

Financial Statements
June 30, 2025 and 2024

Santiago Canyon College Foundation

Santiago Canyon College Foundation

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June 30, 2025 and 2024

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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), 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 Santiago Canyon 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

Santiago Canyon College Foundation
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 372,027	\$ 333,836
Accounts receivable	10,000	-
Due from Rancho Santiago Community College District	29,283	-
Prepaid expenses	<u>4,051</u>	<u>-</u>
Total current assets	<u>415,361</u>	<u>333,836</u>
Noncurrent assets		
Investments	2,030,486	1,931,424
Beneficial interest in assets held by the Foundation for California Community Colleges	<u>123,602</u>	<u>116,163</u>
Total noncurrent assets	<u>2,154,088</u>	<u>2,047,587</u>
Total assets	<u><u>\$ 2,569,449</u></u>	<u><u>\$ 2,381,423</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 2,215	\$ 2,636
Deferred revenue	2,875	-
Due to Rancho Santiago Community College District	<u>7,334</u>	<u>35,419</u>
Total current liabilities	<u>12,424</u>	<u>38,055</u>
Net assets		
Without donor restrictions	1,073,951	1,063,286
With donor restrictions	<u>1,483,074</u>	<u>1,280,082</u>
Total net assets	<u>2,557,025</u>	<u>2,343,368</u>
Total liabilities and net assets	<u><u>\$ 2,569,449</u></u>	<u><u>\$ 2,381,423</u></u>

Santiago Canyon College Foundation

Statements of Activities

Years Ended June 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 17,480	\$ 234,670	\$ 252,150
Federal grants	-	120,000	120,000
Local grants	1,000	25,000	26,000
Donated salaries and benefits	382,884	-	382,884
Donated facility use	33,521	-	33,521
In-kind donations	50,334	-	50,334
Miscellaneous revenue	6,210	24,860	31,070
Gross special event revenue			
Sponsorships and ticket sales	94,036	9,845	103,881
In-kind donations	8,040	-	8,040
less: cost of direct benefit to donors	(37,165)	-	(37,165)
Net special event revenue	64,911	9,845	74,756
Assets released from restrictions	312,512	(312,512)	-
Total revenues	868,852	101,863	970,715
Expenses			
Program	492,946	-	492,946
Management and general	280,560	-	280,560
Fundraising	190,935	-	190,935
Total expenses	964,441	-	964,441
Other Income			
Net investment income	106,254	93,690	199,944
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	7,439	7,439
Total other income	106,254	101,129	207,383
Change in Net Assets	10,665	202,992	213,657
Net Assets, Beginning of Year	1,063,286	1,280,082	2,343,368
Net Assets, End of Year	\$ 1,073,951	\$ 1,483,074	\$ 2,557,025

Santiago Canyon College Foundation

Statements of Activities

Years Ended June 30, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 22,841	\$ 131,000	\$ 153,841
Federal grants	-	120,500	120,500
Donated salaries and benefits	286,007	-	286,007
Donated facility use	30,816	-	30,816
In-kind donations	23,880	-	23,880
Miscellaneous revenue	10,594	-	10,594
Gross special event revenue			
Sponsorships and ticket sales	84,011	4,465	88,476
In-kind donations	6,705	-	6,705
less: cost of direct benefit to donors	(76,035)	-	(76,035)
Net special event revenue	14,681	4,465	19,146
Assets released from restrictions	114,907	(114,907)	-
Total revenues	503,726	141,058	644,784
Expenses			
Program	133,970	-	133,970
Management and general	219,819	-	219,819
Fundraising	198,617	-	198,617
Total expenses	552,406	-	552,406
Other Income			
Net investment income	137,237	105,852	243,089
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	7,579	7,579
Total other income	137,237	113,431	250,668
Change in Net Assets	88,557	254,489	343,046
Net Assets, Beginning of Year	974,729	1,025,593	2,000,322
Net Assets, End of Year	\$ 1,063,286	\$ 1,280,082	\$ 2,343,368

