



Financial Statements  
June 30, 2023 and 2022

# College of the Canyons Foundation

Introductory Section

Management’s Discussion and Analysis.....i

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

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**Components of the Annual**  
**Financial Report**

The Annual Financial Report for the Period Ending June 30, 2023 consists of an **Independent Auditors’ Report Section** and a **Financial Statements Section**.

**The Independent Auditors’ Report Section** contains the Final Report issued by Eide Bailly LLP, the independent auditors hired by the COC Foundation to perform the annual audit. This report indicates that they conducted an audit in accordance with auditing standards generally accepted in the United States of America. In their opinion, the financial statements present fairly, in all material respects, the financial position of the College of the Canyons Foundation (Foundation) as of June 30, 2023, and the change in its net assets and its cash flows for the year then ended. **There were no audit findings identified during the course of the audit which means that all of the documentation tested for revenues and expenses reflect accurate and compliant transactions.**

**Selected Financial Highlights**

Below is a summary of the financial highlights that illustrates the Foundation’s strong fiscal viability to support high-quality and affordable education for all who live in our community.

**The Financial Statements Section** contains the following **four key financial statements**, as well as associated notes to the financial statements, which detail significant accounting policies and transactions for the year being reviewed:

1. The **Statement of Financial Position for the Year Ended June 30, 2023** reports the value of all assets and liabilities of the Foundation. This statement reflects total assets of **\$6,145,907** which includes current assets of \$4,792,424 and noncurrent assets of \$1,353,483. Assets include cash and cash equivalents, donor pledges and other accounts receivables, prepaid expenses, investments, beneficial interest in assets held by the Foundation for California Community Colleges, long- term donor pledges, and cash surrender value of life insurance. Total liabilities of **\$122,214** represents accounts payable, scholarships due to students and deferred revenue.

*Statement of Financial Position*

|                   | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>Increase (Decrease)</u> |
|-------------------|----------------------|----------------------|----------------------------|
| Current Assets    | \$ 4,792,424         | \$ 4,398,686         | \$ 393,738                 |
| Noncurrent Assets | \$ 1,353,483         | \$ 1,334,597         | \$ 18,886                  |
| Total Liabilities | \$ 122,214           | \$ 198,511           | \$ (76,297)                |

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

---

**Total Current assets increased** in 2022-2023 by **\$393,738** as compared to 2021-2022. This net increase is the result of:

- **\$684,190 Increase** in current value of investments in Raymond James accounts. This includes the investment of \$582,056 that was originally received in fiscal year 2021-2022 from the Sati & Ram Manvi Trust. The funds had been held at Los Angeles County Office of Education (LACOE) and were transferred in fiscal year 2022-2023 to an Endowed Scholarships account invested with Raymond James by the investment broker hired by the Foundation.
- **\$90,434 Increase** in account receivables as there were a couple of large donations pending receipt at June 30, 2023 compared to June 30, 2022. The 4<sup>th</sup> quarter interest pending receipt from LACOE contributed to the increase due to higher interest rate of 3.80% as compared to 0.94% in 2021-2022.
- **\$84,057 Increase** in cash and cash equivalents due to higher cash balances held in the payroll, emergency, and cash and credit card revolving accounts. Cash held in Raymond James investments account for \$68,000 of the increase.
- **(\$6,905) Decrease** in unconditional promises to give for short-term pledges (collectable within one year) due to fewer outstanding pledges.
- **(\$16,700) Decrease** in prepaid expenses on transactions made for Blackbaud and Crescendo software subscriptions that were paid during the fiscal year.
- **(\$441,338) Decrease** in investments in Los Angeles County Treasury due to lower cash balances on deposit with Los Angeles County Office of Education (LACOE). The decrease is mainly due to the transfer of the Sati & Ram Manvi Trust funds to Raymond James for investment as an Endowed Scholarships account.

