

**SANTA ANA COLLEGE FOUNDATION**  
(A Component Unit of the Rancho Santiago  
Community College District)

**Financial Statements**  
**And Independent Auditor's Report**  
**For the Fiscal Year Ended June 30, 2005**

**SANTA ANA COLLEGE FOUNDATION**  
**Financial Statements**  
**And Independent Auditor's Report**  
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## MACIAS GINI & COMPANY LLP

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### Independent Auditor's Report

To the Board of Directors  
Santa Ana College Foundation  
Santa Ana, California

We have audited the accompanying statement of financial position of the Santa Ana College Foundation ("Foundation") as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2004 financial statements and, in our report dated October 29, 2004, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Macias Gini & Company LLP*

Certified Public Accountants

Los Angeles, California  
October 28, 2005

**SANTA ANA COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2005**  
**(with comparative totals as of June 30, 2004)**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,290,495	\$ 1,257,268
Accounts receivable	-	500
Investments, at fair value	1,119,044	874,197
Total assets	<u>\$ 2,409,539</u>	<u>\$ 2,131,965</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 2,994	\$ 2,865
Trust accounts	63,379	66,113
Total liabilities	<u>66,373</u>	<u>68,978</u>
Net Assets		
Unrestricted	242,968	232,115
Temporarily restricted:		
Scholarships	964,921	696,896
Programmatic support	954,977	988,420
Endowment	180,300	145,556
Total temporarily restricted	<u>2,100,198</u>	<u>1,830,872</u>
Total net assets	<u>2,343,166</u>	<u>2,062,987</u>
Total liabilities and net assets	<u>\$ 2,409,539</u>	<u>\$ 2,131,965</u>

The accompanying notes are an integral part of these financial statements.

**SANTA ANA COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2005**  
**(with comparative totals for the fiscal**  
**year ended June 30, 2004)**

	Unrestricted	Temporarily Restricted	Totals	
			2005	2004
<b>Support and revenue</b>				
Support:				
Contributions	\$ 6,795	\$ 395,614	\$ 402,409	\$ 383,880
Contribution from affiliated foundation	35,737	6,943	42,680	12,945
Fundraising (net of expenses of \$25,029)	-	41,155	41,155	44,790
Donated services	126,191	-	126,191	208,104
Donated facilities	5,532	-	5,532	5,532
Total support	<u>174,255</u>	<u>443,712</u>	<u>617,967</u>	<u>655,251</u>
Revenue:				
Interest and dividends	16,289	27,263	43,552	34,498
Realized (loss) gain on investments	(1,038)	6,832	5,794	(227)
Unrealized (loss) gain on investments	(27,522)	45,828	18,306	48,192
Total revenue	<u>(12,271)</u>	<u>79,923</u>	<u>67,652</u>	<u>82,463</u>
Total support and revenue before net assets released from restrictions	161,984	523,635	685,619	737,714
Net assets released from restrictions	<u>254,309</u>	<u>(254,309)</u>	<u>-</u>	<u>-</u>
Total support and revenue	416,293	269,326	685,619	737,714
<b>Expenses</b>				
Program services	287,402	-	287,402	465,753
Supporting services:				
Management and general	51,887	-	51,887	81,343
Fundraising	66,151	-	66,151	102,190
Total expenses	<u>405,440</u>	<u>-</u>	<u>405,440</u>	<u>649,286</u>
Change in net assets	10,853	269,326	280,179	88,428
<b>Net assets</b>				
Beginning, July 1	232,115	1,830,872	2,062,987	1,974,559
Ending, June 30	<u>\$ 242,968</u>	<u>\$ 2,100,198</u>	<u>\$ 2,343,166</u>	<u>\$ 2,062,987</u>

The accompanying notes are an integral part of these financial statements.

**SANTA ANA COLLEGE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Fiscal Ended June 30, 2005**  
**(with comparative totals for the fiscal year ended June 30, 2004)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 26,500	\$ 44,167	\$ 55,524	\$ 126,191	\$ 208,104
Scholarship payments	193,558	-	-	193,558	201,734
Facilities	1,162	1,936	2,434	5,532	5,532
Professional fees	441	959	2,206	3,606	65,754
Program activities	17,186	-	-	17,186	57,750
Printing	3,074	-	-	3,074	21,852
Public relations	14,558	-	-	14,558	22,033
Supplies	11,827	3,289	4,135	19,251	48,041
Seminars and conferences	7,553	75	95	7,723	5,161
Dues and memberships	150	-	-	150	-
Equipment	9,327	-	-	9,327	930
General operating expenses	2,066	1,461	1,757	5,284	12,395
	<u>\$ 287,402</u>	<u>\$ 51,887</u>	<u>\$ 66,151</u>	<u>\$ 405,440</u>	<u>\$ 649,286</u>

The accompanying notes are an integral part of these financial statements.

