000,000	-	5,000,000
Donated facilities	19,705	-	19,705
Donated salaries and benefits	280,974	-	280,974
Administrative fee	37,902	-	37,902
In-kind revenue	248	54,731	54,979
Assets released from restrictions	1,248,419	(1,248,419)	-
Total Revenues	6,831,144	(335,723)	6,495,421
<b>EXPENSES</b>			
Operating expenses	219,205	-	219,205
Program expenses	1,369,587	-	1,369,587
Fundraising expenses	147,503	-	147,503
Total Expenses	1,736,295	-	1,736,295
<b>OTHER INCOME (EXPENSE)</b>			
Realized gain (loss) on sale of investments	50,034	94,481	144,515
Unrealized gain (loss), net	(47,793)	(93,326)	(141,119)
Interest and dividends	43,614	174,517	218,131
Transfers	(27,972)	27,972	-
Total Other Income (Expense)	17,883	203,644	221,527
<b>CHANGE IN NET ASSETS</b>	5,112,732	(132,079)	4,980,653
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,222,234	5,750,195	6,972,429
<b>NET ASSETS, END OF YEAR</b>	\$ 6,334,966	\$ 5,618,116	\$ 11,953,082

See the accompanying notes to financial statements.

2014		
Unrestricted	Temporarily Restricted	Total
\$ 81,958	\$ 1,190,173	\$ 1,272,131
-	-	-
18,608	-	18,608
264,905	-	264,905
57,890	-	57,890
-	-	-
1,011,542	(1,011,542)	-
<u>1,434,903</u>	<u>178,631</u>	<u>1,613,534</u>
321,863	-	321,863
1,004,321	-	1,004,321
106,526	-	106,526
<u>1,432,710</u>	<u>-</u>	<u>1,432,710</u>
(1,960)	69,925	67,965
75,967	181,643	257,610
35,175	140,698	175,873
9,156	(9,156)	-
<u>118,338</u>	<u>383,110</u>	<u>501,448</u>
120,531	561,741	682,272
1,101,703	5,188,454	6,290,157
<u>\$ 1,222,234</u>	<u>\$ 5,750,195</u>	<u>6,972,429</u>

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

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

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,980,653	\$ 682,272
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized (gain) loss	141,119	(257,610)
Realized (gain) loss	(144,515)	(67,965)
Depreciation	7,582	6,584
Contributions restricted for long-term purposes	(857,965)	(1,190,173)
Changes in Assets and Liabilities		
(Increase) Decrease in accounts receivable	15,696	(16,524)
Increase (Decrease) in accounts payable	98,387	(14,913)
Net Cash Flows From Operating Activities	4,240,957	(858,329)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchase of investments	(655,590)	(836,999)
Net purchase of capital assets	(2,411)	(4,702)
(Increase) Decrease in restricted cash and cash equivalents	659,538	498,050
Net Cash Flows From Investing Activities	1,537	(343,651)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for long-term purposes	857,965	1,190,173
<b>NET INCREASE (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	5,100,459	(11,807)
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	122,049	133,856
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 5,222,508	\$ 122,049
<b>NONCASH TRANSACTIONS</b>		
Donated salaries and benefits	\$ 280,974	\$ 264,905
Donated facilities	\$ 19,705	\$ 18,608

See the accompanying notes to financial statements.



**SANTA ANA COLLEGE FOUNDATION**  
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**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30,**

	2015			
	Operating	Program	Fundraising	Total
Donated salaries and benefits	\$ 16,858	\$ 224,780	\$ 39,336	\$ 280,974
Donated facilities	1,182	15,764	2,759	19,705
Salaries and benefits	1,025	14,206	2,391	17,622
In-kind donations	-	54,979	-	54,979
Scholarship payments	-	482,112	-	482,112
Program expenses	-	315,409	-	315,409
Professional fees	53,138	94,467	-	147,605
Public relations	17,235	-	4,043	21,278
Equipment	2,041	-	1,604	3,645
Hospitality	9,931	9,310	42,826	62,067
Printing	5,711	-	8,567	14,278
Supplies	6,832	13,176	28,792	48,800
Administrative fee	32,468	-	-	32,468
Conferences and travel	5,051	7,901	-	12,952
Depreciation	7,582	-	-	7,582
General operating expenses	60,151	137,483	17,185	214,819
Total Expenses	\$ 219,205	\$ 1,369,587	\$ 147,503	\$ 1,736,295

See the accompanying notes to financial statements.

## 2014

Operating	Program	Fundraising	Total
\$ 145,698	\$ 66,226	\$ 52,981	\$ 264,905
10,234	4,652	3,722	18,608
7,897	3,590	2,872	14,359
-	41,391	-	41,391
-	394,051	-	394,051
-	146,247	-	146,247
28,955	34,279	-	63,234
9,276	-	2,500	11,776
2,447	8,971	-	11,418
4,687	16,079	10,483	31,249
10,021	-	2,073	12,094
8,233	45,663	-	53,896
8,683	49,207	-	57,890
8,270	13,225	-	21,495
6,584	-	-	6,584
70,878	180,740	31,895	283,513
<u>\$ 321,863</u>	<u>\$ 1,004,321</u>	<u>\$ 106,526</u>	<u>\$ 1,432,710</u>

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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

**Organization and Nature of Activities**

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

**Financial Statement Presentation**

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

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

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

**Fair Value Measurements**

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

**Public Support and Revenue**

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

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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

**Comparative Financial Information**

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

**Donated Assets, Services, and Facilities**

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

**Use of Estimates**

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

**Income Taxes**

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code.