**Total Noncurrent assets (assets held by the FCCC, pledges and life insurance policies) increased** in 2022-2023 by **\$18,886** as compared to 2021-2022. Non-current assets are the portion of assets that have a value beyond one year. This net increase is the result of:

- **\$48,378 Increase** in beneficial interest in assets held by the Foundation for CA Community Colleges (FCCC). Due to an accounting treatment which began in fiscal year 2018-2019, an adjustment is made to reflect the fair market value of the ending balance of Osher funds held by the FCCC.
- **\$2,667 Increase** in unconditional promises to give for long-term pledges (collectable beyond one year).
- **(\$361) Decrease** in irrevocable planned gift present value calculated using IRS NVP (net present value) rate calculation. Present value of the irrevocable planned gift decreased from \$32,842 in 2021-2022 to \$32,481 in 2022-2023.
- **(\$31,798) Decrease** in the cash surrender values of life insurance policies where the Foundation is named as the owner/beneficiary. The decrease is mainly due to (\$34,805) cash out of a life insurance policy offset by \$3,007 of annual earnings from all other policies.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

---

**Total Liabilities decreased** in 2022-2023 by **(\$76,297)** as compared to 2021-2022. This net decrease is the result of:

- **(\$56,422) Decrease** in net pension liability due to an adjustment to the CalPERS Pension Liability based on Financial Accounting Standards Board (FASB) guidelines. Prior to 2022-2023, the CalPERS Pension Liability was annually adjusted based on updated actuarial studies. Per FASB guidelines, net pension liability is not recognized but noted in the financial statements.
- **(\$27,054) Decrease** in accounts payable due to less requests from Financial Aid for student scholarships for 2022-2023 received after June 30 and more paid out prior to fiscal year end.
- **(\$7,275) Decrease** in deferred revenue due to less donations received in 2022-2023 that pertain to 2023-2024 activity.
- **\$14,454 Increase** in scholarships due students. In 2022-2023, \$173,152 in scholarships funds from Associated Student Government (ASG) were returned to the Foundation to be re-designated to students through the Financial Aid Office. Of that amount, \$14,454 remain outstanding and will be allocated to students who meet the scholarship criteria in 2023-2024 fiscal year.

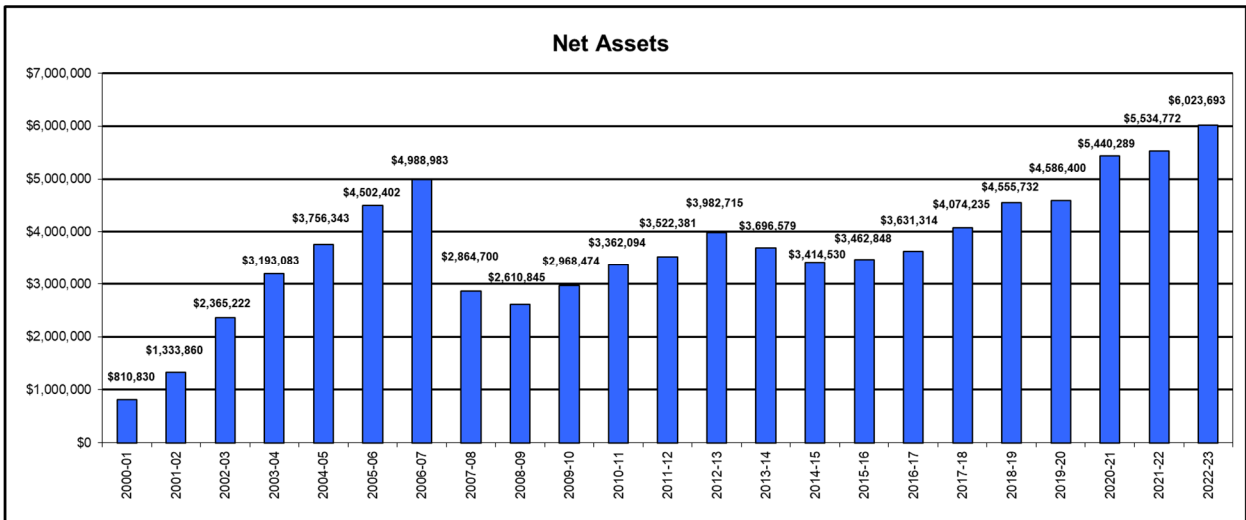
**COLLEGE OF THE CANYONS FOUNDATION  
(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2023**

