

**FOUNDATION FOR THE SOUTH ORANGE COUNTY
COMMUNITY COLLEGE DISTRICT**

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2019



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**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Foundation for the South Orange County Community College District
28000 Marguerite Parkway
Mission Viejo, CA 92692

We have reviewed the accompanying financial statements of the Foundation for the South Orange County Community College District (the Foundation), a component unit of the South Orange County Community College District, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expense for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Board of Directors
Foundation for the South Orange County Community College District

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 5, 2019

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

**STATEMENT OF FINANCIAL POSITION
June 30, 2019**

Assets

Current Assets:

Cash and cash equivalents \$ 10,124

Total Current Assets 10,124

Total Assets \$ 10,124

Liabilities and Net Assets

Current Liabilities:

Accounts payable \$ 50

Total Current Liabilities 50

Net Assets:

Without donor restrictions 10,074

Total Net Assets 10,074

Total Liabilities and Net Assets \$ 10,124

See the accompanying notes to the financial statements

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Support and Revenue	
Contributions	\$ <u> -</u>
Total Support and Revenue	<u> -</u>
Operating Expenses	
Supporting services	
Program services	2,310
Management and general	<u> 90</u>
Total Operating Expenses	<u> 2,400</u>
Change in net assets	<u> (2,400)</u>
Net Assets Without Donor Restrictions	
Beginning of year, as originally stated	10,837
Adjustment for restatement (Note 4)	<u> 1,637</u>
Beginning of year, as restated	<u> 12,474</u>
End of year	<u><u> \$ 10,074</u></u>

See the accompanying notes to the financial statements

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019**

Cash flows from operating activities	
Payments to suppliers	\$ (3,680)
Net cash used by operating activities	<u>(3,680)</u>
Net decrease in cash and cash equivalents	(3,680)
Cash and cash equivalents, beginning of year	<u>13,804</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,124</u></u>
Reconciliation of change in net assets to cash used by operating activities	
Change in net assets	\$ (2,400)
Adjustment to reconcile change in net assets to cash used by operating activities	
Change in liabilities:	
Accounts payable	<u>(1,280)</u>
Net cash used by operating activities	<u><u>\$ (3,680)</u></u>

See the accompanying notes to the financial statements

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

**STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2019**

	<u>Program Activities</u>	<u>Management & General</u>	<u>Total</u>
Supplies	\$ -	\$ 90	\$ 90
Meals	604	-	604
Advertising	50	-	50
Awards	1,256	-	1,256
Miscellaneous	400	-	400
Total	<u>\$ 2,310</u>	<u>\$ 90</u>	<u>\$ 2,400</u>

See the accompanying notes to the financial statements

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: ORGANIZATION

Organization and Nature of Activities

The Foundation for the South Orange County Community College District (the Foundation) is a California, nonprofit public benefit corporation founded on July 5, 2005, for the purpose of receiving contributions to further the educational purposes of South Orange County Community College District (the District). The principal sources of revenue for the Foundation include donor contributions and investment related income.

Financial Statement Presentation and Basis of Accounting

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. Revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed. The financial statements include the accounts maintained by, and directly under, the control of the Foundation.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation does not have any net assets with donor restrictions.

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: ORGANIZATION

Public Support and Revenue

The Foundation receives substantially all of its revenue from direct donations. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When applicable, realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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.

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.

Donated Assets, Services, and Facilities

When applicable, 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. The Foundation does not have any donated assets, services or facilities.

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.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: ORGANIZATION

implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Income Taxes

The Foundation is a non-profit 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. Accordingly, no provision for income taxes has been reflected in these financial statements.

US GAAP requires management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if an uncertain position has been taken that more likely than not would not be sustained upon examination. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The primary tax positions evaluated are related to the Foundation's continued qualification as a tax-exempt organization. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Cash and Cash Equivalents

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

Functional Allocation of Expenses

The financial statements may report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, based on management's estimates, certain costs have been allocated among program, support and management activities.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in a checking account totaling \$10,124. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2019, the Foundation did not have any cash balances held in financial institutions in excess of Federal depository insurance coverage.

**FOUNDATION FOR THE SOUTH ORANGE COUNTY COMMUNITY COLLEGE
DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the cash balance of \$10,124 as of June 30, 2019.

NOTE 4: ADJUSTMENT FOR RESTATEMENT

The beginning net assets as of and for the fiscal year ended June 30, 2019 have been restated to reflect the correction of a liability of \$1,637. This balance should have been recognized as a contribution in the year ended June 30, 2016.

NOTE 5: 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 November 5, 2019 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.

