

Financial Statements
June 30, 2025 and 2024

Santa Ana College Foundation

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

To the Board of Directors
Santa Ana College Foundation
Santa Ana, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Santa Ana College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Santa Ana College Foundation as of June 30, 2025 and 2024, 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 for 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 for 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 5, 2026

Santa Ana College Foundation
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,337,311	\$ 991,439
Investments	707,433	446,134
Unconditional promises to give, net	<u>82,177</u>	<u>68,350</u>
Total current assets	<u>2,126,921</u>	<u>1,505,923</u>
Noncurrent assets		
Investments	13,029,945	12,916,342
Unconditional promises to give, net	-	16,089
Property and equipment, net	<u>50</u>	<u>50</u>
Total noncurrent assets	<u>13,029,995</u>	<u>12,932,481</u>
Total assets	<u>\$ 15,156,916</u>	<u>\$ 14,438,404</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	<u>\$ 230,275</u>	<u>\$ 46,088</u>
Net assets		
Without donor restrictions	1,757,991	1,815,238
With donor restrictions	<u>13,168,650</u>	<u>12,577,078</u>
Total net assets	<u>14,926,641</u>	<u>14,392,316</u>
Total liabilities and net assets	<u>\$ 15,156,916</u>	<u>\$ 14,438,404</u>

Santa Ana College Foundation

Statements of Activities

Years Ended June 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 9,560	\$ 681,340	\$ 690,900
President's Circle	164,439	-	164,439
Donated salaries and benefits	887,435	-	887,435
Donated facility use	40,045	-	40,045
In-kind donations	-	27,264	27,264
Gross special event revenue			
Sponsorships and ticket sales	-	150,561	150,561
In-kind donations	-	9,257	9,257
Less: cost of direct benefits to donors	(36,542)	-	(36,542)
Net special events revenue	(36,542)	159,818	123,276
Assets released from restrictions - indirect cost revenues	40,153	(40,153)	-
Assets released from restrictions - stewardship and administrative fees	226,552	(226,552)	-
Assets released from restrictions	1,136,004	(1,136,004)	-
Total revenues	2,467,646	(534,287)	1,933,359
Expenses			
Program	1,483,815	-	1,483,815
Management and general	666,861	-	666,861
Fundraising	474,452	-	474,452
Total expenses	2,625,128	-	2,625,128
Other Income			
Net investment income	100,235	1,125,859	1,226,094
Change in Net Assets	(57,247)	591,572	534,325
Net Assets, Beginning of Year	1,815,238	12,577,078	14,392,316
Net Assets, End of Year	\$ 1,757,991	\$ 13,168,650	\$ 14,926,641

Santa Ana College Foundation

Statements of Activities

Years Ended June 30, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 13,132	\$ 391,330	\$ 404,462
President's Circle	188,703	-	188,703
Donated salaries and benefits	680,397	-	680,397
Donated facility use	39,037	-	39,037
In-kind donations	-	12,800	12,800
Gross special event revenue			
Sponsorships and ticket sales	-	121,453	121,453
In-kind donations	-	7,209	7,209
Less: cost of direct benefits to donors	(34,014)	-	(34,014)
Net special events revenue	(34,014)	128,662	94,648
Assets released from restrictions - indirect cost revenues	35,438	(35,438)	-
Assets released from restrictions - stewardship and administrative fees	157,542	(157,542)	-
Assets released from restrictions	1,163,723	(1,163,723)	-
Total revenues	2,243,958	(823,911)	1,420,047
Expenses			
Program	1,427,870	-	1,427,870
Management and general	410,962	-	410,962
Fundraising	382,588	-	382,588
Total expenses	2,221,420	-	2,221,420
Other Income			
Net investment income	164,572	1,464,099	1,628,671
Change in Net Assets	187,110	640,188	827,298
Net Assets, Beginning of Year	1,628,128	11,936,890	13,565,018
Net Assets, End of Year	\$ 1,815,238	\$ 12,577,078	\$ 14,392,316