**Net Assets, End of Year**

The following chart reports a 743% increase in net assets over the 23-year period between 2000-2001 and 2022-2023. Decreases in net assets in 2007-2008 and 2008-2009 were due to the Foundation granting the District \$3.4 million in Capital Campaign proceeds for construction of the Dr. Dianne G. Van Hook University Center. Decreases in net assets in 2013-2014 and 2014-2015 were due to the Foundation granting the District over \$900,000 in Capital Campaign proceeds for construction of the Culinary Arts facility. Net assets in 2022-2023 is **\$6,023,693**, which is an increase of \$488,921 from 2021-2022. Net assets are reported by category and in total on this statement:

- **\$6,023,693 in Total Net Assets at June 30, 2023**
  - **\$382,084 in Without Donor Restrictions** net assets for future support to Foundation operations and fundraising events.
  - **\$5,641,609 in With Donor Restrictions** net assets for future support to the District’s instructional programs, student programs and scholarships.



Source: The College of the Canyons Foundation audited financial reports.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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2. The *Statement of Activities for the Years Ended June 30, 2023* reports public support and revenues, expenses, other income, and net assets based on two categories: Without Donor Restrictions and With Donor Restrictions.

*Statement of Activities*

|                                     | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>Increase (Decrease)</u> |
|-------------------------------------|----------------------|----------------------|----------------------------|
| Revenues Without Donor Restrictions | \$ 2,352,069         | \$ 1,896,769         | \$ 455,300                 |
| Revenues With Donor Restrictions    | \$ 475,031           | \$ 122,642           | \$ 352,389                 |
| Total Expenses                      | \$ 2,338,179         | \$ 1,924,928         | \$ 413,251                 |

