



Financial Statements  
June 30, 2023 and 2022

# Santiago Canyon College Foundation

Santiago Canyon College Foundation

Table of Contents  
June 30, 2023 and 2022

---

Independent Auditor’s Report .....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9



## Independent Auditor's Report

The Board of Directors  
Santiago Canyon College Foundation  
Orange, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Santiago Canyon College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Santiago Canyon College Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities of the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Eide Bailly LLP*

Rancho Cucamonga, California  
December 1, 2023

Santiago Canyon College Foundation  
 Statements of Financial Position  
 June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 250,713	\$ 333,046
Accounts receivable	5,000	1,298
Total current assets	255,713	334,344
Noncurrent assets		
Investments	1,682,172	1,593,630
Beneficial interest in assets held by the Foundation for California Community Colleges	108,584	103,789
Total noncurrent assets	1,790,756	1,697,419
Total assets	\$ 2,046,469	\$ 2,031,763
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 98	\$ -
Due to Rancho Santiago Community College District	46,049	-
Total current liabilities	46,147	-
Net assets		
Without donor restrictions	974,729	1,012,105
With donor restrictions	1,025,593	1,019,658
Total net assets	2,000,322	2,031,763
Total liabilities and net assets	\$ 2,046,469	\$ 2,031,763

Santiago Canyon College Foundation

Statements of Activities

Years Ended June 30, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 30,263	\$ 135,149	\$ 165,412
Grants	-	-	-
Donated salaries and benefits	287,253	-	287,253
Donated facility use	29,448	-	29,448
In-kind donations	7,065	-	7,065
Special events	67,976	335	68,311
Assets released from restrictions	186,906	(186,906)	-
Total revenues	<u>608,911</u>	<u>(51,422)</u>	<u>557,489</u>
Expenses			
Program	198,911	-	198,911
Management and general	406,436	-	406,436
Fundraising	112,541	-	112,541
Total expenses	<u>717,888</u>	<u>-</u>	<u>717,888</u>
Other Income			
Realized gain on sale of investments	2,011	2,332	4,343
Unrealized gain on investments	45,294	33,877	79,171
Interest and dividends, net of expenses	24,296	16,353	40,649
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	4,795	4,795
Total other income	<u>71,601</u>	<u>57,357</u>	<u>128,958</u>
Change in Net Assets	(37,376)	5,935	(31,441)
Net Assets, Beginning of Year	<u>1,012,105</u>	<u>1,019,658</u>	<u>2,031,763</u>
Net Assets, End of Year	<u>\$ 974,729</u>	<u>\$ 1,025,593</u>	<u>\$ 2,000,322</u>

Santiago Canyon College Foundation

Statements of Activities

Years Ended June 30, 2023 and 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 28,117	\$ 152,644	\$ 180,761
Grants	-	15,000	15,000
Donated salaries and benefits	332,479	-	332,479
Donated facility use	27,974	-	27,974
In-kind donations	-	-	-
Special events	46,853	-	46,853
Assets released from restrictions	167,948	(167,948)	-
Total revenues	<u>603,371</u>	<u>(304)</u>	<u>603,067</u>
Expenses			
Program	197,922	-	197,922
Management and general	262,690	-	262,690
Fundraising	163,805	-	163,805
Total expenses	<u>624,417</u>	<u>-</u>	<u>624,417</u>
Other Income (Expense)			
Realized gain on sale of investments	28,983	25,191	54,174
Unrealized loss on investments	(186,974)	(136,617)	(323,591)
Interest and dividends, net of expenses	37,674	26,414	64,088
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	(21,862)	(21,862)
Total other income (expense)	<u>(120,317)</u>	<u>(106,874)</u>	<u>(227,191)</u>
Change in Net Assets	(141,363)	(107,178)	(248,541)
Net Assets, Beginning of Year	<u>1,153,468</u>	<u>1,126,836</u>	<u>2,280,304</u>
Net Assets, End of Year	<u>\$ 1,012,105</u>	<u>\$ 1,019,658</u>	<u>\$ 2,031,763</u>

