

Financial Statements
June 30, 2024 and 2023

Santiago Canyon 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

The Board of Directors
Santiago Canyon College Foundation
Orange, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Santiago Canyon College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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.

Rancho Cucamonga, California

[REPORT DATE]

Santiago Canyon College Foundation
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 333,836	\$ 250,713
Accounts receivable	-	5,000
Total current assets	333,836	255,713
Noncurrent assets		
Investments	1,931,424	1,682,172
Beneficial interest in assets held by the Foundation for California Community Colleges	116,163	108,584
Total noncurrent assets	2,047,587	1,790,756
Total assets	\$ 2,381,423	\$ 2,046,469
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 2,636	\$ 98
Due to Rancho Santiago Community College District	35,419	46,049
Total current liabilities	38,055	46,147
Net assets		
Without donor restrictions	1,063,286	974,729
With donor restrictions	1,280,082	1,025,593
Total net assets	2,343,368	2,000,322
Total liabilities and net assets	\$ 2,381,423	\$ 2,046,469

Santiago Canyon College Foundation
Statements of Activities
Years Ended June 30, 2024 and 2023

	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	30,585	-	30,585
Special events	84,011	4,465	88,476
Miscellaneous revenue	10,594	-	10,594
Assets released from restrictions	114,907	(114,907)	-
Total revenues	<u>579,761</u>	<u>141,058</u>	<u>720,819</u>
Expenses			
Program	133,970	-	133,970
Management and general	219,819	-	219,819
Fundraising	274,652	-	274,652
Total expenses	<u>628,441</u>	<u>-</u>	<u>628,441</u>
Other Income			
Realized gain on sale of investments	18,483	19,208	37,691
Unrealized gain on investments	98,503	71,077	169,580
Interest and dividends, net of expenses	20,251	15,567	35,818
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	7,579	7,579
Total other income	<u>137,237</u>	<u>113,431</u>	<u>250,668</u>
Change in Net Assets	88,557	254,489	343,046
Net Assets, Beginning of Year	<u>974,729</u>	<u>1,025,593</u>	<u>2,000,322</u>
Net Assets, End of Year	<u>\$ 1,063,286</u>	<u>\$ 1,280,082</u>	<u>\$ 2,343,368</u>

Santiago Canyon College Foundation
Statements of Activities
Years Ended June 30, 2024 and 2023

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

Santiago Canyon College Foundation
Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

	2024			
	Program	Management and General	Fundraising	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
Conferences and meetings	-	-	-	-
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	92,630	114,322
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
Other expenses	91	114	30,900	31,105
	<u>\$ 133,970</u>	<u>\$ 219,819</u>	<u>\$ 274,652</u>	<u>\$ 628,441</u>
Total expenses	<u>\$ 133,970</u>	<u>\$ 219,819</u>	<u>\$ 274,652</u>	<u>\$ 628,441</u>

Santiago Canyon College Foundation
 Statements of Functional Expenses
 Years Ended June 30, 2024 and 2023

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

Santiago Canyon College Foundation
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 343,046	\$ (31,441)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(169,580)	(79,171)
Realized gain on sale of investments	(37,691)	(4,343)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(7,579)	(4,795)
Changes in assets and liabilities		
Accounts receivable	5,000	(3,702)
Accounts payable	2,538	98
Due to Rancho Santiago Community College District	(10,630)	46,049
Net Cash Flows from Operating Activities	125,104	(77,305)
Investing Activities		
Proceeds from sale of investments	731,977	456,579
Purchase of investments	(773,958)	(461,607)
Net Cash Flows From Investing Activities	(41,981)	(5,028)
Net Change in Cash and Cash Equivalents	83,123	(82,333)
Cash and Cash Equivalents, Beginning of Year	250,713	333,046
Cash and Cash Equivalents, End of Year	\$ 333,836	\$ 250,713

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

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

Financial Statement Presentation

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

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

Net Asset Accounting

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

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

Fair Value Measurements

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

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. In the years ended June 30, 2024 and 2023, the Foundation did not receive any conditional promises to give.

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as net assets without donor restrictions.

Comparative Financial Information

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

Donated Assets, Services, and In-Kind Contributions

Donated services include the value of the Foundation's salaries and benefits paid for by the District and the office space at Santiago Canyon College provided by the District for the Foundation personnel. Donated services are recorded as contributions at the estimated fair value that the Foundation would have otherwise paid for the same service. A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of the donation. Additional disclosures of donated services and in-kind contributions are included in Note 11.

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.

Advertising Costs

Costs associated with advertising are expensed as incurred. At June 30, 2024 and 2023, total advertising costs were \$1,200 and \$600, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with an original maturity of 90 days or less. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2024 and 2023, the Foundation had cash balances of \$72,309 and \$59,922, respectively, held in financial institutions in excess of Federal depository insurance coverage. Management believes credit risk is limited.