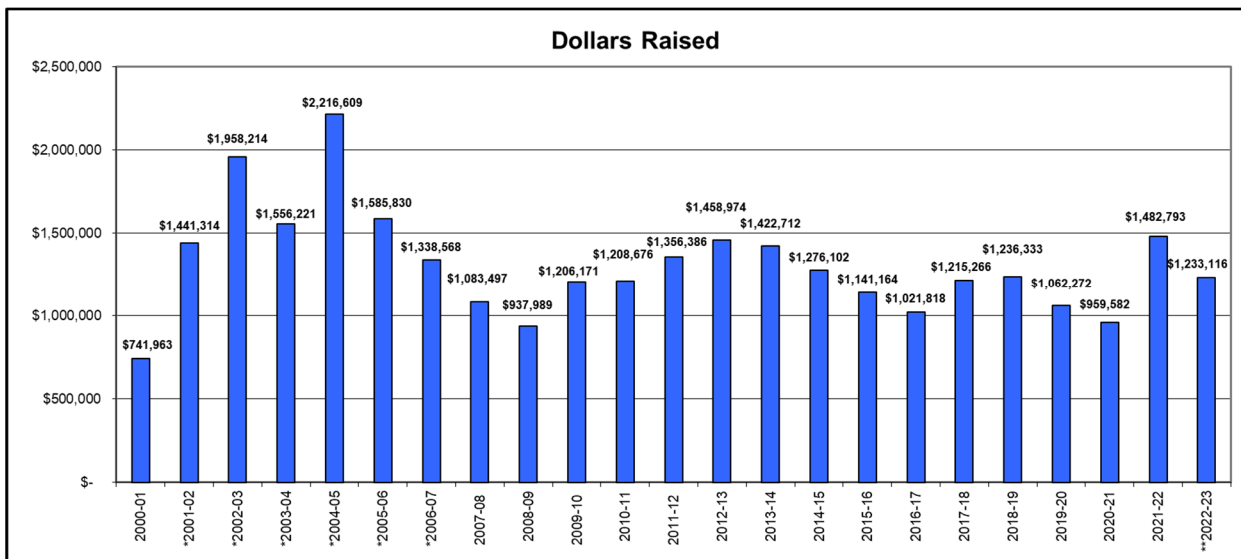
**Public Support and Revenues**

**Public Support and Revenues in the two categories total \$2,827,100 in 2022-2023.**

An entry that nets to zero entitled “assets released from restrictions” is made in this section to move **With Donor Restrictions** dollars to the **Without Donor Restrictions** category, as per non-profit accounting guidelines all expenses are recorded in the **Without Donor Restrictions** category. Revenues **Without Donor Restrictions** are unrestricted and include donations and pledges made without use restrictions, as well as in-kind donations, and revenues generated from special events. Revenues **With Donor Restrictions** are temporarily and permanently restricted revenues, because the donor has specified a particular use for the funds, and include contributions and pledges made to expendable scholarships, student and college programs, capital campaigns, major gifts, endowed scholarships and other endowments. The interest from these funds is used to benefit the designated college programs or to issue student scholarships, while the principal remains restricted. The chart below illustrates the fluctuations associated with total dollars raised, showing that some years the Foundation receives large gifts structured to assist the District for several years: between 2002-2003 and 2004-2005 due to large University Center Capital Campaign contributions; between 2004-2005 and 2005-2006 due to large private gifts to benefit the Regional Nursing Collaborative; between 2012-2013 and 2013-2014 due to large Culinary Arts Capital Campaign contributions; between 2017-2018 and 2018-2019 due to large First Year Promise contributions; in 2021-2022 due to a large gift contribution of \$582,056 from the Sati & Ram Manvi Trust designated towards Endowed scholarships for the Math, Science and Engineering Technology Department. **In 2022-2023, dollars raised totaled \$1,233,116.**

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**



*Source:* The College of the Canyons Foundation audited financial statements.

*Excludes:* Donated facilities, assets, and services; interest and dividends; realized/unrealized gain/loss on investment; change in cash surrender value of life insurance; assets released from restriction; and district contributions.

\* In fiscal year 2001-2002 through 2006-2007 the Foundation raised over \$3.6 million in the Capital Campaign for the University Center.

\*\* In fiscal year 2022-2023, the Statement of Activities reflects a decrease of (\$74,100) due to an accounting treatment to adjust contributions received from the Foundation for California Community Colleges to reflect the fair market value of the beneficial interest held by the FCCC for the Osher Scholarships.

**Revenues Without Donor Restrictions increased by \$455,300 in 2022-2023 as compared to 2021-2022 due to the following factors:**

- **\$250,536 Increase** in assets released from restrictions, which means that the Foundation’s expenses for the benefit of the District and its students from restricted sources increased from the previous year.
- **\$148,664 Increase** in donated assets as more donated assets were received from donors in 2022-2023 including a large donation of over 1,700 pots and plans from a corporate donor for the Culinary Arts program valued at \$138,720.
- **\$102,765 Increase** in donated services from the District. Expenses in 2022-2023 increased in salaries and benefits of District staff assigned to or assisting the Foundation as compared to prior year due having two vacant administrative positions filled, Chief Development Officer and Director of Development and Engagement.
- **\$10,682 Increase** in other unrestricted contributions due to more donations received for Alumni Development, Annual Fund Appeal and General Fundraising as compared to 2021-2022. The increase is offset by a small decrease of (\$361) in irrevocable planned gift valued at \$32,481 as compared to \$32,842 in 2021-2022. The planned gift value is adjusted annually using the IRS NVP rate.
- **\$7,326 Increase** in cash for the fair market value adjustment of cash held by Los Angeles County Treasury in investment pools.