Santiago Canyon College Foundation  
 Statements of Functional Expenses  
 Years Ended June 30, 2023 and 2022

	2023			
	Program	Management and General	Fundraising	Total
Donated salaries and benefits	\$ -	\$ 242,199	\$ 45,054	\$ 287,253
Donated facility use	-	20,614	8,834	29,448
Board expenses	-	-	-	-
Scholarships and grants	97,700	-	-	97,700
Information technology	-	10,627	-	10,627
Conferences and meetings	-	2,020	-	2,020
Dues, memberships, and subscriptions	-	3,585	-	3,585
Food and food services	603	1,535	18,785	20,923
Awards and incentives	3,550	-	-	3,550
Bank/credit card fee	7,954	-	47	8,001
Public relations and advertising	-	-	600	600
Postage and printing	-	13	2,354	2,367
College support	345	-	-	345
Contracted services	45	124,037	26,806	150,888
Supplies	232	1,660	2,046	3,938
Donor cultivation	-	-	984	984
Pass through program funds	83,046	-	-	83,046
Other expenses	5,436	146	7,031	12,613
<b>Total expenses</b>	<b>\$ 198,911</b>	<b>\$ 406,436</b>	<b>\$ 112,541</b>	<b>\$ 717,888</b>



Santiago Canyon College Foundation  
 Statements of Functional Expenses  
 Years Ended June 30, 2023 and 2022

	2022			
	Program	Management and General	Fundraising	Total
Donated salaries and benefits	\$ -	\$ 215,552	\$ 116,927	\$ 332,479
Donated facility use	-	19,624	8,350	27,974
Board expenses	-	320	-	320
Scholarships and grants	137,837	1,200	-	139,037
Information technology	-	10,666	-	10,666
Conferences and meetings	58	637	-	695
Dues, memberships, and subscriptions	-	2,863	-	2,863
Food and food services	13,780	142	12,403	26,325
Awards and incentives	3,875	-	-	3,875
Bank/credit card fee	853	-	1,085	1,938
Public relations and advertising	1,905	-	-	1,905
Postage and printing	621	-	72	693
College support	1,815	-	350	2,165
Contracted services	1,006	11,108	13,057	25,171
Supplies	7,946	578	11,151	19,675
Donor cultivation	-	-	410	410
Pass through program funds	21,091	-	-	21,091
Other expenses	7,135	-	-	7,135
	<u>\$ 197,922</u>	<u>\$ 262,690</u>	<u>\$ 163,805</u>	<u>\$ 624,417</u>
Total expenses	<u>\$ 197,922</u>	<u>\$ 262,690</u>	<u>\$ 163,805</u>	<u>\$ 624,417</u>

## Santiago Canyon College Foundation

Statements of Cash Flows  
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ (31,441)	\$ (248,541)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized (gain) loss on investments	(79,171)	323,591
Realized gain on sale of investments	(4,343)	(54,174)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(4,795)	21,862
Changes in assets and liabilities		
Accounts receivable	(3,702)	(1,298)
Prepaid expenses	-	5,058
Accounts payable	98	(2,784)
Deferred revenue	-	(1,490)
Due to Rancho Santiago Community College District	46,049	-
Net Cash Flows from Operating Activities	(77,305)	42,224
Investing Activities		
Proceeds from sale of investments	456,579	531,914
Purchase of investments	(461,607)	(517,237)
Net Cash Flows From Investing Activities	(5,028)	14,677
Net Change in Cash and Cash Equivalents	(82,333)	56,901
Cash and Cash Equivalents, Beginning of Year	333,046	276,145
Cash and Cash Equivalents, End of Year	\$ 250,713	\$ 333,046

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

Santiago Canyon College Foundation (the Foundation) is a nonprofit organization founded on May 12, 1998, for the purpose of receiving contributions for the support and advancement of education on behalf of Santiago Canyon College (the College). The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the College.

