



Financial Statements

June 30, 2019 (With Summarized Totals for 2018)

**Santiago Canyon College Foundation**  
**(A California Nonprofit Corporation)**

**SANTIAGO CANYON COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR 2018)**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Santiago Canyon College Foundation  
Orange, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Santiago Canyon College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Santiago Canyon College Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Foundation has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018, financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

The financial statements of the Foundation as of and for the year ended June 30, 2018, were audited by CliftonLarsonAllen LLP, whose report dated November 20, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in dark ink and is positioned above the typed name of the firm.

Rancho Cucamonga, California  
December 2, 2019

**SANTIAGO CANYON COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR 2018)**

	2019	2018
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 245,058	\$ 256,594
Accounts receivable	666	-
Total Current Assets	245,724	256,594
Noncurrent Assets		
Investments	1,474,306	1,398,498
Beneficial interest in assets held by the Foundation for California Community Colleges	108,513	107,720
Total Noncurrent Assets	1,582,819	1,506,218
Total Assets	\$ 1,828,543	\$ 1,762,812
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 15,984	\$ 1,825
 <b>NET ASSETS</b>		
Without donor restrictions	970,175	899,119
With donor restrictions	842,384	861,868
Total Net Assets	1,812,559	1,760,987
Total Liabilities and Net Assets	\$ 1,828,543	\$ 1,762,812

See the accompanying notes to financial statements.

**SANTIAGO CANYON COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Contributions	\$ 30,856	\$ 350,067	\$ 380,923	\$ 358,103
Donated salaries and benefits	133,512	-	133,512	106,355
Donated services	6,650	-	6,650	-
Special events	-	31,442	31,442	44,268
Miscellaneous revenue	6,989	-	6,989	-
Assets released from restrictions	433,609	(433,609)	-	-
Total Revenues	<u>611,616</u>	<u>(52,100)</u>	<u>559,516</u>	<u>508,726</u>
<b>EXPENSES</b>				
Program	462,653	-	462,653	367,916
Management and general	62,885	-	62,885	80,865
Fundraising	72,634	-	72,634	48,319
Total Expenses	<u>598,172</u>	<u>-</u>	<u>598,172</u>	<u>497,100</u>
<b>OTHER INCOME (EXPENSE)</b>				
Realized gain (loss) on sale of investments	(6,555)	(4,683)	(11,238)	49,862
Unrealized gain on investments	43,690	25,918	69,608	5,145
Interest and dividends, net of expenses	20,477	10,588	31,065	34,207
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	793	793	1,487
Total Other Income (Expense)	<u>57,612</u>	<u>32,616</u>	<u>90,228</u>	<u>90,701</u>
<b>CHANGE IN NET ASSETS</b>	71,056	(19,484)	51,572	102,327
<b>NET ASSETS, BEGINNING OF YEAR</b>	899,119	861,868	1,760,987	1,658,660
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 970,175</u>	<u>\$ 842,384</u>	<u>\$ 1,812,559</u>	<u>\$ 1,760,987</u>

See the accompanying notes to financial statements.

**SANTIAGO CANYON COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 51,572	\$ 102,327
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized gain on investments	(69,608)	(5,145)
Realized (gain) loss on sale of investments	11,238	(49,862)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(793)	(1,487)
Changes in Assets and Liabilities		
Accounts receivable	(666)	(800)
Prepaid expenditures	-	14,891
Accounts payable	14,159	(15,684)
Net Cash Flows From Operating Activities	5,902	44,240
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds (sale) of investments	(17,438)	16,429
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,536)	60,669
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	256,594	195,925
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 245,058	\$ 256,594

See the accompanying notes to financial statements.

