

SANTIAGO CANYON COLLEGE FOUNDATION
(A Component Unit of the
Rancho Santiago Community College District)

**Financial Statements and
Independent Auditors' Report
For the Fiscal Year Ended June 30, 2009
(With Comparative Totals for June 30, 2008)**

foundation
SCC



**SANTIAGO CANYON COLLEGE FOUNDATION
FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2009
(With Comparative Totals for June 30, 2008)**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses.....	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santiago Canyon College Foundation
Orange, CA 92869

We have audited the accompanying statement of financial position of the Santiago Canyon College Foundation (A Component Unit of the Rancho Santiago Community College District) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Santiago Canyon College 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 June 30, 2008 financial statements and, in our report dated October 3, 2008; we expressed an unqualified opinion on those 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Santiago Canyon College Foundation as of June 30, 2009, 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.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

September 25, 2009

SANTIAGO CANYON COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2009

(with comparative totals as of June 30, 2008)

ASSETS	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 405,842	\$ 409,493
Investments, at fair value	431,472	500,964
Accounts receivable	8,916	536
Due from District Foundation	<u>16,111</u>	<u> </u>
 Total assets	 <u>\$ 862,341</u>	 <u>\$ 910,993</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ <u>881</u>	\$ <u>12,787</u>
 Total liabilities	 <u>881</u>	 <u>12,787</u>
 Net Assets		
Unrestricted		
Undesignated	279,939	331,395
Designated	<u>37,000</u>	<u>9,000</u>
Total unrestricted	<u>316,939</u>	<u>340,395</u>
Temporarily restricted		
Scholarships	366,377	417,401
Programmatic support	<u>178,144</u>	<u>140,410</u>
Total temporarily restricted	<u>544,521</u>	<u>557,811</u>
 Total net assets	 <u>861,460</u>	 <u>898,206</u>
 Total liabilities and net assets	 <u>\$ 862,341</u>	 <u>\$ 910,993</u>

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

SANTIAGO CANYON COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009
(with comparative totals for the year ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Total	
			2009	2008
Support and revenue				
Support:				
Contributions	\$ 17,681	\$ 127,427	\$ 145,108	\$ 162,927
Contribution from affiliated foundation	30,478	7,715	38,193	69,277
Fundraising		40,340	40,340	51,754
Donated services	287,100		287,100	255,965
Donated facilities	7,950		7,950	7,950
	<u>343,209</u>	<u>175,482</u>	<u>518,691</u>	<u>547,873</u>
Total support				
Revenue:				
Interest from banks	3,758		3,758	5,892
Interest and dividends from investments	4,229	17,312	21,541	17,075
Unrealized loss on investments	(22,185)	(22,822)	(45,007)	(80,127)
Realized gain (loss) on investments	(45,005)		(45,005)	13,832
	<u>(59,203)</u>	<u>(5,510)</u>	<u>(64,713)</u>	<u>(43,328)</u>
Total revenue				
Total support and revenue before net assets released from restrictions	284,006	169,972	453,978	504,545
Net assets released from restrictions	183,262	(183,262)	-	-
	<u>467,268</u>	<u>(13,290)</u>	<u>453,978</u>	<u>504,545</u>
Total support and revenue after net assets released from restrictions				
Expenses				
Program services	321,988		321,988	318,956
Supporting services:				
Management and general	103,261		103,261	98,131
Fundraising	65,475		65,475	66,431
	<u>490,724</u>	<u>-</u>	<u>490,724</u>	<u>483,518</u>
Total expenses				
Change in net assets	(23,456)	(13,290)	(36,746)	21,027
Net assets				
Beginning, July 1	340,395	557,811	898,206	877,179
Ending, June 30	<u>\$ 316,939</u>	<u>\$ 544,521</u>	<u>\$ 861,460</u>	<u>\$ 898,206</u>

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

SANTIAGO CANYON COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended June 30, 2009

(with comparative totals for the year ended June 30, 2008)

	Program Services	Management & General	Fundraising	Total	
				2009	2008
Salaries and benefits	\$ 172,260	\$ 86,130	\$ 28,710	\$ 287,100	\$ 255,965
Scholarship payments	95,112			95,112	117,528
Facilities	4,770	2,385	795	7,950	7,950
Professional fees	4,037	2,599	20,386	27,022	29,972
Program activities	7,892			7,892	7,750
Public relations	706	4,481		5,187	8,038
Supplies and printing	18,930	3,895	9,595	32,420	32,669
Seminars and conferences	5,527	1,158		6,685	3,773
Dues and memberships	354	824		1,178	712
Hospitality	10,097	81		10,178	3,509
General operating expenses	<u>2,303</u>	<u>1,708</u>	<u>5,989</u>	<u>10,000</u>	<u>15,652</u>
Total program and support expense	321,988	103,261	65,475	490,724	483,518
Investment expense	<u>4,521</u>	<u>3,783</u>		<u>8,304</u>	<u>11,500</u>
Total functional expense	\$ <u>326,509</u>	\$ <u>107,044</u>	\$ <u>65,475</u>	\$ <u>499,028</u>	\$ <u>495,018</u>