Santa Ana College Foundation
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025				
	Program	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Donated salaries and benefits	\$ 201,951	\$ 363,053	\$ 322,431	\$ -	\$ 887,435
Donated facility use	7,008	20,022	13,015	-	40,045
Salaries and benefits	106,833	75,431	33,562	-	215,826
In-kind donations	36,521	-	-	-	36,521
Scholarships and grants	652,436	-	-	-	652,436
Stipends to students	290,200	-	-	-	290,200
Office expenses	65,541	11,740	16,589	-	93,870
Printing	6,993	1,203	2,263	-	10,459
Telephone	-	966	-	-	966
Information technology	20,871	-	-	-	20,871
Conferences and travel	3,577	8,111	-	-	11,688
Equipment lease and maintenance	942	1,739	-	-	2,681
Professional fees	-	276	-	-	276
Membership dues and subscriptions	-	1,720	-	-	1,720
College support	13,923	-	-	-	13,923
Contract services	42,690	4,478	50,911	-	98,079
Cost of direct benefits to donors	-	-	-	36,542	36,542
Lobbying expenses	-	175,000	-	-	175,000
Other expenses	34,329	3,122	35,681	-	73,132
	1,483,815	666,861	474,452	36,542	2,661,670
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	-	(36,542)	(36,542)
Total expenses included in the expense section on the statement of activities	\$ 1,483,815	\$ 666,861	\$ 474,452	\$ -	\$ 2,625,128

Santa Ana College Foundation
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2024				
	Program	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Donated salaries and benefits	\$ 122,545	\$ 309,651	\$ 248,201	\$ -	\$ 680,397
Donated facility use	6,831	19,519	12,687	-	39,037
Salaries and benefits	125,979	66,492	21,115	-	213,586
In-kind donations	20,009	-	-	-	20,009
Scholarships and grants	772,638	-	-	-	772,638
Stipends to students	182,388	-	-	-	182,388
Office expenses	83,212	7,183	67,497	-	157,892
Printing	4,141	71	11,362	-	15,574
Telephone	-	990	-	-	990
Information technology	16,176	-	-	-	16,176
Conferences and travel	4,306	-	4,029	-	8,335
Equipment lease and maintenance	-	-	402	-	402
Professional fees	-	1,359	-	-	1,359
Membership dues and subscriptions	-	200	4,500	-	4,700
Advertising and promotion	-	-	1,313	-	1,313
College support	10,856	-	-	-	10,856
Contract services	46,068	-	-	-	46,068
Cost of direct benefits to donors	-	-	-	34,014	34,014
Other expenses	32,721	5,497	11,482	-	49,700
	1,427,870	410,962	382,588	34,014	2,255,434
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	-	(34,014)	(34,014)
Total expenses included in the expense section on the statement of activities	\$ 1,427,870	\$ 410,962	\$ 382,588	\$ -	\$ 2,221,420

Santa Ana College Foundation
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ 534,325	\$ 827,298
Adjustments to reconcile change in net assets to net cash flows used for operating activities		
Unrealized gain on investments	(134,993)	(1,054,955)
Realized gain on investments	(524,131)	(266,527)
Contributions restricted for long-term purposes	(136,438)	(34,738)
Changes in assets and liabilities		
Unconditional promises to give, net	2,262	66,348
Accounts payable	184,187	(115,941)
Net Cash Flows used for Operating Activities	<u>(74,788)</u>	<u>(578,515)</u>
Investing Activities		
Proceeds from sales of investments	3,781,753	4,247,639
Purchase of investments	<u>(3,497,531)</u>	<u>(4,550,048)</u>
Net Cash Flows provided by (used) for Investing Activities	<u>284,222</u>	<u>(302,409)</u>
Cash Flows from Financing Activities		
Collections of contributions restricted for long-term purposes	<u>136,438</u>	<u>34,738</u>
Net Change in Cash and Cash Equivalents	345,872	(846,186)
Cash and Cash Equivalents, Beginning of Year	<u>991,439</u>	<u>1,837,625</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,337,311</u></u>	<u><u>\$ 991,439</u></u>

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

Organization and Nature of Activities

Santa Ana College Foundation (the Foundation) is a nonprofit organization founded in 1968 for the purpose of receiving contributions for the support and advancement of education on behalf of Santa Ana 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.

The Foundation and the College are financially 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 towards operations, as well as all property, plant, and equipment of 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.