Santiago Canyon 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	\$ 128,607	\$ 154,887	\$ 99,390	\$ -	\$ 382,884
Donated facility use	8,380	15,085	10,056	-	33,521
Board expenses	-	1,304	-	-	1,304
Scholarships and grants	266,782	-	-	-	266,782
Information technology	-	2,498	-	-	2,498
Conferences and meetings	-	1,573	-	-	1,573
Dues, memberships, and subscriptions	810	149	-	-	959
Food and food services	6,804	78	5,102	-	11,984
Awards and incentives	7,665	-	-	-	7,665
Bank/credit card fee	6,492	-	-	-	6,492
Public relations and advertising	44	-	-	-	44
Postage and printing	32	2,359	4,168	-	6,559
College support	13,422	-	-	-	13,422
Contracted services	11,506	22,865	8,175	-	42,546
Supplies	6,065	3,414	2,185	-	11,664
Donor cultivation	-	736	2,964	-	3,700
Pass through program funds	10,371	-	-	-	10,371
Bad debt expense	-	-	-	-	-
Lobbying expenses	-	75,000	-	-	75,000
Cost of direct benefits to donors	-	-	-	37,165	37,165
Other expenses	25,966	612	58,895	-	85,473
	492,946	280,560	190,935	37,165	1,001,606
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	-	-	-	(37,165)	(37,165)
Total expenses included in the expense section on the statement of activities	<u>\$ 492,946</u>	<u>\$ 280,560</u>	<u>\$ 190,935</u>	<u>\$ -</u>	<u>\$ 964,441</u>

Santiago Canyon 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	\$ -	\$ 170,052	\$ 115,955	\$ -	\$ 286,007
Donated facility use	-	21,571	9,245	-	30,816
Board expenses	-	2,173	-	-	2,173
Scholarships and grants	108,092	-	1,000	-	109,092
Information technology	-	664	-	-	664
Dues, memberships, and subscriptions	-	825	-	-	825
Food and food services	259	-	5,850	-	6,109
Awards and incentives	6,700	-	-	-	6,700
Bank/credit card fee	4,272	-	-	-	4,272
Public relations and advertising	-	-	1,200	-	1,200
Postage and printing	-	605	1,495	-	2,100
College support	4,291	-	-	-	4,291
Contracted services	583	21,109	16,595	-	38,287
Supplies	1,621	1,600	6,683	-	9,904
Donor cultivation	-	1,106	7,194	-	8,300
Pass through program funds	8,061	-	-	-	8,061
Bad debt expense	-	-	2,500	-	2,500
Cost of direct benefits to donors	-	-	-	76,035	76,035
Other expenses	91	114	30,900	-	31,105
	133,970	219,819	198,617	76,035	628,441
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	-	-	-	(76,035)	(76,035)
Total expenses included in the expense section on the statement of activities	<u>\$ 133,970</u>	<u>\$ 219,819</u>	<u>\$ 198,617</u>	<u>\$ -</u>	<u>\$ 552,406</u>

Santiago Canyon College Foundation

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 213,657	\$ 343,046
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	360,000	120,000
Unrealized gain on investments	(3,253)	(169,580)
Realized gain on sale of investments	(109,379)	(37,691)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	5,800	4,833
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(13,239)	(12,412)
Changes in assets and liabilities		
Accounts receivable	(10,000)	5,000
Due from Rancho Santiago Community College District	(29,283)	-
Prepaid expenses	(4,051)	-
Accounts payable	(421)	2,538
Deferred revenue	2,875	-
Due to Rancho Santiago Community College District	(28,085)	(10,630)
Net Cash Flows from Operating Activities	<u>384,621</u>	<u>245,104</u>
Investing Activities		
Proceeds from sale of investments	874,569	731,977
Purchase of investments	(860,999)	(773,958)
Net Cash Flows From (Used for) Investing Activities	<u>13,570</u>	<u>(41,981)</u>
Financing Activities		
Collections of Contributions Restricted for Long-Term Purposes	(360,000)	(120,000)
Net Change in Cash and Cash Equivalents	38,191	83,123
Cash and Cash Equivalents, Beginning of Year	<u>333,836</u>	<u>250,713</u>
Cash and Cash Equivalents, End of Year	<u>\$ 372,027</u>	<u>\$ 333,836</u>

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. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. The Foundation does not use fund 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, gains, and losses are classified based on the existence or absence of donor-imposed or grantor 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 (or certain grantor) restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The Foundation's Board has also designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed (or grantor) 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. As of June 30, 2025, contributions of \$296,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. The conditional promise to give of \$296,000 depends on raising additional dollar-for-dollar matching contributions through September 2028.

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.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contributions income for the excess received when the event takes 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 Rancho Santiago Community College District (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 on 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 10 for additional disclosure information.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value at the date of donation. Thereafter, investments are reported at the fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and internal investment expenses.