**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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- **\$3,468 Increase** in interest and dividends due to the increase in the LA County Treasury interest rates. The interest rate as of 4<sup>th</sup> quarter has increased to 3.80% for 2022-2023 as compared to 0.94% in 2021-2022.
- **\$1,140 Increase** in donated facilities to include University Center room rentals for Chancellor's Circle members.
- **(\$33,455) Decrease** in special events income. Although Chancellor's Circle received **\$48,524 in membership renewals which is \$18,017 more as compared to 2021-2022**, the Golf Tournament and Silver Spur generated \$156,993 in donations which is (\$51,472) less than 2021-2022.
- **(\$35,826) Decrease** in the adjustment to the surrender value of Life Insurance policies per annual statements. The decrease is mainly due to the cash surrender of life insurance policy for District Board of Trustees member Michele R. Jenkins where the Foundation is the beneficiary. The funds are designated in the **Jenkins Leadership Fund** held in Revenue With Donor Restrictions category, Fund 82.

**Revenues With Donor Restrictions increased** in 2022-2023 by **\$352,389** as compared to 2021-2022 due to the following factors:

- **\$307,500 Increase** in change in beneficial interest in assets held by the Foundation for CA Community Colleges.
- **\$422,646 Increase** in other income mainly due to unrealized gain of \$376,092 in investments held at Raymond James. The Foundation updates the value of assets held at Raymond James annually by posting an adjustment based on the year's unrealized gain or loss as of June 30<sup>th</sup>. Interest from LACOE and dividends from Raymond James total \$46,554.
- **\$115,383 Increase** in cash for the fair market value adjustment of cash held by Los Angeles County Treasury in investment pools.
- **(\$250,536) Decrease** in assets released from restrictions (**which decreases revenue**) as support transferred to the District increased. In 2022-2023, more campus programs provided activities benefiting students, therefore more withdrawals were made from faculty and staff accounts held at the Foundation to support programs.
- **(\$242,604) Decrease** in contributions with donor restrictions. Although funds were raised through mail to alumni and traditional donors, proposals to corporate and private foundations, and through academic support group activities were more in fiscal year 2022-2023, the Foundation had received a large gift contribution from the Sati & Ram Manvi Trust in 2021-2022. The gift in the amount of \$582,056 was designated towards Endowed scholarships for the Math, Science and Engineering Technology Department.

Funds with donor restrictions are restricted to particular academic programs or departments, student scholarships, or identified special needs. The College of the Canyons Foundation stewards these funds until requested by the academic departments for use in the instructional programs, or until student scholarships are awarded.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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3. The *Statement of Functional Expenses for the Years Ended June 30, 2023* provides detail of the Foundation's annual expenses on a functional basis. Based upon management's estimates, the costs of providing various programs and activities have been summarized into three categories: **Program, Management and General, and Fundraising**. Total expenses for 2022-2023 were **\$2,338,179**.

**Total Expenses increased by \$413,251** as compared to 2021-2022 due to the following factors:

- **\$252,569 Increase** in in-kind donations expenses to the District. The increase in donated assets is attributed mainly to a large donation for the Culinary Arts program. The increase in donated services was due to two vacant administrative positions being filled, Chief Development Officer and Director of Development and Engagement.
- **\$238,921 Increase** in support expenses for instructional programs, academic support for student programs, and scholarships.
- **\$2,586 Increase** in alumni development expenses which includes the 360 Alumni subscription.
- **(\$9,717) Decrease** in general fundraising expenses which comprise of expenses from program development and campaign fundraising.
- **(\$34,856) Decrease** in Foundation general operations expenses. The decrease was primarily due to less expense for temporary staffing as compared to 2021-2022. Other areas of decrease were in legal services, supplies, board expenses, and credit card fees offset by increases in salaries and employee benefits, mileage, postage, bank and payroll fees, credit card fees and uncollectable pledges.
- **(\$36,252) Decrease** in special events expenses for the Chancellor's Circle Dinner, Golf Tournament and Silver Spur.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

---

The Foundation continues to keep **Management and General** expenses low at 11% of total expenses, and focuses most of the resources generated on providing support to campus programs, which represent 71% of all expenses:

- **\$1,659,385 in Program expenses** 71% of total expenses
- **\$ 431,276 in Fundraising expenses** 18% of total expenses
- **\$ 247,518 in Management and General expenses** 11% of total expenses

As noted above, all expenses are reported in the **Without Donor Restrictions** category. **Expenses for 2022-2023 total \$2,338,179.** Expenses are categorized into three main areas: **Program, Management and General, and Fundraising.**

**Program** expenses totaled **\$1,659,385** and were funded to benefit the District and its students through Instructional Departments and Student Program support and scholarships.