**SANTIAGO CANYON COLLEGE FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH SUMMARIZED TOTALS FOR 2018)**

	2019				2018
	Program	Management and General	Fundraising	Total	Total
Donated salaries and benefits	\$ 78,132	\$ 18,988	\$ 36,392	\$ 133,512	\$ 106,355
Donated services	6,650	-	-	6,650	-
Salaries and benefits	-	16,430	-	16,430	-
Scholarships and grants	301,035	-	-	301,035	300,150
Advertising and promotion	-	-	-	-	2,205
Office Expenses	6,063	242	7,872	14,177	15,484
Information technology	-	14,442	-	14,442	11,281
Equipment	-	-	-	-	232
Conferences and meetings	2,063	3,790	-	5,853	2,469
Dues, memberships, and subscriptions	-	2,775	520	3,295	-
Food and food services	22,413	5,249	8,765	36,427	-
Awards and incentives	1,525	-	-	1,525	-
Postage and printing	936	54	2,895	3,885	2,254
College Support	20,750	-	-	20,750	21,128
Contracted services	-	118	16,050	16,168	21,989
Shipping and delivery	-	-	-	-	168
Other expenses	23,086	797	140	24,023	13,385
TOTAL EXPENSES	<u>\$ 462,653</u>	<u>\$ 62,885</u>	<u>\$ 72,634</u>	<u>\$ 598,172</u>	<u>\$ 497,100</u>

See the accompanying notes to financial statements.



**SANTIAGO CANYON COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

***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 District). The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the District.

**Financial Statement Presentation**

The Foundation and the District are financial interrelated organizations as defined by Accounting Standards Codification (ASC) Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) has established the ASC as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

Net assets and 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 use and not subject to donor restrictions. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation.

*Net Assets With Donor Restrictions* - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**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.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Revenue and Revenue Recognition**

The Foundation receives substantially all of its revenue from direct donations, pledges, and corporate grants. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

**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 and Services**

The Foundation records the value of donated assets when there is an objective basis available to measure their value. Donated assets are capitalized at the stated donated value and depreciated in accordance with Foundation policies, unless they are passed through to the District.

**Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management 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.

**Income Taxes**

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code.

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.

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The Foundation's Federal informational tax returns for the years ended June 30, 2016, 2017, and 2018, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2015, 2016, 2017, and 2018, are open to audit by State authorities.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with original maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2019 and 2018, the Foundation had \$11,027 in cash balances held in financial institutions in excess of Federal depository insurance coverage.

**Investments**

Investments in marketable securities with readily determinable fair values are presented at their fair values in the statements 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.

**Accounts Receivable**

Accounts receivable 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, 2019, management had determined all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Functional Allocation of Expenses**

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, based upon management's estimates, certain costs have been allocated among the programs, management and general, and fundraising activities.

**Change in Accounting Principle**

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 changes the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Under this guidance, the Foundation is required to present two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the previously required three classes (unrestricted, temporarily restricted, and permanently restricted).

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

The Foundation has implemented the provisions of this ASU as of June 30, 2019, because management believes it approves the Foundation's financial reporting.

**New Accounting Pronouncements**

In February 2016, FASB issued ASU 2016-02, Leases (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Although the full impact of this Update on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the Update apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

**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:

	2019	2018
Cash and cash equivalents	\$ 245,058	\$ 256,594
Accounts receivable	666	-
Investments	631,922	536,630
Total Financial Assets Available Within One Year	\$ 877,646	\$ 793,224

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 - NET ASSETS WITH DONOR RESTRICTIONS**

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2019:

Scholarships	\$	640,708
Osher scholarships		13,721
Others		60,100
Total Donor-Restricted Net Assets	\$	<u><u>714,529</u></u>

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2018:

Scholarships	\$	622,582
Osher scholarships		12,928
Others		98,503
Total Donor-Restricted Net Assets	\$	<u><u>734,013</u></u>

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2019:

Endowed scholarships	\$	33,063
Osher scholarships		94,792
Total Donor-Restricted Net Assets	\$	<u><u>127,855</u></u>

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2018:

Endowed scholarships	\$	33,063
Osher scholarships		94,792
Total Donor-Restricted Net Assets	\$	<u><u>127,855</u></u>

**SANTIAGO CANYON COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 - RELATED PARTY**

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 \$133,512 and \$106,355, respectively, for the June 30, 2019 and 2018, fiscal years, and are recognized in the financial statements as donation revenue and an operating expense.