**SANTA ANA COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2005**  
**(with comparative totals for the fiscal year ended June 30, 2004)**

	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 280,179	\$ 88,428
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(18,306)	(48,192)
Changes in operating assets and liabilities:		
Decrease in accounts receivable	500	13,850
Decrease in prepaid assets	-	1,000
Increase in accounts payable	129	381
Decrease in trust accounts	(2,734)	(438)
Net cash provided by operating activities	259,768	55,029
<b>Cash flows from investing activities</b>		
Repayment of note	-	50,000
Reinvested interests and dividends	(37,923)	(34,498)
Proceeds on the sale of investments	80,139	2,964
Purchase of investments	(268,757)	-
Net cash (used) provided by investing activities	(226,541)	18,466
<b>Net increase in cash and cash equivalents</b>	33,227	73,495
<b>Cash and cash equivalents, beginning of year</b>	1,257,268	1,183,773
<b>Cash and cash equivalents, end of year</b>	\$ 1,290,495	\$ 1,257,268

The accompanying notes are an integral part of these financial statements

**SANTA ANA COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

**NOTE 1 - ORGANIZATION**

The Santa Ana College Foundation (“Foundation”) is a nonprofit organization founded in 1968 to assist in the achievement and maintenance of a superior program of public education and community participation with the Rancho Santiago Community College District (District) by receiving contributions from the public, raising funds and making contributions to educational and community programs of Santa Ana College (SAC), and by developing, conducting and financing programs and projects designed to benefit the students enrolled in the educational and community programs of the Rancho Santiago Community College District.

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

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

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 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.

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 general or specific purposes.

Contributions

Contributions, including unconditional promises to give, are recorded as 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 the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Recognition of Donor Restricted Contributions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



**SANTA ANA COLLEGE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in checking and savings accounts.

Investments

Investments are recorded at fair value.

Fixed Assets and Depreciation

Purchased assets are recorded at cost and donated assets are recorded at their fair market value when donated. Depreciation for equipment is computed on a straight-line basis over an estimated useful life of three to five years. The Foundation capitalizes all expenditures for equipment in excess of \$1,000.

Due to Organizations

The Foundation acts as a fiscal agent for organizations and groups of Santa Ana College.

Donated Services and Facilities

The Foundation records the value of services 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 fair market value of facilities for the year. Donated services are recorded at fair value when a specialized skill is provided that would have otherwise been purchased or paid.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocations of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a non-profit foundation exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

**SANTA ANA COLLEGE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Summarized Financial Information of the Prior Year

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

**NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets of \$254,309 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

**NOTE 4 - FIXED ASSETS**

A summary of fixed assets at June 30, 2005 is as follows:

Computer equipment	\$ 1,786
Less accumulated depreciation	<u>(1,786)</u>
Total	<u><u>\$ -</u></u>

Depreciation expense for the period is zero.

**NOTE 5 – INVESTMENTS**

The Foundation adopted a statement of investment policy to protect and preserve the purchasing power of the Foundation's assets by earning a total return for each fund which is appropriate in light of each fund's time horizon, liquidity needs and risk tolerance, and to maximize total return with reasonable and acceptable levels of risk. Investments are presented in the financial statements at their aggregate fair value. The fair value of the marketable securities is based on quoted market values. Investments are comprised of money market funds, certificated deposits, marketable equity and debt securities.

The cost and fair values at June 30, 2005 are as follows:

	<u>Cost</u>	<u>Fair value</u>
Money market fund	\$ 105,359	\$ 105,359
Certificates of deposit	174,671	174,671
Equity securities	510,292	519,474
Fixed income securities	<u>318,946</u>	<u>319,540</u>
Total	<u><u>\$ 1,109,268</u></u>	<u><u>\$ 1,119,044</u></u>

**SANTA ANA COLLEGE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2005**

**NOTE 6 - RELATED PARTIES**

The primary purpose of the Foundation is to assist in the institutional development and encourage community support to SAC. The Foundation receives gifts, property and funds to be used for the benefit of SAC, its programs, and any person or organization having an official relationship with SAC.

To assist the Foundation in carrying out this purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the executive director, secretary and accountant. In addition, working space for employees who perform administrative services for the Foundation are provided by the District at no charge. The donated services and facilities for fiscal year 2005 were \$126,191 and \$5,532 respectively and have been reflected in the financial statements as donated services and facilities.

During the current fiscal year, the Rancho Santiago Community College District Foundation (RSCCDF) contributed the partial proceeds from a special event in the amount of \$40,680 of which \$4,943 is to be used to purchase text books. In addition, \$2,000 was provided for scholarships. These amounts are reflected on the statement of activities as contribution from affiliated foundation.

**NOTE 7 – INSURED DEPOSITS**

As of June 30, 2005, the Foundation has cash deposits in aggregate of \$1,290,387 with one financial institution. The National Credit Union Association (NCUA) limits each corporation to a recovery of \$100,000 for all accounts at one financial institution. Therefore, the Foundation is subject to the risk of loss for amounts in excess of this limit.

**NOTE 8 – ENDOWMENT GRANT**

The District provided the Foundation with an endowment grant which was awarded by the U.S. Department of Education in fiscal year ended June 30, 2003. This grant is a Title V, Hispanic Serving Institution Grant and the purpose is 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 shall receive \$251,524 through September 2006 upon certification that matching funds from acceptable resources are met. The Foundation contributed matching funds of \$28,041 in fiscal year 2004 and no contribution in fiscal year 2005. The corpus of the endowment is to be invested over a period of twenty years and the Foundation may not spend more than fifty percent of the aggregate income earned for allowable expenditures. At the end of twenty years, the Foundation may use the corpus for any educational purpose. At June 30, 2005, the fair value of the endowment grant is \$180,300.