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

The Foundation's Federal informational tax returns for the years ended June 30, 2012, 2013, and 2014, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2011, 2012, 2013, and 2014, are open to audit by State authorities.

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2015 and 2014, the Foundation had cash balances of \$5,215,097 and \$141,928, respectively, held in financial institutions in excess of Federal depository insurance coverage. As of July 30, 2015, the Foundation transferred \$2,750,000 from the cash account into their investment account.

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

**Investments**

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

**Property and Equipment**

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

**Functional Allocation of Expenses**

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, based upon management's estimates, certain costs have been allocated among the programs, support services, and fundraising activities.

**NOTE 2 - RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30, 2015:

Scholarships	\$ 3,299,704
Student assistance	1,627,085
Title V endowment grant	691,327
Total Temporarily Restricted Net Assets	<u>\$ 5,618,116</u>

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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

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

**NOTE 3 - INVESTMENTS**

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2015:

	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss)
Certificates of deposit	\$ 531,572	\$ 531,572	\$ -
Bonds	2,325,502	2,292,880	(32,622)
Equity securities	2,370,124	1,885,598	(484,526)
Other assets	1,573,845	1,949,874	376,029
	\$ 6,801,043	\$ 6,659,924	\$ (141,119)

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

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

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2015 and 2014:

	2015
Realized gains on investments	\$ 144,515
Unrealized loss on investments	(141,119)
Interest and dividends	218,131
Total Investment Income	221,527
Investment expenses	(20,784)
Total Investment Income, Net of Expenses	\$ 200,743
	2014
Realized gains on investments	\$ 67,965
Unrealized gain on investments	257,610
Interest and dividends	175,873
Total Investment Income	501,448
Investment expenses	(45,935)
Total Investment Income, Net of Expenses	\$ 455,513

**NOTE 4 - INVESTMENT SECURITIES**

**Market Value of Financial Assets and Liabilities**

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

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

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

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

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

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2015. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2015.

ASSETS	Level 1	Level 2	Total
Certificates of deposit	\$ 531,572	\$ -	\$ 531,572
Bonds	-	2,292,880	2,292,880
Equity securities	-	1,885,598	1,885,598
Other assets	-	1,949,874	1,949,874
Total	<u>\$ 531,572</u>	<u>\$ 6,128,352</u>	<u>\$ 6,659,924</u>

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

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

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2015 and 2014:

	2015	2014
Depreciable Assets		
Leasehold improvements	\$ 32,764	\$ 32,764
Furniture and equipment	8,730	6,319
	<u>41,494</u>	<u>39,083</u>
Accumulated depreciation	<u>(27,536)</u>	<u>(19,954)</u>
Total Depreciable Assets	<u>\$ 13,958</u>	<u>\$ 19,129</u>

Depreciation expense for the years ended June 30, 2015 and 2014, was \$7,582 and \$6,584, respectively.



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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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

During the years ended June 30, 2015 and 2014, management reviewed original donor instructions and determined that various donations in the amount of \$47,541 and \$7,550, respectively, had been classified incorrectly, and transfers were made to properly move them to the correct fund.

***NOTE 7 - ENDOWMENT GRANT***

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

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

**Santa Ana College**

Santa Ana College donates administrative services to the Foundation. Salaries and benefits for the Executive Director, administrative staff, and other services are paid primarily by the District; however, a small portion of the Director's salary is paid for by the Foundation. Accordingly, the Foundation received \$280,974 and \$264,905 from the District for salaries and benefits for the years ended June 30, 2015 and 2014, respectively, which has been reflected in the financial statements as donated salaries. In addition, the District provides office space for employees who perform services for the Foundation at no charge. The donated facilities for the fiscal years 2015 and 2014 amounted to \$19,705 and \$18,608, respectively, which has been reflected in the financial statements as donated facilities.

**SANTA ANA COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 9 - DONOR DESIGNATED ENDOWMENTS**

Endowment net asset composition by type of fund as of June 30, 2015, is as follows:

	Total Endowment Funds
Donor-restricted endowment funds	\$ 691,327

Changes in endowment net assets as of June 30, 2015, are as follows:

	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ 687,346
Investment income	24,079
Net appreciation	3,100
Transfers of investment to unrestricted	(1)
Amounts appropriated for expenditures	(23,197)
Endowment net assets, end of year	\$ 691,327

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

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

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

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

**SANTA ANA COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

***NOTE 10 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 3, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Ana College Foundation (the Foundation) (a California nonprofit corporation) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Santa Ana College Foundation's basic financial statements, and have issued our report thereon dated December 3, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of This Report**

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

Vavrinich, Trini, Day & Co., LLP

Rancho Cucamonga, California  
December 3, 2015