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, 2025 and 2024, 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. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Special events revenue is comprised of an exchange element based upon the direct benefit donors receive and a contribution element for the difference. The Foundation recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Foundation recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Assets, Services, and In-Kind Contributions

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. In addition, a number of volunteers have donated time to the Foundation's fundraising campaigns, which have not been reflected in the accompanying financial statements because the recognition criteria were not met. Donated salaries, benefits and facilities received from the District per the terms of the Master Agreement, are recorded as contributions at the estimated fair value that the Foundation would have otherwise paid for the same service. The value of those contributed items is recognized as both revenue and expense to the Foundation. The Foundation receives donations of non-cash items, such as equipment, from various individuals, businesses and foundations. Contributed goods are recorded at fair value at the date of donation. The Foundation does not sell donated in-kind gifts. See Note 12 for additional disclosure information.

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. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Advertising Costs

Costs associated with advertising are expensed as incurred. At June 30, 2025 and 2024, total advertising costs were \$0 and \$1,313, respectively.

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, 2025 and 2024, the Foundation had cash balances of \$629,861 and \$496,476, respectively, held in financial institutions in excess of Federal depository insurance coverage. Management believes credit risk is limited.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. At June 30, 2025 and 2024, unconditional promises to give have been recorded in the financial statements in the amount of \$82,177 and \$84,439, net of unamortized discount, respectively.

Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2025 and 2024, the Foundation had determined the outstanding pledge receivable balances to be fully collectible.

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.

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, 2025 and 2024, the Foundation had investment balances in the amount of \$12,674,955 and \$12,229,849, respectively, held in the financial institution in excess of the SIPC coverage. Management believes credit risk is limited.

Property and Equipment

The Foundation's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. The assets are stated at cost, or if donated, at estimated fair value on the date of donation. Depreciation for equipment and leasehold improvements is computed on a straight-line basis over an estimated useful life of three to five years.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

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. Accordingly, based upon management's estimates on the basis of time and effort, donated salaries and benefits and facility use have been allocated among the programs, management and general, and fundraising activities.

Stewardship and Administrative Fees and Indirect Costs

The Foundation serves the Santa Ana College campus clubs, departments, and organizations by managing funds for scholarships and other purposes to promote education. These funds are assessed an annual fee to cover the stewardship and administrative expenses. Additionally, certain grants administered by the Foundation allow for indirect costs to offset administrative expenses. These fees and indirect costs are presented as net assets released from restriction on the statements of activities.

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:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 1,337,311	\$ 991,439
Investments	13,737,378	13,362,476
Unconditional promises to give, net	82,177	84,439
Total financial assets	<u>15,156,866</u>	<u>14,438,354</u>
Less amounts not available for general expenditures within one year		
Net assets with donor restrictions	<u>(13,168,650)</u>	<u>(12,577,078)</u>
Total financial assets available to meet general expenditures within one year	<u><u>\$ 1,988,216</u></u>	<u><u>\$ 1,861,276</u></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 - Unconditional Promises to Give

The Foundation's unconditional promises to give consisted of the following at June 30, 2025:

Unconditional promises to give before unamortized discount	\$ 90,000
Less discount to net present value	<u>(7,823)</u>
Net Unconditional Promises to Give	<u><u>\$ 82,177</u></u>

Santa Ana College Foundation

Notes to Financial Statements

June 30, 2025 and 2024

The Foundation's unconditional promises to give consisted of the following at June 30, 2024:

Unconditional promises to give before unamortized discount	\$ 104,000
Less discount to net present value	<u>(19,561)</u>
Net Unconditional Promises to Give	<u>\$ 84,439</u>

Unconditional promises to give can be classified as without or with donor restriction. Management has determined that all amounts are deemed collectible at June 30, 2025 and 2024.

The Foundation recorded unconditional promises to give, which were classified as follows at June 30, 2025:

	Cordoba Scholars	Dr. James Hung Nguyen	Total
Amounts due in			
Due within one year	\$ 40,000	\$ 50,000	\$ 90,000
Less discount to net present value	<u>(7,823)</u>	<u>-</u>	<u>(7,823)</u>
Total	<u>\$ 32,177</u>	<u>\$ 50,000</u>	<u>\$ 82,177</u>

The Foundation recorded unconditional promises to give, which were classified as follows at June 30, 2024:

	SFFCU Faculty and Staff Innovation	Cordoba Scholars	Lisa & Bruce Gelker Love for SAC Scholarship	Total
Amounts due in				
Due within one year	\$ 60,000	\$ 20,000	\$ 4,000	\$ 84,000
Due within one to five years	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	60,000	40,000	4,000	104,000
Less discount to net present value	<u>(11,736)</u>	<u>(7,825)</u>	<u>-</u>	<u>(19,561)</u>
Total	<u>\$ 48,264</u>	<u>\$ 32,175</u>	<u>\$ 4,000</u>	<u>\$ 84,439</u>

The discount rate used was 4.45% for the years ended June 30, 2025 and 2024.