**Financial Statement Presentation**

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the College are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

**Net Asset Accounting**

Net assets, 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 operations and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

*Net Assets with Donor Restrictions* – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Fair Value Measurements**

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. The fair value of investments in partnerships and real estate held as investments is estimated using private valuations of the securities or properties held. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

### **Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. In the years ended June 30, 2023 and 2022, the Foundation did not receive any conditional promises to give.

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. The Foundation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as net assets without donor restrictions.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis. Certain reclassifications may have been made to conform with the current year presentation.

### **Donated Assets, Services, and In-Kind Contributions**

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

During the year, office space is provided by the District on behalf of the Foundation. At June 30, 2023 and 2022, donated facilities usage was valued at \$29,448 and \$27,974, respectively, and was recognized in the financial statements as in-kind donation revenue and in-kind expenses. Donated facilities are presented at the fair market value of the facilities for the year.

Donated services include the value of Foundation services paid for by the District as part of its master agreement with the Foundation. At June 30, 2023 and 2022, services were valued at \$287,253 and \$332,479, respectively. Donated services are based on the fair value of comparable services provided by third parties. Donated services were recognized in the financial statements as in-kind donation revenue and in-kind services and allocated to the Foundation's programs.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles, requires the Foundation to make estimates and assumptions that affect reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences 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 has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). 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.

### **Cash and Cash Equivalents**

Cash and cash equivalents are defined as all checking and money market accounts with an original maturity of 90 days or less. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2023 and 2022, the Foundation had cash balances of \$59,922 and \$37,997, respectively, held in financial institutions in excess of Federal depository insurance coverage. Management believes credit risk is limited.

### **Beneficial Interest in Assets held by Community Foundation**

During 2008, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. Variance power was granted to the CF which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the CF for the Foundation's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income (interest and dividends) is included in the change in net assets from operations unless the gain or loss is restricted by donor or law.

Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values. At June 30, 2023 and 2022, the Foundation had investment balances in the amount of \$1,197,885 and \$1,160,057, respectively, held in the financial institution in excess of the SIPC coverage. Management believes credit risk is limited.

**Accounts Receivable**

Accounts receivables are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debts. At June 30, 2023 and 2022, management had determined all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Accounts Payable and Current Liabilities**

Accounts payable balance consists of expenditures incurred prior to fiscal year end, but not yet paid. Due to Rancho Santiago Community College District (the District) balance consists of fundraising expenditures owed to the District.

**Allocation of Functional Expenses**

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program, management and general, and fundraising activities occurring.

**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 comprise of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 250,713	\$ 333,046
Accounts receivable	5,000	1,298
Investments	<u>765,163</u>	<u>677,761</u>
Total financial assets available within one year	<u>\$ 1,020,876</u>	<u>\$ 1,012,105</u>

### 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 cash deposits and disbursements to related receipts and disbursement records.

### Note 3 - Investments

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2023:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Bonds	\$ 498,855	\$ 523,443	\$ 24,588
Equity	599,162	628,794	29,632
Exchange traded funds	504,984	529,935	24,951
Total	<u>\$ 1,603,001</u>	<u>\$ 1,682,172</u>	<u>\$ 79,171</u>

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2022:

	Adjusted Cost	Fair Market Value	Unrealized Loss
Bonds	\$ 569,480	\$ 473,654	\$ (95,826)
Equity	932,749	775,082	(157,667)
Exchange traded funds	414,992	344,894	(70,098)
Total	<u>\$ 1,917,221</u>	<u>\$ 1,593,630</u>	<u>\$ (323,591)</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Realized gain on sale of investments	\$ 4,343	\$ 54,174
Unrealized gain (loss) on investments	79,171	(323,591)
Interest and dividends	<u>50,402</u>	<u>75,196</u>
Total investment income	<u>133,916</u>	<u>(194,221)</u>
Investment expenses	<u>(9,753)</u>	<u>(11,108)</u>
Total investment income, net of expenses	<u>\$ 124,163</u>	<u>\$ (205,329)</u>

#### Note 4 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. The following provides a summary of the hierarchical levels used to measure fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.



