

SADDLEBACK COLLEGE FOUNDATION
(A Component Unit of the
South Orange County Community College District)

Financial Statements
and Independent Auditor's Report
June 30, 2011

**SADDLEBACK COLLEGE FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

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Independent Auditor's Report

Board of Directors
Saddleback College Foundation
Mission Viejo, CA

We have audited the accompanying statement of financial position of the Saddleback College Foundation (Foundation), a component unit of the South Orange County Community College District (District), as of June 30, 2011, 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 comparative information has been derived from the Foundation's 2010 financial statements, and, in our report dated November 18, 2010, we expressed an unqualified opinion on the 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, 2011, 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 Jini & O'Connell LLP

Los Angeles, California
November 28, 2011

SADDLEBACK COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2011
(with comparative totals as of June 30, 2010)

Assets	2011	2010
Current assets:		
Cash and cash equivalents	\$ 198,604	\$ 454,900
Investments, at fair value	2,519,358	2,169,245
Investments with the Foundation for California Community Colleges (FCCC)	852,693	552,737
Receivable	59,375	-
Prepaid expenses	4,800	3,646
Total current assets	<u>\$ 3,634,830</u>	<u>\$ 3,180,528</u>
 Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 252,157	\$ 322,989
Due to the District	27,611	-
Trust accounts	50,180	76,299
Total current liabilities	<u>329,948</u>	<u>399,288</u>
 Net assets		
Unrestricted	293,485	97,273
Temporarily restricted	1,653,662	1,568,786
Permanently restricted	<u>1,357,735</u>	<u>1,115,181</u>
 Total net assets	<u>3,304,882</u>	<u>2,781,240</u>
Total liabilities and net assets	<u>\$ 3,634,830</u>	<u>\$ 3,180,528</u>

See accompanying notes to the financial statements.

SADDLEBACK COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
Support and revenue					
Support					
Contributions	\$ 10,096	\$ 407,699	\$ 210,401	\$ 628,196	\$ 1,032,282
Special events	60,980	142,499	-	203,479	176,227
In-kind donations	56,823	-	-	56,823	53,322
Donated services	237,886	-	-	237,886	368,574
Donated professional fees	15,765	-	-	15,765	14,295
Total support	<u>381,550</u>	<u>550,198</u>	<u>210,401</u>	<u>1,142,149</u>	<u>1,644,700</u>
Revenue					
Interest and dividends	68,785	33,003	-	101,788	86,501
Unrealized gain/(loss) on investments	117,137	143,147	-	260,284	(9,284)
Realized gain/(loss) on investments	45,555	23,770	-	69,325	(2,136)
Sales and commissions	1,069	136,753	-	137,822	134,859
Other revenue	20,415	38,020	-	58,435	65,207
Total revenue	<u>252,961</u>	<u>374,693</u>	<u>-</u>	<u>627,654</u>	<u>275,147</u>
Total support and revenue before net assets released from restriction	634,511	924,891	210,401	1,769,803	1,919,847
Net assets released from restrictions	<u>811,997</u>	<u>(811,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue after net assets released from restriction	<u>1,446,508</u>	<u>112,894</u>	<u>210,401</u>	<u>1,769,803</u>	<u>1,919,847</u>
Expenses					
Program services	982,525	-	-	982,525	998,358
Supporting services					
Management and general	65,741	-	-	65,741	131,033
Fundraising	197,895	-	-	197,895	200,818
Total expenses	<u>1,246,161</u>	<u>-</u>	<u>-</u>	<u>1,246,161</u>	<u>1,330,209</u>
Transfers in (out)	<u>(4,135)</u>	<u>(28,018)</u>	<u>32,153</u>	<u>-</u>	<u>-</u>
Change in net assets	196,212	84,876	242,554	523,642	589,638
Net assets					
Beginning of year	97,273	1,568,786	1,115,181	2,781,240	2,191,602
End of year	<u>\$ 293,485</u>	<u>\$ 1,653,662</u>	<u>\$ 1,357,735</u>	<u>\$ 3,304,882</u>	<u>\$ 2,781,240</u>

See accompanying notes to the financial statements.

SADDLEBACK COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	Program Services	Management & General	Fundraising	Total	
				2011	2010
Salaries and benefits	\$ 192,616	\$ 65,432	\$ 59,496	\$ 317,544	\$ 368,574
Scholarship payments	232,412	-	-	232,412	215,195
Program activities	56,871	-	-	56,871	55,589
Special events	-	-	138,346	138,346	87,342
Professional fees	23,060	-	-	23,060	17,814
Contract services	120,157	-	-	120,157	271,273
Supplies and printing	105,417	-	53	105,470	130,283
Seminars and conferences	21,108	-	-	21,108	29,039
Dues and memberships	6,605	-	-	6,605	7,004
In-kind donations	56,823	-	-	56,823	53,322
Program equipment and software	99,683	-	-	99,683	21,827
General operating	67,773	309	-	68,082	72,947
Total	<u>\$ 982,525</u>	<u>\$ 65,741</u>	<u>\$ 197,895</u>	<u>\$ 1,246,161</u>	<u>\$ 1,330,209</u>

See accompanying notes to the financial statements.

