

**VIETNAMESE COMMUNITY
OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Financial Position June 30, 2012.....	3
Statement of Activities For the Year Ended June 30, 2012	4
Statement of Cash Flows For the Year Ended June 30, 2012	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
Schedule of Allocations Received and Expended, by Project Year	8
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

We have audited the accompanying statement of financial position of the Transportation Development Act (TDA) Article 4.5 Funds (Funds) of the Vietnamese Community of Orange County, Inc. (VNCOC) a non-profit corporation, and a subrecipient of the City of Santa Ana, California (City), as of June 30, 2012, and the related statements of activities and cash flows, for the year then ended. These financial statements are the responsibility of the management of VNCOC. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VNCOC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present the TDA Funds of VNCOC only and do not purport to, and do not, present fairly the financial position of VNCOC as of June 30, 2012, 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.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the TDA Funds of VNCOC as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2012 on our consideration of VNCOC's internal control over financial reporting for the TDA Funds, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements of the TDA Funds. The accompanying schedule of allocations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of allocations is fairly stated, in all material respects in relation to the financial statements taken as a whole.



Laguna Hills, California

December 3, 2012

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUND**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012**

	<u>Article 4.5</u>
ASSETS	
Cash and Cash Equivalents	\$ -
LIABILITIES AND NET ASSETS	
Accounts Payable	\$ -
NET ASSETS	
Temporarily Restricted	\$ -
 Total Liabilities and Net Assets	 \$ -

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

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
TDA Allocation	\$ -	\$ 71,848	\$ 71,848
Local Match	-	18,634	18,634
Released from Temporary Restriction	<u>90,482</u>	<u>(90,482)</u>	<u>-</u>
Total Public Support and Revenue	<u>90,482</u>	<u>-</u>	<u>90,482</u>
EXPENSES			
Program Services:			
TDA Expenses	<u>90,482</u>	<u>-</u>	<u>90,482</u>
Total Expenses	<u>90,482</u>	<u>-</u>	<u>90,482</u>
Change in Net Assets	-	-	-
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	-
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities		-
Net cash flows from operating activities		-
Net change in cash and cash equivalents		-
Cash and cash equivalents, beginning of year		-
Cash and cash equivalents, end of year	\$	-

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

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements are intended to reflect the financial position and results of operations of the Vietnamese Community of Orange County, Inc. (VNCOC) Transportation Development Act (TDA) Article 4.5 Funds (Funds) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of VNCOC and changes in net assets and cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

On June 17, 2002, VNCOC entered into a Cooperative Agreement (Agreement) with OCTA and the City of Santa Ana (City) to provide transportation services to eligible individuals in accordance with Section 99275 of the California Public Utilities Code (Code). The Agreement extends through June 30, 2012. The Agreement provides that all TDA Program monies are to be passed through the City to VNCOC. According to the Code, TDA Program funds may only be expended for community transit services, including services for the disabled who cannot use conventional transit services. In accordance with the Agreement, VNCOC is required to provide matching funds equal to 20% of the allocation amount. VNCOC satisfied its required match of the fiscal year ended June 30, 2012.

Nature of Activities

VNCOC was incorporated on May 25, 1979 as a not-for-profit organization and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. VNCOC's purpose is to serve as an educational and charitable organization providing guidance, training and social services, including transportation, to persons of Vietnamese descent and other minorities to assist in their integration into mainstream life in American society.

For information regarding VNCOC's financial position and activities contact VNCOC's management at 1618 West First Street, Santa Ana, California.

Financial Statement Presentation and Basis of Accounting

The TDA Funds financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The TDA Funds are required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The TDA Funds report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. Unrestricted Net Assets are the net assets that are neither permanently restricted nor temporarily restricted by donor imposed stipulations. Temporarily Restricted Net Assets are net assets that result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of VNCOC pursuant to those stipulations. Permanently Restricted Net Assets are net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the action of VNCOC.

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Program Expenses

The TDA Funds support the Senior Mobility Program which provides transportation to seniors within the local community. The costs to support the program include support staff, vehicle maintenance, and administrative costs, which are all considered direct expenses by VNCOC.

Income Taxes

VNCOC is exempt from Federal income and California franchise taxes under Section 501(c) (3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements.

Statement of Cash Flows

The indirect method is used to report cash flows from operating activities. Cash and cash equivalents include short term highly liquid cash balances with maturities less than 90 days, not restricted by donors for specific purposes.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

Cash and investments are pooled to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Funds based upon the average cash balance. The investment policies and any related risks, applicable to the TDA Funds, are those of VNCOC and are disclosed in VNCOC's basic financial statements. VNCOC's basic financial statements can be obtained at VNCOC, Santa Ana, California.

In-kind Contributions

In-kind contributions consist of an allocation of office space, volunteer services, and 7% of an Operation Manager's salary. The non-skilled services that were donated included general receptionist duties and scheduling trips for seniors. In-kind contributions are used to help satisfy VNCOC's required 20% match.

NOTE 2 – SUBSEQUENT EVENTS

VNCOC'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 December 3, 2012, 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.

SUPPLEMENTARY INFORMATION

**VIETNAMESE COMMUNITY OF ORANGE COUNTY, INC.
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
YEAR ENDED JUNE 30, 2012**

<u>Project Description</u>	<u>Project Type</u>	<u>Year Allocated</u>	<u>Allocation Amount</u>	<u>Unspent Allocations at 06/30/2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Unspent Allocations at 06/30/2012</u>	<u>Project Status</u>
Senior Transportation Program	Local	2011-12	\$ 71,848	\$ -	\$ 71,848	\$ 71,848	\$ -	Completed
Totals			<u>\$ 71,848</u>	<u>\$ -</u>	<u>\$ 71,848</u>	<u>\$ 71,848</u>	<u>\$ -</u>	



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the Transportation Development Act (TDA) Article 4.5 Funds (Funds) of Vietnamese Community of Orange County, Inc. (VNCOC) a non-profit corporation, and a subrecipient of the City of Santa Ana, California (City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. Our report included an explanatory paragraph stating that the financial statements of the TDA Funds do not purport to, and do not, present fairly the financial position of VNCOC as of June 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of VNCOC is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered VNCOC's internal control over financial reporting of the TDA Funds as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of VNCOC's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of VNCOC's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting of the TDA Program of VNCOC that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of VNCOC are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the Orange County Transportation Authority (OCTA), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the requirements of Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the OCTA.

This report is intended solely for the information of management of VNCOC, Inc., the City of Santa Ana, and OCTA and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinch, Train, Day & Co., LLP

Laguna Hills, California
December 3, 2012