- **\$796,887** benefited instructional and student programs, student scholarships and financial aid pass-thru scholarships.
  - o \$394,226 in support of instructional and student programs:
    - Anthropology
    - Athletic Hall of Fame Project
    - Auto Technology Program
    - BANC – Basic Needs Center
    - Biodiversity Initiative Project
    - Biology
    - Canyon Country Campus
    - Chancellor’s Circle Mini Grants
    - Classified Senate
    - COC Speech & Debate
    - COC Tennis
    - Construction Management
    - Cougar Basketball
    - Cougar Club
    - Culinary Arts
    - English Department
    - Football
    - Funds for the Future
    - Gloria Jackson Memorial Fund
    - Golf Department
    - HASP & RSX Fund
    - Innovation Fund
    - INSPIRE Scholars Special Fund
    - Kevin Jenkins Memorial Fund
    - KP Mental Health Pipeline

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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- Math Department
  - MESA - Math Engineering Science Achievement
  - National Student Nurse Association
  - Noncredit Student Activity
  - Nursing Department
  - PAC Concessions
  - Paralegal Studies
  - Patrons of the Arts
  - SC Environmental Ed. Consortium
  - Spanish Institute
  - Sustainable Development
  - VAPA Percussion Program Fund
  - Volunteer Bureau & Student Employment
  - Women's Basketball
  - Women's Conference
  - Women's Soccer
  - Women's Softball
- o \$402,661 awarded in student scholarships to **423** COC students.
    - \$323,708 Foundation scholarships issued to 384 students
    - \$ 78,953 External 3<sup>rd</sup> Party scholarships issued to 66 students
  - **\$831,174** in In-Kind donations of facilities, services and assets to the District to support academic programs.
    - o \$ 16,939 in donated facilities
    - o \$652,945 in donated services
    - o \$161,290 in donated assets received from donors
  - **\$31,324** represents expenses in alumni development, general fund raising and general operations to support academic programs.

**Management and General** expenses totaled **\$247,518** and represented the portion of staff salaries and office costs associated with the business operations of the Foundation.

**Fundraising** expenses totaled **\$431,276**, that included costs associated with fundraising special events and general fundraising activities. Beginning with the 2014-2015 fiscal year, the Foundation was required to include its proportionate share of the net pension liability for the CalPERS plan for the Foundation full-time employee. In fiscal year 2022-2023, per FASB guidelines, an adjustment was made to the CalPERS Pension Liability removing the full liability of \$56,422 from the Foundation's books.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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4. The *Statement of Cash Flows for the Years Ended June 30, 2023* identifies the change in cash and cash equivalents from operating activities, investing activities, and financing activities.

**Change in Cash and Cash Equivalents**

Cash and cash equivalents on deposit in bank accounts, invested at the Los Angeles County Treasury and held in beneficial interest by the Foundation of California Community Colleges **decreased** by **(\$357,281)** overall. Beginning fiscal year 2018-2019, an accounting treatment is included to reflect the fair market value of beneficial interest held by the FCCC.