SADDLEBACK COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
Year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 523,642	\$ 589,638
Adjustments to reconcile change in net assets to net cash provided for operations		
Realized (gain)/loss on investments	(69,325)	2,136
Unrealized (gain)/loss on investments	(260,284)	9,284
Changes in operating assets and liabilities:		
Increase in receivable	(59,375)	-
(Increase)/decrease in prepaid expenses	(1,154)	2,940
(Decrease)/increase in accounts payable	(70,832)	60,273
Increase in due to the District	27,611	-
(Decrease)/increase in trust accounts	(26,119)	270
Net cash provided by operating activities	<u>64,164</u>	<u>664,541</u>
Cash flows from investing activities:		
Purchase of investments	(320,460)	(3,948,168)
Proceeds on the sale of investments	-	2,888,542
Net cash used by investing activities	<u>(320,460)</u>	<u>(1,059,626)</u>
Net decrease in cash and cash equivalents	(256,296)	(395,085)
Cash and cash equivalents, beginning of year	<u>454,900</u>	<u>849,985</u>
Cash and cash equivalents, end of year	<u>\$ 198,604</u>	<u>\$ 454,900</u>

See accompanying notes to the financial statements.

**SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1 - ORGANIZATION

The Saddleback College Foundation (Foundation) was founded in 1989 to assist in the achievement and maintenance of a superior program of public education and community participation with the South Orange County Community College District (District) by receiving contributions from the public, raising funds, and making contributions to educational and community programs of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Foundation is a component unit of South Orange County 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.

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. Temporarily restricted net assets are restricted for the following purposes:

Program support	\$ 1,566,578
Scholarships	<u>87,084</u>
	<u>\$ 1,653,662</u>

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. Earnings generated from the permanently restricted net assets are available for scholarships. The permanently restricted net assets as of June 30, 2011 were \$1,357,735.

**SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consist of cash in interest bearing bank accounts and money market funds. The Foundation considers all short-term highly liquid investments, with a maturity date of not more than three months from the date of acquisition to be cash equivalents.

Investments

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

Donated Assets and Services

The Foundation records the value of donated services when there is an objective basis available to measure the value. Donated services are recorded at fair value when a specialized skill is provided that would have otherwise been purchased or paid. Donated supplies and equipment are reflected in the accompanying financial statements as both revenue and expense since these donated items are accepted by the Foundation on behalf of Saddleback College.

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.

SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 fiscal year ended June 30, 2010, from which the summarized information was derived.

Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures*, which adds new disclosure requirements for transfers into and out of Level 1 and 2 in the fair value hierarchy and additional disclosures about purchases, sales, issuances, and settlements relating to Level 3 fair value measurements. This ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity on a gross basis, which is effective for fiscal years beginning after December 15, 2010 and interim periods within those years. The Foundation does not expect the adoption of ASU 2010-06 to have an impact on the Foundation's financial statements.

In December 2010, the FASB issued ASU 2010-28, *Intangibles-Goodwill and Other*. ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective for fiscal years beginning after December 15, 2010. The Foundation does not expect the adoption of ASU 2010-28 to have an impact on the Foundation's financial statements.

NOTE 3 - SECURED DEPOSITS

The Foundation's cash deposits are maintained at the same financial institution as the District's and are contractually insured and collateralized in accordance with California Government Code requirements to secure its deposits by pledging government securities as collateral. The market value of pledged securities is equal to 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits. Collateral is considered to be held in the name of the Foundation. At June 30, 2011, the bank balance for the Foundation of \$293,453 was entirely insured and collateralized as described above. The book balance for the Foundation was \$198,604.

**SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

NOTE 3 – SECURED DEPOSITS (continued)

In addition, the Foundation maintains cash and investment balances with three credit worthy, high-quality financial institutions. The financial institutions that held the cash and investment balances provided up to \$500,000 protection, including \$100,000 for cash, through Securities Investor Protection Corporation (SIPC).

NOTE 4 - INVESTMENTS

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 and marketable securities. The fair value at June 30, 2011 is as follows:

Level 1	Fair Value
Common stocks and options	\$ 544,052
Mutual funds	1,850,305
Mortgage and asset backed securities	65,993
Government and GSE bonds	59,008
	\$ 2,519,358

FASB ASC 820-10 (Statement of Financial Accounting Standards No. 157, “Fair Value Measurements”) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair values of mutual funds, money market funds, mortgage and asset backed securities and government and GSE bonds are based on quoted market prices, when available.

Level 2 Fair Value Measurements

The fair values are based on underlying investments which are traded on an active market.