Accounts Receivable

Accounts receivable consists primarily of donations receivable. Management has deemed all amounts to be collectible; therefore, no allowance for doubtful accounts is considered necessary.

Deferred Revenue

Deferred revenue consists primarily of amounts received in advance for future special events. Contributions are received from donors to support future special events of the Foundation. These contributions are recognized when the event is held.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and investment balances with financial institutions believed by the Foundation to be creditworthy. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. As of June 30, 2025 and 2024, the Foundation had cash balances of \$0 and \$72,309, respectively, in excess of FDIC insurance limits. Investment 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. As of June 30, 2025 and 2024, the Foundation had investment balances in the amount of \$1,637,215 and \$1,435,019, respectively, in excess of SIPC insurance limits. Management believes credit risk is limited.

Beneficial Interest in Assets held by the Foundation for California Community Colleges

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.

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 date of the financial statements and the reported amounts of 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 and 199 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

Advertising Cost are expensed as incurred. For the years ending June 30, 2025 and 2024, total advertising costs were \$44 and \$1,200, respectively.

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.

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.

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
Cash and cash equivalents	\$ 372,027	\$ 333,836
Accounts receivable	10,000	-
Due from Rancho Santiago Community College District	29,283	-
Investments	2,030,486	1,931,424
Beneficial interest in assets held by the Foundation for California Community Colleges	123,602	116,163
Total financial assets available	<u>2,565,398</u>	<u>2,381,423</u>
Less amounts not available for general expenditure within one year		
Net assets with donor restrictions	<u>(1,491,447)</u>	<u>(1,318,137)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 1,073,951</u>	<u>\$ 1,063,286</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, 2025:

	Adjusted Cost	Fair Market Value	Unrealized Gain
Mutual funds	\$ 1,461,454	\$ 1,463,799	\$ 2,345
Exchange traded funds	565,779	566,687	908
Total	<u>\$ 2,027,233</u>	<u>\$ 2,030,486</u>	<u>\$ 3,253</u>

Santiago Canyon College Foundation

Notes to Financial Statements

June 30, 2025 and 2024

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
Mutual funds	\$ 1,364,541	\$ 1,495,882	\$ 131,341
Exchange traded funds	397,303	435,542	38,239
Total	<u>\$ 1,761,844</u>	<u>\$ 1,931,424</u>	<u>\$ 169,580</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 sale of investments	\$ 109,379	\$ 37,691
Unrealized gain on investments	3,253	169,580
Interest and dividends	99,386	45,682
Total investment income	<u>212,018</u>	<u>252,953</u>
Investment expenses	<u>(12,074)</u>	<u>(9,864)</u>
Total investment income, net of expenses	<u>\$ 199,944</u>	<u>\$ 243,089</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. A three-tier hierarchy categorizes the inputs as follows:

- 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.

The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair value of fund investments as reported by the Foundation for California Community Colleges. These are considered Level 3 measurements.

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	Level 3	Total
Assets			
Mutual funds	\$ 1,463,799	\$ -	\$ 1,463,799
Exchange traded funds	566,687	-	566,687
Beneficial interest in assets held by the Foundation for California Community Colleges	-	123,602	123,602
Total	<u>\$ 2,030,486</u>	<u>\$ 123,602</u>	<u>\$ 2,154,088</u>

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	Level 3	Total
Assets			
Mutual funds	\$ 1,495,882	\$ -	\$ 1,495,882
Exchange traded funds	435,542	-	435,542
Beneficial interest in assets held by the Foundation for California Community Colleges	-	116,163	116,163
Total	<u>\$ 1,931,424</u>	<u>\$ 116,163</u>	<u>\$ 2,047,587</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, 2025 and 2024, the ending balance of the Osher Endowment Scholarship were \$123,602 and \$116,163, 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 - 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	\$ 1,037,370
Title V	257,212
Other restrictions	64,890
	<u>1,359,472</u>
Perpetual in Nature	
Beneficial interest in assets held by the Foundation for California Community Colleges	\$ 123,602
	<u>\$ 1,483,074</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	\$ 968,439
Title V	120,000
Other restrictions	75,480
	<u>1,163,919</u>
Perpetual in Nature	
Beneficial interest in assets held by the Foundation for California Community Colleges	\$ 116,163
	<u>\$ 1,280,082</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, 2025:

Scholarships	\$ 250,742
Pass through program funds	10,371
Other program expenses	50,819
Other fundraising expenses	580
	<u> </u>
Total	<u>\$ 312,512</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	\$ 100,250
Pass through program funds	8,061
Other program expenses	5,596
Other fundraising expenses	1,000
	<u> </u>
Total	<u>\$ 114,907</u>

Note 8 - Title V Endowment Grant

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. At June 30, 2025 and 2024, there were no donor designated balances restricted in perpetuity.

