



Financial Statements
June 30, 2022

Foundation for South Orange County
Community College District

Foundation for South Orange County Community College District

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Independent Accountant's Review Report

Board of Directors
Foundation for South Orange County Community College District
Mission Viejo, California

We have reviewed the accompanying financial statements of Foundation for South Orange County Community College District (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows 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 the Foundation 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.

Accountant's 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 AICPA. 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.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
November 23, 2022

Foundation for South Orange County Community College District
Statement of Financial Position
June 30, 2022

| | | |
|----------------------------------|--|-------------------------|
| Assets | | |
| Current assets | | |
| Cash | | <u>\$ 15,687</u> |
| Total Current Assets | | <u>15,687</u> |
| Total Assets | | <u><u>\$ 15,687</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | | <u>\$ 333</u> |
| Net Assets | | |
| Without donor restrictions | | |
| Undesignated | | <u>15,354</u> |
| Total Liabilities and Net Assets | | <u><u>\$ 15,687</u></u> |

Foundation for South Orange County Community College District
Statement of Activities
Year Ended June 30, 2022

| | <u>Without Donor Restrictions</u> |
|-------------------------------|---------------------------------------|
| Revenues and Support | |
| Contributions | \$ 4,000 |
| In-kind donations | <u>2,300</u> |
| Total Revenues and Support | <u>6,300</u> |
| Expenses | |
| Program | 256 |
| Management and general | <u>3,131</u> |
| Total Expenses | <u>3,387</u> |
| Change in Net Assets | 2,913 |
| Net Assets, Beginning of Year | <u>12,441</u> |
| Net Assets, End of Year | <u><u>\$ 15,354</u></u> |

Foundation for South Orange County Community College District
Statement of Functional Expenses
Year Ended June 30, 2022

| | <u>Program</u> | <u>Management and General</u> | <u>Total</u> |
|-----------------------------|-------------------|-----------------------------------|-------------------|
| Non-cash awards/recognition | \$ 256 | \$ - | \$ 256 |
| District event refreshments | - | 333 | 333 |
| Insurance | - | 273 | 273 |
| Donated operating services | - | 2,300 | 2,300 |
| Other operating expenses | - | 225 | 225 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Functional Expenses | <u>\$ 256</u> | <u>\$ 3,131</u> | <u>\$ 3,387</u> |

Foundation for South Orange County Community College District
Statement of Cash Flows
Year Ended June 30, 2022

| | |
|---|-------------------------|
| Operating Activities | |
| Change in net assets | \$ 2,913 |
| Changes in operating liabilities | |
| Accounts payable | <u>333</u> |
| Net Cash Provided by Operating Activities | <u>3,246</u> |
| Net Increase in Cash | 3,246 |
| Cash, Beginning of Year | <u>12,441</u> |
| Cash, End of Year | <u><u>\$ 15,687</u></u> |

Note 1 - Nature of Organization and Significant Accounting Policies**Organization**

The Foundation for 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.

Financial Statement Presentation

The Foundation and the District are financially interrelated organizations as defined by Accounting Standards Codification (ASC) Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program expenses.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) has established the ASC as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation did not have any net assets with donor restrictions at June 30, 2022.

Cash

Cash consists of cash held in checking accounts. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC).

Revenue and Revenue Recognition

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor, either without or with restrictions. The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. For contributions without explicit donor stipulation about how the contributions are to be spent, the Foundation reports these contributions as without donor restrictions.

Donated Services and Goods

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated services received from the District per the terms of the Master Agreement, are recorded as contributions at the estimated fair value that the Foundation would have otherwise paid for the same service. The value of those contributed items is recognized as both revenue and expense to the Foundation.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates, and those estimates could be material.

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation has adopted FASB 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.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, there are no shared costs among the programs and support services that require allocation.

Note 2 - Liquidity and Availability

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 of cash of \$15,687.

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances.

Additionally, on behalf of the Foundation, the District has implemented cash management procedures, that include the monthly reconciliation of banked and invested cash deposits and disbursements to receipts, disbursement records and donor accounts.

Note 3 - Concentration of Risk

Cash accounts maintained by the Foundation are insured up to \$250,000 by the FDIC. At June 30, 2022, the cash balances were fully insured.

Note 4 - Related Parties

The Foundation received contributions from Saddleback College Foundation and Irvine Valley College Foundation, related not-for-profit organizations. These contributions totaled \$4,000 for the year ending June 30, 2022. Additionally, the District paid certain costs on behalf of the Foundation for services. Those costs are reflected in the financial statements as Donated Operating Services and amounted to \$2,300 based on the fair value of comparable services provided by a third party for the year ending June 30, 2022.

Note 5 - Subsequent Events

The Foundation's management has evaluated events or transactions from June 30, 2022, through November 23, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.