Beneficial Interest in Assets held by Community Foundation

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

Investments

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

Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values. At June 30, 2024 and 2023, the Foundation had investment balances in the amount of \$1,435,019 and \$1,197,885, respectively, held in the financial institution in excess of the SIPC coverage. Management believes credit risk is limited.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debts. At June 30, 2024, management had determined that \$2,500 of accounts receivable was not collectible and was written off as bad debt expense.

Accounts Payable and Current Liabilities

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

Allocation of Functional Expenses

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

Adoption of New Accounting Standard

As of July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision useful information about the expected losses on financial instruments. The impact of the adoption was not considered material to the 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,:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 333,836	\$ 250,713
Accounts receivable	-	5,000
Investments	<u>767,505</u>	<u>765,163</u>
Total financial assets available within one year	<u>\$ 1,101,341</u>	<u>\$ 1,020,876</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, 2024:

	<u>Adjusted Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
Mutual funds	\$ 1,364,541	\$ 1,495,882	\$ 131,341
Exchange traded funds	<u>397,303</u>	<u>435,542</u>	<u>38,239</u>
Total	<u>\$ 1,761,844</u>	<u>\$ 1,931,424</u>	<u>\$ 169,580</u>

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

	<u>Adjusted Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
Mutual funds	\$ 1,098,017	\$ 1,152,237	\$ 54,220
Exchange traded funds	<u>504,984</u>	<u>529,935</u>	<u>24,951</u>
Total	<u>\$ 1,603,001</u>	<u>\$ 1,682,172</u>	<u>\$ 79,171</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Realized gain on sale of investments	\$ 37,691	\$ 4,343
Unrealized gain on investments	169,580	79,171
Interest and dividends	<u>45,682</u>	<u>50,402</u>
Total investment income	<u>252,953</u>	<u>133,916</u>
Investment expenses	<u>(9,864)</u>	<u>(9,753)</u>
Total investment income, net of expenses	<u>\$ 243,089</u>	<u>\$ 124,163</u>

Note 4 - Fair Value Measurements and Disclosures

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

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

Santiago Canyon College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

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, 2024. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2024.

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
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>

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

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets			
Mutual funds	\$ 1,152,237	\$ -	\$ 1,152,237
Exchange traded funds	529,935	-	529,935
Beneficial interest in assets held by the Foundation for California Community Colleges	-	108,584	108,584
Total	<u>\$ 1,682,172</u>	<u>\$ 108,584</u>	<u>\$ 1,790,756</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30:

	<u>Beneficial interests in assets held by the Foundation for California Community Colleges</u>	
	<u>2024</u>	<u>2023</u>
Balance at the beginning of year	\$ 108,584	\$ 103,789
Investment return, net	12,412	10,862
Distributions	(4,833)	(6,067)
Balance at the end of year	<u>\$ 116,163</u>	<u>\$ 108,584</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, 2024 and 2023, the ending balance of the Osher Endowment Scholarship were \$116,163 and \$108,584, respectively. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

Note 6 - Net Assets with Donor Restrictions

Donor-restricted net assets 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
Others	75,480
	<u>1,163,919</u>
Perpetual in Nature	
Beneficial interest in assets held by the Foundation for California Community Colleges	<u>116,163</u>
	<u>\$ 1,280,082</u>

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

Subject to the Passage of Time or Expenditure for Specified Purpose	
Scholarships	\$ 853,064
Others	63,945
	<u>917,009</u>
Perpetual in Nature	
Beneficial interest in assets held by the Foundation for California Community Colleges	<u>108,584</u>
	<u>\$ 1,025,593</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, 2024:

Scholarships	\$ 100,250
Pass through program funds	8,061
Other program expenses	5,596
Other fundraising expenses	<u>1,000</u>
Total	<u>\$ 114,907</u>

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

Scholarships	\$ 97,700
Pass through program funds	82,971
Other program expenses	5,844
Other fundraising expenses	<u>391</u>
Total	<u>\$ 186,906</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, 2024. The grant was 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 was 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. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

Note 9 - 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, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Risk Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy

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

Funds with Deficiencies

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, there were no funds with original gift values that exceeded their fair values.

Santiago Canyon College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

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

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 108,584
Investment income	3,364
Net appreciation	9,048
Distributions	(4,833)
Endowment net assets, end of year	\$ 116,163

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

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

Note 10 - Related Party Transactions

Rancho Santiago Community College District (the District)

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 include the value of Foundation services paid for salaries and benefits by the District and the office space at Santiago Canyon College provided by the District 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.

Note 11 - In-kind Contributions

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

	2024	2023
Donated services without donor restrictions		
Donated salaries and benefits	\$ 286,007	\$ 287,253
Donated facility use	30,816	29,448
Total donated services without donor restrictions	\$ 316,823	\$ 316,701

All donated services received during the years ended June 30, 2024 and 2023 were unrestricted and allocated to management, general, and fundraising activities. Donated services are reflected in the accompanying statements when the criteria for recognition have been met and are recorded at fair value. Donated salaries and benefits are recognized 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.

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, 2024 through [REPORT DATE], 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.