**Cash Flows from Operating Activities**

Operating activities resulted in a net **increase** in cash of **\$146,509**. This net increase in cash is due to the following areas:

- **\$488,921 – Increase** due to Revenue and Expense Activity
  - **\$2,502,580 – Increase** due to receipt of Contributions, including in-kind, special events and irrevocable planned gifts.
  - **\$324,520 – Increase** due to interest and dividends, unrealized gain on investments, change in cash surrender value of life insurance, change in beneficial interest in assets held by the Foundation for CA Community Colleges, and fair market value adjustment of cash held by Los Angeles County Treasury in investment pools.
  - **(\$2,338,179) – Decrease** due to program expenses that represent distributions granted back to the District as well as operating and fundraising expenses.
- **\$74,100 – Increase** due to distribution from beneficial interest in assets held by the Foundation for California Community Colleges.
- **\$31,798 – Increase** due to cash surrender value of life insurance.
- **\$6,513 – Increase** due to write off of unconditional promises to give (pledges) and pledge discounts.
- **(\$70,210) – Decrease** due to Investing New Donor Contributions.
  - The Foundation invested new donor contributions in the LA County Treasury, restricting them until they are needed to provide support to faculty, staff, and students.
- **(\$110,190) – Decrease** due to unrealized gain from investments in Raymond James.
- **(\$122,478) – Decrease** due to change in beneficial interest in assets held by the Foundation for California Community Colleges at the state level.
- **(\$151,945) – Decrease** due to changes in asset and liability accounts.
  - Foundation cash decreased as a result of transactions to asset and liability accounts, such as pledge and accounts receivables, prepayments for expenses, irrevocable planned gift value, accounts payable, net pension liability and deferred revenue.

**Cash Flows from Investing Activities**

Investment activity for the year resulted in a net **decrease** in cash totaling **(\$574,000)** due to a transfer of funds from LACOE to Raymond James. The decrease is mainly due to the transfer of \$582,056 for the Sati & Ram Manvi Trust from LACOE to Raymond James for investment.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**Cash Flow from Financing Activities**

Financing activities consisted of an **increase** of **\$70,210** in contributions received for Endowed Scholarships. Contributions restricted for long-term purposes for which **restrictions are not yet satisfied** are considered “financing activities” instead of operating activities. The statement of cash flow includes an entry to move these contributions out of Operating Activities and into Financing Activities.

The *Notes to Financial Statements for the Years Ended June 30, 2023* section contains notes addressing various topics. The notes are meant to clarify and summarize significant accounting policies of the Foundation, as well as give more detail regarding specific items on the financial statements.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

---

**Net Assets Available to Distribute to College and Students**

With **net assets of over \$6.0 million**, the COC Foundation is ready to assist the District and its students in the following ways with its existing resources of **\$5,641,609**:

- **\$1,758,221 available for Academic and Student Support**  
One hundred ninety academic departments, athletic teams, and clubs have net assets totaling \$1,753,778 on hand to supplement their district funding, and \$4,443 is on hand from major gifts.
- **\$2,230,889 available in Endowed Scholarship Funds**  
The Foundation maintains two separate funds for endowed scholarships. The Endowed Scholarship fund has accumulated \$1,189,276 in donations and holds scholarships of generally \$10,000 or more, where the interest is accumulated and used annually to issue scholarships according to the donors' specifications. The California Community Colleges Endowed Scholarships Fund has accumulated \$1,041,613 and holds scholarships participating in the Bernard Osher Foundation Endowed Scholarship Program administered by the Foundation for California Community Colleges (FCCC) which offered a 50 percent match for every endowed contribution received by June 30, 2011 and a proposed 5 percent minimum scholarship award. The 50 percent match provided by the FCCC is \$532,610.
- **\$700,599 available for Student Scholarships**  
Through numerous generous donations, the Foundation is able to award student scholarships every spring at the annual Scholarship Awards and Donor Reception.
- **\$951,892 available in the Endowments Other**  
The Endowments Other funds includes Osher scholarships administered by the Foundation for California Community College. Scholarships are also provided from the accumulated interest generated from donations to assist specified areas and projects at College of the Canyons. Currently, endowments have been established to provide program support in the following areas:
  - The Performing Arts Program
  - The College of the Canyons Library
  - The Tutoring, Learning and Computing Lab (TLC)
  - The Physical Education Track Program
- **\$8 available and reserved for Capital Campaign**  
The Foundation will be launching a two-year capital campaign in 2023-2024 for the Advanced Technology Center (ATC).

