



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, 2008**

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, 2008**

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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, 2008, 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 October 22, 2007, we expressed an unqualified opinion on those financial statements. However, as discussed in Note 7 to the financial statements, Irvine Valley College Foundation has reclassified its beginning net assets at July 1, 2007.

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, 2008, 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

November 24, 2008

IRVINE VALLEY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2008

(with comparative totals as of June 30, 2007)

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	\$ 555,304	\$ 506,210
Investments, at fair value	485,805	470,725
Prepaid expenses	2,310	1,998
Total current assets	<u>\$ 1,043,419</u>	<u>\$ 978,933</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable	\$ 2,876	\$ 476
Trust accounts liability	2,106	2,387
Total current liabilities	<u>4,982</u>	<u>2,863</u>
Net Assets		
Unrestricted	97,340	133,452
Temporarily restricted	443,908	400,206
Permanently restricted	497,189	442,412
Total net assets	<u>1,038,437</u>	<u>976,070</u>
Total liabilities and net assets	<u>\$ 1,043,419</u>	<u>\$ 978,933</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, 2008

(with comparative totals for the fiscal year ended June 30, 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2008	2007
Support and revenue					
Support:					
Contributions	\$ 82,548	\$ 278,128	\$ 25,677	\$ 386,353	\$ 411,835
Fundraising	33,786	64,934		98,720	81,012
In-kind donations	3,293			3,293	31,755
Donated services	350,153			350,153	330,334
Donated legal fees/audit	8,795			8,795	5,250
Total support	<u>478,575</u>	<u>343,062</u>	<u>25,677</u>	<u>847,314</u>	<u>860,186</u>
Revenue:					
Interest and dividends	33,245			33,245	32,025
Unrealized gain on investments	(42,074)			(42,074)	37,008
Other revenue		89,414		89,414	92,055
Total revenue	<u>(8,829)</u>	<u>89,414</u>	<u>-</u>	<u>80,585</u>	<u>161,088</u>
Total support and revenue before net assets released from restrictions	469,746	432,476	25,677	927,899	1,021,274
Net assets released from restrictions	<u>370,679</u>	<u>(370,679)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue after net assets released from restrictions	<u>840,425</u>	<u>61,797</u>	<u>25,677</u>	<u>927,899</u>	<u>1,021,274</u>
Expenses					
Program services	510,427			510,427	492,904
Supporting services:					
Management and general	184,834			184,834	216,896
Fundraising	170,271			170,271	126,967
Total expenses	<u>865,532</u>	<u>-</u>	<u>-</u>	<u>865,532</u>	<u>836,767</u>
Change in net assets	<u>(25,107)</u>	<u>61,797</u>	<u>25,677</u>	<u>62,367</u>	<u>184,507</u>
Net assets					
Beginning, July 1	133,452	400,206	442,412	976,070	791,563
Reclassification (Note 7)	(11,005)	(18,095)	29,100	-	-
Beginning, July 1 as reclassified	<u>122,447</u>	<u>382,111</u>	<u>471,512</u>	<u>976,070</u>	<u>791,563</u>
Ending, June 30	<u>\$ 97,340</u>	<u>\$ 443,908</u>	<u>\$ 497,189</u>	<u>\$ 1,038,437</u>	<u>\$ 976,070</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, 2008
(with comparative totals for the fiscal year ended June 30, 2007)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2008</u>	<u>2007</u>
Salaries and benefits	\$ 69,548	\$ 176,039	\$ 104,566	\$ 350,153	\$ 330,334
Scholarship payments	157,941			157,941	159,940
Program activities	52,691		17,648	70,339	51,899
Professional fees	14,379			14,379	16,319
Contract services	51,390	8,795	25,326	85,511	81,373
Supplies and printing	81,900		884	82,784	53,245
Seminars and conferences	23,070			23,070	30,741
Dues and memberships	4,382		9,427	13,809	2,645
In-kind donations	3,292			3,292	31,755
Program equipment and software	21,692			21,692	22,637
General operating expenses	30,142		12,420	42,562	55,879
	<u>\$ 510,427</u>	<u>\$ 184,834</u>	<u>\$ 170,271</u>	<u>\$ 865,532</u>	<u>\$ 836,767</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, 2008

(with comparative totals for the fiscal year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ 62,367	\$ 184,507
Adjustment to reconcile change in net assets to net cash provided by operations		
Change in value on investments	42,074	(37,008)
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(312)	2,582
Increase (decrease) in accounts payable	2,400	(207)
(Decrease) in trust accounts liability	(281)	(4,915)
Net cash provided by operating activities	<u>106,248</u>	<u>144,959</u>
Cash flows from investing activities		
Reinvested interest and dividends	(33,245)	(32,025)
Purchase of investments	<u>(23,909)</u>	<u>(3,627)</u>
Net cash used by investing activities	<u>(57,154)</u>	<u>(35,652)</u>
Net increase in cash and cash equivalents	49,094	109,307
Cash and cash equivalents, beginning of year	<u>506,210</u>	<u>396,903</u>
Cash and cash equivalents, end of year	<u>\$ 555,304</u>	<u>\$ 506,210</u>

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, 2008

NOTE 1 – ORGANIZATION:

The Irvine Valley College Foundation (the 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 (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	\$ 337,302
Scholarships	<u>106,606</u>
	<u>\$ 443,908</u>

IRVINE VALLEY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

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	\$ 196,587
Scholarships	<u>300,602</u>
	<u>\$ 497,189</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, 2008

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

Donated Assets and Services

The Foundation records the value of donated services and facilities when there is an objective basis available to measure their 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 Allocation 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, 2007, from which the summarized information was derived.

IRVINE VALLEY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

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, 2008, the bank balance for the Foundation of \$167,710 was entirely insured and collateralized as described above. The book balance for the Foundation was \$69,124.

In addition, the Foundation maintains cash balances with a brokerage firm in excess of Securities Investor Protection Corporation ("SIPC") Limits. At June 30, 2008 unsecured brokerage deposits were \$386,180. The book balance for the Foundation was \$486,180. 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 (all level 1 measurements). The cost and fair values at June 30, 2008 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ <u>485,805</u>	\$ <u>485,805</u>
Change in value on investments		\$ (42,074)
Interest and dividend income		<u>33,245</u>
Investment income and losses		\$ <u>(8,829)</u>

NOTE 5 – TRUST ACCOUNTS:

The Foundation acts as a fiscal agent for organizations and groups of the Irvine Valley College. Accordingly, \$2,106 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, 2008

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$370,679 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

NOTE 7 – RECLASSIFICATION OF BEGINNING NET ASSETS:

The beginning net asset balances have been reclassified to reflect a change in allocation of total net assets. During the year, management reviewed their records and determined that permanently restricted net assets were understated by \$29,100 and the temporarily restricted and unrestricted balances were overstated by \$18,095 and \$11,005 respectively. The balances were reclassified as of July 1, 2007.

NOTE 8 – 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 \$350,153 of salaries and benefits and \$8,795 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.