The District provided the Foundation with an endowment grant, which was awarded by the U.S. Department of Education beginning in the year ended June 30, 2024. The grant is a Title V, Developing 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 will receive \$536,000 over a five-year period ending June 30, 2029, upon certification that matching funds from acceptable resources were met. The corpus of the endowment is to be invested over a period of twenty years, and the Foundation may not spend more than 50% of the earnings during the twenty-year period for allowable expenses. The Foundation may invest the endowment in a savings account or low-risk securities, such as certificates of deposit, mutual funds, stocks, or bonds, in accordance with the grant agreement. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

Santiago Canyon College Foundation

Notes to Financial Statements

June 30, 2025 and 2024

Title V endowment grant composition by type of fund as of June 30, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 257,340	\$ -	\$ 257,340
Donor-restricted endowment funds	-	257,212	257,212
Total	<u>\$ 257,340</u>	<u>\$ 257,212</u>	<u>\$ 514,552</u>

Title V endowment grant composition by type of fund as of June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ -	\$ -	\$ -
Donor-restricted endowment funds	-	120,000	120,000
Total	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>

Changes in Title V endowment grant as of June 30, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ -	\$ 120,000	\$ 120,000
Contributions	240,000	120,000	360,000
Investment income	17,340	17,389	34,729
Administrative fees	-	(177)	(177)
Endowment net assets, end of year	<u>\$ 257,340</u>	<u>\$ 257,212</u>	<u>\$ 514,552</u>

Changes in Title V endowment grant as of June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Funds
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions	-	120,000	120,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>

Note 9 - Related Party Transactions

Rancho Santiago Community College District (the District)

The Foundation provides various levels of monetary support and services to the District departments and programs, as well as scholarships for students. The District provides office space and other support to the Foundation in the total amount of \$416,404 and \$316,823 during the years ended June 30, 2025 and 2024, respectively. The Foundation provided \$266,782 and \$108,092 to the District for student scholarships during the years ended June 30, 2025 and 2024, respectively.

The District provided office spaces at Santiago Canyon College for the Foundation employees. At June 30, 2025 and 2024, donated office spaces were valued at \$33,521 and \$30,816, respectively, and were recognized in the financial statements as donated facility use revenues and donated facility use expense. Donated facility use is presented as the estimated values at the date of donation and the fair market value of the facilities maintenance and utility expenses for the year.

Donated services include the value of services, such as salaries and benefits, provided by the District on behalf of the Foundation. At June 30, 2025 and 2024, donated services were valued at \$382,884 and \$286,007, respectively, and were recognized in the financial statements as donated salaries and benefits revenue and donated salaries and benefits expense. Donated services are based on the fair value of comparable services provided by third parties.

Certain costs are incurred by the Foundation for special events but are initially paid by the District. At June 30, 2025 and 2024, the Foundation owes the District \$7,334 and \$35,419, respectively, and were recorded in the financial statements as due to Rancho Santiago Community College District. Amounts owed by the Foundation to the District are recorded based on the fair value of goods or services received from third parties. Similarly, the District owes the Foundation \$29,283 and \$0 during the years ended June 30, 2025 and 2024, respectively, for expenses incurred by the District but are initially paid by the Foundation. Amounts owed by the District to the Foundation are recorded in the financial statements as due from Rancho Santiago Community College District and are based on the fair value of goods or services received from third parties.

Contribution to Measure G Bond Campaign

The Foundation contributed \$75,000 to the District's Measure G campaign. The contribution was made by the Foundation on August 27, 2024 and the election occurred on November 5, 2024.

Note 10 - 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>
Donated services without donor restrictions		
Donated salaries and benefits	\$ 382,884	\$ 286,007
Donated facility use	33,521	30,816
In-kind donations	<u>58,374</u>	<u>30,585</u>
Total donated services without donor restrictions	<u>\$ 474,779</u>	<u>\$ 347,408</u>

All donated services received during the years ended June 30, 2025 and 2024 were unrestricted and allocated to management, general, 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. 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, and in-kind donations were received without donor restrictions.