Level 3 Fair Value Measurements

The fair values are determined by the organization’s own assumptions about market participation including assumptions about risk, developed based on the best information available in the circumstances.

SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

NOTE 4 – INVESTMENTS (continued)

The following schedule summarizes the investment return and its classifications in the statement of activities for the year ended June 30, 2011:

Net appreciation in fair value of investments	\$	329,609
Interest and dividend income		101,788
Investment income, net	\$	<u>431,397</u>

NOTE 5 – INVESTMENTS WITH THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

The Foundation has entered into a partnership arrangement with the California Community Colleges Scholarship Endowment (Endowment) through the Foundation for California Community Colleges (FCCC). The Endowment has been set up to provide matching scholarship funds for California community colleges. The endowment was formed through a generous \$50 million matching commitment from the Bernard Osher Foundation and an initial contribution of \$25 million. The California Community Colleges and the FCCC had until June 2011 to raise an additional \$50 million, for which the Osher Foundation provided a 50 percent match up to \$25 million. Beginning with the 2009-10 year, the Endowment distributed scholarship funding from the initial \$25 million gift to each participating community college. The allocation will be based on each colleges FTES and each scholarship is valued at maximum of \$1,000 per school year.

The Foundation has transferred \$320,921 to the Endowment for fiscal year 2011. These funds are invested in a pooled investment fund held by the FCCC. At June 30, 2011 the fair value of this investment was \$856,827, and included unrealized gain of \$4,134. The investments with FCCC have been reported at cost in the amount of \$852,693 in these financial statements which approximates fair value. The FCCC has assembled an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the Endowment's assets.

NOTE 6 - TRUST ACCOUNTS

The Foundation acts as a fiscal agent for organizations and groups of Saddleback College. Accordingly, \$50,180 of assets as of June 30, 2011 belongs to other parties. The Foundation does not have discretion over the funds held on behalf of others.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$811,997 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

**SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

NOTE 8 - ENDOWMENT

The Foundation endowment consists of approximately 35 individual funds established primarily for scholarships. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment net assets composition by fund as of June 30, 2011 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, end of year	<u>\$ 265,006</u>	<u>\$ 1,357,735</u>	<u>\$ 1,622,741</u>

**SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

NOTE 8 - ENDOWMENT (continued)

Changes in endowment net assets by fund as of June 30, 2011 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 78,468	\$ 1,115,181	\$ 1,193,649
Investment return:			
Investment income	33,003	-	33,003
Net realized and unrealized gain	143,147	-	143,147
Total investment return	<u>176,150</u>	<u>-</u>	<u>176,150</u>
Contributions	8,402	210,401	218,803
Transfers in	1,986	32,153	34,139
Endowment net assets, end of year	<u>\$ 265,006</u>	<u>\$ 1,357,735</u>	<u>\$ 1,622,741</u>

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (Endowment Only) as of June 30, 2011 are as follows:

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA \$1,357,735

Temporarily Restricted Net Assets

Purpose restricted endowment \$265,006

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies as of June 30, 2011.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as

SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

NOTE 8 - ENDOWMENT (continued)

well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return ranging from 5 to 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. While it is the Foundation's goal to distribute 4 percent, it is not guaranteed and is contingent upon current market conditions. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 9 - CHARITABLE REMAINDER UNITRUST INTEREST

The Foundation is a 50% beneficiary of the Lycette Charitable Remainder Unitrust (the Unitrust). The Foundation's beneficiary interest was valued at approximately \$210,000 at the time it was written in 2006. The Unitrust is managed by the Foundation and is not recorded in the financial statements as the donor has reserved the right to designate other beneficiaries at any time. The donor has restricted any distribution received by the Foundation to be applied equally to benefit the Landscape and Horticulture Department and the Theatre Arts Department.

NOTE 10 - GIFT ANNUITIES

The Community College League of California administers charitable gift annuities, of which the Foundation is a named beneficiary. At the end of the donor's lifetime, remaining funds in the Annuities will be disbursed to the Foundation. The balance of annuity investments at June 30, 2011 is approximately \$53,361. The present value of the future gifts has not been calculated or recorded in the financial statements; however, management does not believe the amount to be material.

**SADDLEBACK COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

NOTE 11 - RELATED PARTIES

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 executive director and foundation senior accounting specialist and contributed to the Foundation's audit fee. In addition, working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated services included \$237,886 of salaries and benefits and \$15,765 for contract services. These donated services have been reflected in the financial statements as revenues under donated services and donated legal professional fees and as expenses under salaries and benefits, and contract services. 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 material.

NOTE 12 - SUBSEQUENT EVENTS

In accordance with FASB Accounting Standard 165, *Subsequent Events*, subsequently included in the Codification as ASC855, *Subsequent Events*, the Foundation has evaluated subsequent events through November 28, 2011, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition.