



**VICENTI LLOYD & STUTZMAN LLP**

**MAKING A POSITIVE DIFFERENCE IN OUR WORLD**

**IRVINE VALLEY COLLEGE FOUNDATION**  
(A Component Unit of the  
South Orange County Community College District)

**Financial Statements  
and Independent Auditors' Report  
For the Fiscal Year Ended June 30, 2007**

RESPECT FOR  
THE  
INDIVIDUAL



HIGH ETHICAL  
STANDARDS



INNOVATION  
CREATIVITY  
CHANGE



MUTUAL TRUST



UNEQUIVOCAL  
EXCELLENCE

**IRVINE VALLEY COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Irvine Valley College Foundation  
Irvine, California

We have audited the accompanying statement of financial position of the Irvine Valley College Foundation (A Component Unit of South Orange County Community College District) as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Irvine Valley 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 Irvine Valley College Foundation's financial statements and, in our report, dated September 20, 2006, 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 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 Irvine Valley College Foundation as of June 30, 2007, 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

October 22, 2007

**IRVINE VALLEY COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2007**  
**(with comparative totals as of June 30, 2006)**

<b>ASSETS</b>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 506,210	\$ 396,903
Investments, at fair value	470,725	398,065
Prepaid expenses	<u>1,998</u>	<u>4,580</u>
Total current assets	<u>\$ 978,933</u>	<u>\$ 799,548</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities:		
Accounts payable	\$ 476	\$ 683
Trust accounts liability	<u>2,387</u>	<u>7,302</u>
Total current liabilities	<u>2,863</u>	<u>7,985</u>
Net Assets		
Unrestricted	133,452	72,153
Temporarily restricted	400,206	344,706
Permanently restricted	<u>442,412</u>	<u>374,704</u>
Total net assets	<u>976,070</u>	<u>791,563</u>
Total liabilities and net assets	<u>\$ 978,933</u>	<u>\$ 799,548</u>

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

**IRVINE VALLEY COLLEGE FOUNDATION**

**STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2007**

**(with comparative totals for the fiscal year ended June 30, 2006)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				2007	2006
<b>Support and revenue</b>					
Support:					
Contributions	\$ 50,552	\$ 293,575	\$ 67,708	\$ 411,835	\$ 635,481
Fundraising	59,671	21,341		81,012	70,581
In-kind donations	31,755			31,755	17,868
Donated services	330,334			330,334	288,697
Donated legal fees/audit	5,250			5,250	6,400
Total support	<u>477,562</u>	<u>314,916</u>	<u>67,708</u>	<u>860,186</u>	<u>1,019,027</u>
Revenue:					
Interest and dividends	32,025			32,025	24,030
Unrealized gain on investments	37,008			37,008	1,608
Other revenue		92,055		92,055	40,403
Total revenue	<u>69,033</u>	<u>92,055</u>	<u>-</u>	<u>161,088</u>	<u>66,041</u>
Total support and revenue before net assets released from restrictions	546,595	406,971	67,708	1,021,274	1,085,068
Net assets released from restrictions	<u>351,471</u>	<u>(351,471)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue after net assets released from restrictions	<u>898,066</u>	<u>55,500</u>	<u>67,708</u>	<u>1,021,274</u>	<u>1,085,068</u>
<b>Expenses</b>					
Program services	492,904			492,904	520,719
Supporting services:					
Management and general	216,896			216,896	168,947
Fundraising	126,967			126,967	102,631
Total expenses	<u>836,767</u>	<u>-</u>	<u>-</u>	<u>836,767</u>	<u>792,297</u>
Change in net assets	61,299	55,500	67,708	184,507	292,771
<b>Net assets</b>					
Beginning, July 1	72,153	344,706	374,704	791,563	498,792
Ending, June 30	<u>\$ 133,452</u>	<u>\$ 400,206</u>	<u>\$ 442,412</u>	<u>\$ 976,070</u>	<u>\$ 791,563</u>

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

**IRVINE VALLEY COLLEGE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Fiscal Year Ended June 30, 2007**

**(with comparative totals for the fiscal year ended June 30, 2006)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 64,954	\$ 167,392	\$ 97,988	\$ 330,334	\$ 288,697
Scholarship payments	159,940			159,940	215,755
Program activities	51,899			51,899	48,984
Professional fees	3,208	8,270	4,841	16,319	6,560
Contract services	16,001	41,234	24,138	81,373	58,835
Supplies and printing	53,245			53,245	45,981
Seminars and conferences	30,741			30,741	43,204
Dues and memberships	2,645			2,645	5,107
In-kind donations	31,755			31,755	17,868
Program equipment and software	22,637			22,637	18,898
General operating expenses	55,879			55,879	42,408
	<u>\$ 492,904</u>	<u>\$ 216,896</u>	<u>\$ 126,967</u>	<u>\$ 836,767</u>	<u>\$ 792,297</u>

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

**IRVINE VALLEY COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2007**  
**(with comparative totals for the fiscal year ended 2006)**

	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 184,507	\$ 292,771
Adjustment to reconcile change in net assets to net cash provided by operations		
Change in value on investments	(37,008)	(1,608)
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	2,582	(4,580)
(Decrease) in accounts payable	(207)	(11,426)
(Decrease) in trust accounts liability	(4,915)	(225,034)
Net cash provided by operating activities	144,959	50,123
<b>Cash flows from investing activities</b>		
Reinvested interest and dividends	(32,025)	(24,030)
Purchase of investments	(3,627)	(16,639)
Net cash used by investing activities	(35,652)	(40,669)
Net increase in cash and cash equivalents	109,307	9,454
Cash and cash equivalents, beginning of year	396,903	387,449
Cash and cash equivalents, end of year	\$ 506,210	\$ 396,903

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

**IRVINE VALLEY COLLEGE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

**NOTE 1 – ORGANIZATION:**

The Irvine Valley College Foundation (the Foundation) was founded in 1979 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 (the District) by receiving contributions from the public, raising funds and making contributions to educational and community programs of the District and by developing, conducting and financing programs and projects designed to benefit the students enrolled in the educational and community programs of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Reporting Entity**

The Foundation is deemed 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 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 the following purposes:

Program Support	\$ 348,520
Scholarships	<u>51,686</u>
	\$ <u>400,206</u>



IRVINE VALLEY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007

**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. Earnings generated from the permanently restricted net assets noted below are available for the following purposes:

Program Support	\$ 161,195
Scholarships	<u>281,217</u>
	<u>\$ 442,412</u>

**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.

**IRVINE VALLEY COLLEGE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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

**Donated Assets, 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. Donated supplies and equipment are reflected in the accompanying financial statements as both revenue and expense since these donated assets are accepted by the Foundation on behalf of Irvine Valley 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.

**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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the fiscal year ended June 30, 2006, from which the summarized information was derived.

**IRVINE VALLEY COLLEGE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2007**

**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, 2007, the bank balance for the Foundation of \$151,220 was entirely insured and collateralized as described above. The book balance for the Foundation was \$79,621.

In addition, the Foundation maintains cash balances with a brokerage firm in excess of Securities Investor Protection Corporation ("SPIC") Limits. At June 30, 2007 unsecured brokerage deposits were \$326,589. The book balance for the Foundation was \$426,589. These deposits are held by a credit worthy, high-quality financial institution.

**NOTE 4 – INVESTMENTS:**

Investments are presented in the financial statements at their aggregate fair value. The fair value of the mutual funds is based on quoted market values. The cost and fair values at June 30, 2007 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ <u>470,725</u>	\$ <u>470,725</u>
Change in value on investments		\$ 37,008
Interest and dividend income		<u>32,025</u>
Investment income and gains		\$ <u>69,033</u>

**NOTE 5 – TRUST ACCOUNTS:**

The Foundation acts as a fiscal agent for organizations and groups of the Irvine Valley College. Accordingly, \$2,387 of assets belongs to other parties. The Foundation does not have discretion over the funds held on behalf of others.

**IRVINE VALLEY COLLEGE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

**NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS:**

Net assets of \$351,471 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

**NOTE 7 – 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, administrative assistant and accountant 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 \$330,334 of salaries and benefits and \$5,250 for contract services. These donated services and contract services have been reflected in the financial statements as donated revenues, 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.