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

**SANTIAGO CANYON COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS**

**For the Fiscal Year Ended June 30, 2009
(with comparative totals for the fiscal year ended June 30, 2008)**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Contributions and fundraising	\$ 199,150	\$ 284,880
Interest income	25,299	22,967
Payments to suppliers	(112,468)	(99,138)
Payments to/on-behalf of students	<u>(95,112)</u>	<u>(117,528)</u>
Net cash provided by operating activities	<u>16,869</u>	<u>91,181</u>
Cash flows from investing activities		
Reinvested interest and dividends	(21,541)	(17,075)
Purchase of investments	(18,142)	(45,574)
Proceeds on the sale of investments	<u>19,163</u>	<u>55,203</u>
Net cash used by investing activities	<u>(20,520)</u>	<u>(7,446)</u>
Net increase/(decrease) in cash and cash equivalents	(3,651)	83,735
Cash and cash equivalents, beginning of year	<u>409,493</u>	<u>325,758</u>
Cash and cash equivalents, end of year	<u>\$ 405,842</u>	<u>\$ 409,493</u>
Cash provided (used) by operating activities		
Change in Net Assets	\$ (36,746)	\$ 21,027
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Realized and unrealized net loss on investments	90,012	66,295
Changes in assets and liabilities:		
(Increase)/decrease receivables	(8,380)	922
Increase due from District	(16,111)	
Increase/(decrease) accounts payable	(11,906)	12,737
Decrease due to District	<u> </u>	<u>(9,800)</u>
Net cash provided by operating activities	<u>\$ 16,869</u>	<u>\$ 91,181</u>

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

SANTIAGO CANYON COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

NOTE 1 – ORGANIZATION:

The Santiago Canyon College Foundation (the Foundation) is a nonprofit organization, organized in July 1998 which operates as an auxiliary organization of the Rancho Santiago Community College District (District). The primary functions of the Foundation are to enhance and augment the mission of Santiago Canyon College (SCC). Its purpose is to seek, receive, and secure donations and gifts to assist the college in meeting its short and long-range goals and objectives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Foundation is deemed a component unit of Rancho Santiago Community College District and has been included in the District's basic financial statements.

Basis of Accounting

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

Donations, other than cash, or the equivalent of cash (stocks, bonds, etc.), are recorded at estimated fair value at the time of the donation.

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. An amount of \$37,000 has been designated by the board as a good faith effort toward future self sufficiency.

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 scholarships, endowment grant and other programmatic support.

SANTIAGO CANYON COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Classification of Net Assets (continued)

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. The Foundation has no permanently restricted net assets as of June 30, 2009.

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.

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.

Cash and Cash Equivalents

Cash and cash equivalents are defined as all checking, money market, and certificate of deposit accounts insured by Federal Deposit Insurance Corporation with an original maturity of 90 days or less.

Investments

Investments are recorded at fair value based on quoted market values.

SANTIAGO CANYON COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Donated Services and Facilities

The Foundation records the value of donated services and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the financial statements at fair market value. 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 income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

SANTIAGO CANYON COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2009

NOTE 3 – SECURED DEPOSITS:

A. Deposits

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 the amount insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009, \$110,998 of the Foundation's bank balance of \$409,526 was exposed to an uninsured credit risk.

B. Investments

Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$100,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values. As of June 30, 2009 the Foundation has no investments in excess of the SIPC insurance amount.

Investments with brokers at June 30, 2009 are as follows:

Cash investments	\$ 84,949
Long term investments	<u>346,523</u>
Total	<u>\$431,472</u>

NOTE 4 – INVESTMENTS:

Investments are recorded at cost at the date of acquisition or fair value at the date of the donation in the case of gifts. At June 30, fair value of the investments is determined, and if this amount is materially different from the carrying value (acquisition cost or gift valuation), the investments are adjusted to fair value. This adjustment is reflected in the statement of activities, and results in a change to net assets. The investments are reported at fair value in the Statement of Financial Position, with that determination made by aggregating all investments. At June 30, 2009, the aggregate cost of investments was more than the fair value.

SANTIAGO CANYON COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

NOTE 4 – INVESTMENTS: (continued)

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, certificates of deposit and marketable securities. The cost and fair values at June 30, 2009 are as follows:

	Cost	Fair Value	Cumulative Net Gain/(Loss)
Money market (Level 1)	\$ 84,846	\$ 84,949	\$ 103
Mutual funds (Level 1)	9,072	19,982	10,910
Marketable securities:			
Equity (Level 1)	341,769	299,470	(42,299)
Debt (Level 1)	36,366	27,071	(9,295)
Total	\$ 472,053	\$ 431,472	\$ (40,581)

In accordance with SFAS No. 157, levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value of measurement is determined as follows:

Level 1 – quoted prices in an active market for identical assets.

Level 2 – quoted prices for similar assets and market-corroborated inputs.

Level 3 – the organization’s own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

Investment return for the year ending June 30, 2009 was as follows:

Investment income, net of expense of \$8,304	\$ 21,541
Net unrealized loss	(45,007)
Net realized loss	(45,005)
Total	\$ (68,471)

SANTIAGO CANYON COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$183,262 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

NOTE 6 – RELATED PARTIES:

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

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the director, administrative secretary, administrative scholarship assistant, and accountant. In addition, working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated services and facilities for the fiscal year 2009 were \$287,100 and \$7,950, 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 contributed the partial proceeds from a special event in the amount of \$38,193 of which \$30,478 is to be used for unrestricted student programs and \$7,715 is to be used for textbooks. These amounts are reflected on the statement of activities as contribution from affiliated foundations.