Note 4 - Investments

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2025:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Certificates of deposit	\$ 707,433	\$ 707,433	\$ -
Mutual funds	9,187,304	9,283,130	95,826
Exchange traded funds	3,707,648	3,746,815	39,167
	<u>\$ 13,602,385</u>	<u>\$ 13,737,378</u>	<u>\$ 134,993</u>

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2024:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Certificates of deposit	\$ 632,626	\$ 632,626	\$ -
Mutual funds	9,233,604	10,067,634	834,030
Exchange traded funds	2,441,291	2,662,216	220,925
	<u>\$ 12,307,521</u>	<u>\$ 13,362,476</u>	<u>\$ 1,054,955</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2025 and 2024:

	2025	2024
Realized gain on investments	\$ 524,131	\$ 266,527
Unrealized gain on investments	134,993	1,054,955
Interest and dividends	625,850	363,465
Total investment income, net	1,284,974	1,684,947
Investment expenses	(58,880)	(56,276)
Total investment income, net of expenses	<u>\$ 1,226,094</u>	<u>\$ 1,628,671</u>

Note 5 - 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, 2025. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2025.

	Level 1	Total
Assets		
Certificates of deposit (at cost)	\$ -	\$ 707,433
Mutual funds	9,283,130	9,283,130
Exchange traded funds	3,746,815	3,746,815
	<u> </u>	<u> </u>
Total	<u>\$ 13,029,945</u>	<u>\$ 13,737,378</u>

Santa Ana College Foundation

Notes to Financial Statements

June 30, 2025 and 2024

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2024. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2024.

	Level 1	Total
Assets		
Certificates of deposit (at cost)	\$ -	\$ 632,626
Mutual funds	10,067,634	10,067,634
Exchange traded funds	2,662,216	2,662,216
Total	<u>\$ 12,729,850</u>	<u>\$ 13,362,476</u>

Note 6 - Restrictions of Net Asset Balances

Donor-restricted net assets consist of the following at June 30, 2025:

Subject to the Passage of Time or Expenditure for Specified Purpose	
Scholarships	\$ 1,049,655
Student assistance	2,036,627
Title V grant	1,077,769
	<u>4,164,051</u>
Perpetual in Nature	
Endowed scholarships	5,390,601
Santa Ana Partnership - Award for Innovation	3,613,998
	<u>9,004,599</u>
Total donor-restricted net assets	<u>\$ 13,168,650</u>

Donor-restricted net assets consist of the following at June 30, 2024:

Subject to the Passage of Time or Expenditure for Specified Purpose	
Scholarships	\$ 1,022,284
Student assistance	2,078,780
Title V grant	1,017,926
	<u>4,118,990</u>
Perpetual in Nature	
Endowed scholarships	5,026,940
Santa Ana Partnership - Award for Innovation	3,431,148
	<u>8,458,088</u>
Total donor-restricted net assets	<u>\$ 12,577,078</u>

Note 7 - Net Assets Released from Restrictions

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes were as listed below at June 30, 2025:

Scholarships and grants	\$ 652,437
Other program services	181,696
College support and other expenses paid for students	265,351
Gifts in Kind	<u>36,520</u>
Total	<u><u>\$ 1,136,004</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, 2024:

Scholarships and grants	\$ 756,888
Other program services	228,930
College support and other expenses paid for students	157,896
Gifts in Kind	<u>20,009</u>
Total	<u><u>\$ 1,163,723</u></u>