**NOTE 5 - INVESTMENTS**

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2019:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Bonds	\$ 515,300	\$ 540,723	\$ 25,423
Equity	475,615	499,244	23,629
Exchange traded funds	413,783	434,339	20,556
Total	<u>\$ 1,404,698</u>	<u>\$ 1,474,306</u>	<u>\$ 69,608</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2019 and 2018:

	2019	2018
Realized gain (loss) on investments, net	\$ (11,238)	\$ 49,862
Unrealized loss on investments, net	69,608	5,145
Interest and dividends	37,825	46,494
Total Investment Income	<u>96,195</u>	<u>101,501</u>
Investment expenses	<u>(6,760)</u>	<u>(12,287)</u>
Total Investment Income, Net of Expenses	<u>\$ 89,435</u>	<u>\$ 89,214</u>

**SANTIAGO CANYON COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

***NOTE 6 - INVESTMENT SECURITIES***

**Market Value of Financial Assets and Liabilities**

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**SANTIAGO CANYON COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2019.

	Level 1	Level 2	Total
Assets			
Bonds	\$ 540,723	\$ -	\$ 540,723
Equity	499,244	-	499,244
Exchange traded funds	434,339	-	434,339
Beneficial interest in assets held by the Foundation for Community Colleges Osher Endowment Scholarship Fund	108,513	-	108,513
Total	\$ 1,582,819	\$ -	\$ 1,582,819

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2018. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2018.

	Level 1	Level 2	Total
Assets			
Cash and cash equivalents	\$ 67,327	\$ -	\$ 67,327
Equity	176,543	-	176,543
Exchange traded funds	282,334	-	282,334
Mutual funds	-	872,294	872,294
Beneficial interest in assets held by the Foundation for Community Colleges Osher Endowment Scholarship Fund	107,720	-	107,720
Total	\$ 633,924	\$ 872,294	\$ 1,506,218



**SANTIAGO CANYON COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

***NOTE 7 - 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 College and its donors have contributed \$94,792. As of June 30, 2019 and 2018, the ending balance of the Osher Endowment Scholarship was \$108,513 and \$107,720, 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 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, 2019 and 2018, 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:

- a. The duration and preservation of the fund
- b. The mission of the Foundation and the purpose of the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and/or deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. 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.

**SANTIAGO CANYON COLLEGE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 percent. The target distribution rate of 4.00 percent 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, 2019 and 2018, there were no funds with original gift values that exceeded their fair values.

Changes in endowment net assets as of June 30, 2019, are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 107,720
Investment income	2,336
Net appreciation	3,590
Distributions	(5,133)
Endowment net assets, end of year	\$ 108,513

Changes in endowment net assets as of June 30, 2018, are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 106,233
Investment income	1,742
Net appreciation	4,878
Distributions	(5,133)
Endowment net assets, end of year	\$ 107,720

**SANTIAGO CANYON COLLEGE FOUNDATION**  
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***NOTE 9 - ADJUSTMENT RESULTING FROM CHANGE IN ACCOUNTING PRINCIPLE***

As disclosed in Note 1, the Foundation adopted the provisions of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of June 30, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Foundation's June 30, 2018, net assets.

The effect on the Foundation's statement of activities as of June 30, 2018, is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Adjusted</u>
Net Assets, End of the Year			
Unrestricted	\$ 899,119	\$ (899,119)	\$ -
Temporarily restricted net assets	734,013	(734,013)	-
Permanently restricted net assets	127,855	(127,855)	-
Net assets without donor restrictions	-	899,119	899,119
Net assets with donor restrictions	-	861,868	861,868

***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, 2019 through December 2, 2019, 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.