



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, 2006

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, 2006**

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INDEPENDENT AUDITORS' REPORT

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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, 2006, and the related statements of activities 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 Foundation's financial statements and, in our report, dated September 22, 2005, 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, 2006, 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

September 20, 2006

IRVINE VALLEY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2006

(with comparative totals as of June 30, 2005)

ASSETS	2006	2005
Current assets:		
Cash and cash equivalents	\$ 396,903	\$ 387,449
Investments, at fair value	398,065	355,788
Prepaid expenses	4,580	
Total current assets	<u>\$ 799,548</u>	<u>\$ 743,237</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable	\$ 683	\$ 12,109
Trust accounts liability	7,302	232,336
Total current liabilities	<u>7,985</u>	<u>244,445</u>
Net Assets		
Unrestricted	72,153	95,563
Temporarily restricted	344,706	73,784
Permanently restricted	374,704	329,445
Total net assets	<u>791,563</u>	<u>498,792</u>
Total liabilities and net assets	<u>\$ 799,548</u>	<u>\$ 743,237</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, 2006
(with comparative totals for the fiscal year ended June 30, 2005)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				2006	2005
Support and revenue					
Support:					
Contributions	\$ 35,854	\$ 554,368	\$ 45,259	\$ 635,481	\$ 279,303
Fundraising	32,934	37,647		70,581	53,145
In-kind donations		17,868		17,868	
Donated services	288,697			288,697	264,770
Donated Legal Fees/Audit	6,400			6,400	9,549
Total support	<u>363,885</u>	<u>609,883</u>	<u>45,259</u>	<u>1,019,027</u>	<u>606,767</u>
Revenue:					
Interest and dividends	22,595	1,435		24,030	15,789
Unrealized gain (loss) on investments	1,608			1,608	10,596
Realized gain on investments					
Other revenue		40,403		40,403	5,299
Total revenue	<u>24,203</u>	<u>41,838</u>	<u>-</u>	<u>66,041</u>	<u>31,684</u>
Total support and revenue before net assets released from restrictions	388,088	651,721	45,259	1,085,068	638,451
Net assets released from restrictions	<u>380,799</u>	<u>(380,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue after net assets released from restrictions	<u>768,887</u>	<u>270,922</u>	<u>45,259</u>	<u>1,085,068</u>	<u>638,451</u>
Expenses					
Program services	520,719			520,719	354,523
Supporting services:					
Management and general	168,947			168,947	136,195
Fundraising	102,631			102,631	82,778
Total expenses	<u>792,297</u>	<u>-</u>	<u>-</u>	<u>792,297</u>	<u>573,496</u>
Change in net assets	(23,410)	270,922	45,259	292,771	64,955
Net assets					
Beginning, July 1	95,563	73,784	329,445	498,792	433,837
Ending, June 30	<u>\$ 72,153</u>	<u>\$ 344,706</u>	<u>\$ 374,704</u>	<u>\$ 791,563</u>	<u>\$ 498,792</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, 2006
(with comparative totals for the fiscal year ended June 30, 2005)

	Program Services	Management and General	Fundraising	Total	
				2006	2005
Salaries and benefits	\$ 58,867	\$ 142,976	\$ 86,854	\$ 288,697	\$ 264,770
Scholarship payments	215,755			215,755	194,460
Program activities	48,984			48,984	27,374
Professional fees	2,520	2,513	1,527	6,560	9,790
Contract services	21,127	23,458	14,250	58,835	12,858
Supplies and printing	45,981			45,981	15,265
Seminars and conferences	43,204			43,204	6,383
Dues and memberships	5,107			5,107	395
In-kind donations	17,868			17,868	
Program equipment and software	18,898			18,898	16,516
General operating expenses	42,408			42,408	25,685
	<u>\$ 520,719</u>	<u>\$ 168,947</u>	<u>\$ 102,631</u>	<u>\$ 792,297</u>	<u>\$ 573,496</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, 2006

(with comparative totals for the fiscal year ended 2005)

	2006	2005
Cash flows from operating activities		
Change in net assets	\$ 292,771	\$ 64,955
Adjustment to reconcile change in net assets to net cash provided (used) by operations		
Unrealized gain on investments	(1,608)	(10,596)
Changes in operating assets and liabilities:		
(Increase) in prepaid expenses	(4,580)	-
(Decrease) increase in accounts payable	(11,426)	10,302
(Decrease) in trust accounts liability	(225,034)	(12,733)
Net cash provided by operating activities	50,123	51,928
Cash flows from investing activities		
Reinvested interest and dividends	(24,030)	(15,789)
Purchase of investments	(16,639)	3,354
Net cash used by investing activities	(40,669)	(12,435)
Net increase in cash and cash equivalents	9,454	39,493
Cash and cash equivalents, beginning of year	387,449	347,956
Cash and cash equivalents, end of year	\$ 396,903	\$ 387,449

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, 2006

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 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	\$ 306,274
Scholarships	<u>38,432</u>
	<u>\$ 344,706</u>

IRVINE VALLEY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2006

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	\$ 135,445
Scholarships	<u>239,259</u>
	\$ <u>374,704</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.

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, 2006

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, 2005, from which the summarized information was derived.

IRVINE VALLEY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2006

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

Reclassifications

Certain June 30, 2005 amounts have been reclassified to conform with the June 30, 2006 presentation.

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, 2006, the bank balance for the Foundation of \$449,025 was entirely insured and collateralized as described above. The book balance for the Foundation was \$396,903.

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 marketable securities in mutual funds. The cost and fair values at June 30, 2006 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equity securities	\$ <u>398,065</u>	\$ <u>398,065</u>
Realized and unrealized gain on investments		\$ 1,608
Interest and dividend income		<u>24,030</u>
Investment income		\$ <u>25,638</u>

NOTE 5 – TRUST ACCOUNTS:

The Foundation acts as a fiscal agent for organizations and groups of Irvine Valley College. Accordingly, \$7,302 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, 2006

NOTE 6 – RECLASSIFICATION OF NET ASSETS:

During the year, management reviewed their records and determine that some net assets previously reported as temporarily restricted were in actually permanently restricted. As reclassifications have no net effect on the total net assets of the Foundation as a whole, the balance were reclassified as of July 1, 2005 as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Balance as previously reported	\$ 403,229	\$
Reclassification of net assets	<u>(329,445)</u>	<u>329,445</u>
Balance, June 30, 2005	<u>\$ 73,784</u>	<u>\$ 329,445</u>

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$380,799 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

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 \$288,697 of salaries and benefits and \$6,400 for contract services. These donated services, contract services and facilities have been reflected in the financial statements as revenues under donated services, donated services provided by the District and donated facilities, and as expenses under salaries and benefits, facilities and contract services.