Note 8 - Title V Endowment Grant

The District provided the Foundation with an endowment grant, which was awarded by the U.S. Department of Education in the fiscal year ended June 30, 2003. The grant was a Title V, Hispanic Serving Institution Grant and its purpose was to expand educational opportunities for, and improve the academic attainment of, Hispanic students, and expand and enhance the academic offerings, program quality, and institutional stability of colleges that are educating Hispanic students. The Foundation received \$300,000 over a five-year period ending June 30, 2010, upon certification that matching funds from acceptable resources were met. The corpus of the endowment was to be invested over a period of twenty years, and the Foundation may not spend more than 50% of the aggregate income earned in years six through twenty for allowable expenses. No earnings were allowed to be spent in years one through five. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

Note 9 - Endowments

The Foundation's endowment (the Endowment) consists of approximately 27 individual funds established by donors. 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, 2025 and 2024, 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:

- The duration and preservation of the fund
- The mission of the Foundation and the purpose of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and/or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- 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 80% 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, 2025 and 2024, there were no underwater endowments.

Changes in endowment net assets as of June 30, 2025, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 8,458,088
Contributions	136,438
Investment income	831,543
Administrative fees	(120,066)
Distributions	(276,633)
Amounts appropriated for expenditures	<u>(24,771)</u>
Endowment net assets, end of year	<u><u>\$ 9,004,599</u></u>

Changes in endowment net assets as of June 30, 2024, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 7,716,077
Contributions	34,738
Donor initiated repurpose of gift	6,000
Investment income	1,114,862
Administrative fees	(106,966)
Distributions	(261,606)
Amounts appropriated for expenditures	<u>(45,017)</u>
Endowment net assets, end of year	<u><u>\$ 8,458,088</u></u>

At June 30, 2025, endowment net asset composition by type of fund is as follows:

	<u>With Donor Restrictions</u>
Original donor-restricted amounts required to be maintained in perpetuity	\$ 6,884,657
Accumulated investment gains	<u>2,119,942</u>
	<u><u>\$ 9,004,599</u></u>

At June 30, 2024, endowment net asset composition by type of fund is as follows:

	<u>With Donor Restrictions</u>
Original donor-restricted amounts required to be maintained in perpetuity	\$ 6,756,873
Accumulated investment gains	<u>1,701,215</u>
	<u><u>\$ 8,458,088</u></u>

Note 10 - Related Party Transactions

Rancho Santiago Community College District (the District)

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays for a portion of the salaries and benefits for the Executive Director, administrative staff, and provides office space at Santa Ana College for the Foundation employees. These amounts have been reflected in the financial statements as donated salaries and benefits and donated facility use revenues and expenses.

Contribution to Measure G Bond Campaign

The Foundation contributed \$175,000 to the District's Measure G campaign. The contribution was made by the Foundation on August 15, 2024 and the election occurred on November 5, 2024. During the 2019-2020 year, the Foundation, consistent with Internal Revenue Service Section 501(h), filed an election to make expenditures to influence legislation for the tax year ending June 30, 2020, and all subsequent tax years until revoked. Under this election, the Foundation does not jeopardize their tax exempt status when making contributions to influence legislation.

Note 11 - In-kind Contributions

Contributed nonfinancial assets recognized within the statements of activities included for the years ended June 30:

	<u>2025</u>	<u>2024</u>
In-kind contributions without donor restrictions		
Donated salaries and benefits	\$ 887,435	\$ 680,397
Donated facility use	40,045	39,037
In-kind donations	<u>36,521</u>	<u>20,009</u>
Total donated services without donor restrictions	<u>\$ 964,001</u>	<u>\$ 739,443</u>

All donated services received during the years ended June 30, 2025 and 2024 were unrestricted and allocated to management and general, program, and fundraising activities. Donated salaries and benefits are recognized at fair value based on current payroll rates and the number of hours spent working on the Foundation. Donated facility use is determined based on maintenance and utility expenses incurred by the College in the current fiscal year, multiplied by the square footage occupied by the Foundation staff members. The Foundation also receives donations of non-cash items from various community members and businesses. Contributed goods to the Foundation are used by the College's various programs for education purposes or to further support the Foundation's missions. In-kind donations are recorded at fair value at the date of donation.

During the years ended June 30, 2025 and 2024, donated salaries and benefits and facility use received from the District were received without donor restriction, while in-kind donations were received with donor restriction.

Note 12 - 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, 2025 through January 5, 2026, 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.