**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2023. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2023.

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets			
Bonds	\$ 523,443	\$ -	\$ 523,443
Equity	628,794	-	628,794
Exchange traded funds	529,935	-	529,935
Beneficial interest in assets held by the Foundation for California Community Colleges	-	108,584	108,584
Total	<u>\$ 1,682,172</u>	<u>\$ 108,584</u>	<u>\$ 1,790,756</u>

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2022.

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets			
Bonds	\$ 473,654	\$ -	\$ 473,654
Equity	775,082	-	775,082
Beneficial interest in assets held by the Foundation for California Community Colleges	344,894	-	344,894
	-	103,789	103,789
Total	<u>\$ 1,593,630</u>	<u>\$ 103,789</u>	<u>\$ 1,697,419</u>

**Note 5 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges-Osher Endowment Scholarship**

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the Foundation and its donors have contributed \$94,792. As of June 30, 2023 and 2022, the ending balance of the Osher Endowment Scholarship were \$108,584 and \$103,789, respectively. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

**Note 6 - Net Assets with Donor Restrictions**

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2023:

Scholarships	\$ 853,064
Others	<u>63,945</u>
Total	<u><u>\$ 917,009</u></u>

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2023:

Beneficial interest in assets held by the Foundation for California Community Colleges	<u>\$ 108,584</u>
---	-------------------

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2022:

Scholarships	\$ 795,990
Others	<u>119,879</u>
Total	<u><u>\$ 915,869</u></u>

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2022:

Beneficial interest in assets held by the Foundation for California Community Colleges	<u>\$ 103,789</u>
---	-------------------

**Note 7 - Net Assets Released from Restriction**

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes were as listed below at June 30, 2023:

Scholarships	\$ 97,700
Pass through program funds	82,971
Other program expenses	5,844
Other fundraising expenses	<u>391</u>
Total	<u><u>\$ 186,906</u></u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes were as listed below at June 30, 2022:

Scholarships	\$ 131,050
Pass through program funds	18,292
Other program expenses	<u>18,606</u>
Total	<u>\$ 167,948</u>

### Note 8 - Donor Designated Endowments

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The mission of the Foundation and the purpose of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and/or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policy of the Foundation

### Risk Objectives and Risk Parameters

The Foundation has adopted an investment policy which actively safeguards the assets while maintaining some growth to ensure the donations will provide a benefit to the college and its student population. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to prudently invest in financial instruments which provide a reasonable measure of principal stability. Actual returns in any given year may vary from this amount.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation targets a diversified asset allocation within prudent risk constraints.

**Spending Policy**

The Foundation's spending policy requires a target total return of 7.75%. The target distribution rate of 4.00% will be calculated over a trailing twelve quarter period for endowment funds with a historical gift balance of eighty percent or greater.

**Funds with Deficiencies**

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023 and 2022, there were no funds with original gift values that exceeded their fair values.

Changes in endowment net assets as of June 30, 2023, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 103,789
Investment income	3,457
Net appreciation	7,405
Distributions	<u>(6,067)</u>
Endowment net assets, end of year	<u>\$ 108,584</u>

Changes in endowment net assets as of June 30, 2022, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 125,651
Investment income	6,684
Net appreciation	(22,946)
Distributions	<u>(5,600)</u>
Endowment net assets, end of year	<u>\$ 103,789</u>

**Note 9 - Related Party Transactions**

During the year, many individuals, District staff, and administrators donate significant amounts of time and services to the Foundation in an effort to advance the programs and objectives of the Foundation. Donated services are reflected in the accompanying statements when the criteria for recognition have been met and are recorded at fair value. Donated services include the value of Foundation services paid for salaries and benefits by the District. These services were valued at \$287,253 and \$332,479, respectively, for the June 30, 2023 and 2022, fiscal years, and are recognized in the financial statements as donated salaries and benefits and an operating expense. The District also donated use of its facilities valued in the amount of \$29,448 and \$27,974, respectively, for the June 30, 2023 and 2022 fiscal years. The facility use was recognized as donated facility use revenue and as an operating expense.

**Note 10 - Subsequent Events**

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2023 through December 1, 2023, 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.