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**Special Events**

In 2022-2023, the Foundation held multiple events and fundraising activities to keep donors and volunteers engaged, contribute towards the need for unrestricted funds, and raise awareness in the community about how they can invest in the students at College of the Canyons.

Events include:

- Golf Tournament: Registrants contributed \$58,700 toward the Foundation
- Alumni Banner: Up & Coming Alumni were honored at the Alumni Banner event. The event preceded the Homecoming Game and honorees were acknowledged with a banner displaying their photo that was later hung outside the Student Center on campus.
- Chancellor’s Circle Business Briefing Series: Two (2) Business Showcase events were held at local businesses to highlight our partners and bring awareness to the community about benefits that these businesses bring in terms of economical development and employment.
- Scholarship Reception: Held in May 2023 for donors to meet their scholarship recipients.
- Six (6) Patrons of the Arts Pre-Show events were hosted to keep members engaged and connected to students and faculty
- Chancellor’s Circle Dinner: Held in-person to engage and recognize the members of the Chancellor’s Circle, and to gain new members.
- Silver Spur: Celebration honoring a couple who have been instrumental in the College as well as the local community. Attendees contributed over \$98,293 for the Foundation, and another \$16,000 towards the Roger Van Hook Raising the Bar fund, which supports students when they need it most.

**Historical Perspective of the Foundation**

The College of the Canyons Foundation was formed to generate additional resources and revenue, as well as philanthropic support for College of the Canyons and its students. The Foundation has generated over \$33.9 million since it was established in 1981. In the years following the passage of Proposition 13 in California, many of the California Community Colleges (CCC’s) recognized that all their funding would no longer be provided solely by the state. Thus, most of the CCC’s have created their own non-profit 501(c) (3) foundations in order to provide supplemental financial support to a College’s programs and students.

The Foundation’s financial support allows the College’s ability to perform beyond the achievement level what tax dollars alone can support and to inspire a determination to strive for the highest levels of excellence in teaching, scholarships, vocational training and innovation. The Foundation believes that public education institutions and private enterprise must work together to provide an affordable and accessible college education for all who have the desire to succeed.



**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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The fundraising efforts of the Foundation have bolstered the college’s ability to innovate and expand its services and offerings beyond what is possible by relying solely on state support. From its inception in 1981 through 1989, the Foundation grew its net assets from \$0 to \$185,584. Since 1989, the Foundation’s total net assets have **increased 3,264% from \$185,584 to \$6.0 million in 2022-2023.**

The following are highlights of the Foundation’s successful endeavors in support of the College’s programs and students:

- Cumulatively raised over \$33.9 million since 1989 to assist programs and students
- Raised over \$3.6 million in a capital campaign to fund the building of the University Center
- Provided almost \$35,000 for the launch of the athletic expansion and to build the Cougar Den – an outdoor meeting space
- Created the Alumni and Athletic Halls of Fame
- Developed the Alumni Banner Recognition program to engage alumni
- Developed the Alumni Mentor Program
- Created a fund to support student emergency needs and assistance
- Created the alumni network program
- Established endowments for the Performing Arts Center, the Library and the athletic track
- Established the Chancellor’s Circle support groups (which includes the Mini Grants program) that has generated a total of \$1,916,387 to support innovative faculty projects, student success and academic programs. Since 2008, over \$1 million of the generated funds have been disbursed to fund awarded projects.
- Raised funds for a capital campaign to build the Culinary Arts Building
- Generated \$1,041,613 for endowed scholarships through the Osher initiative that offered a 50 percent match by the Osher Foundation for every endowed scholarship contribution
- Raised over \$500,000 to support the First Year Promise program
- Provided leadership to launch the Santa Clarita Valley Non-Profit Advisory Council and provided community fundraising training sessions
- Established several support groups to include Chancellor’s Circle, Library Associates, Patrons of the Performing Arts, Friends of the Fine Arts, Early Childhood Education, Circle of Friends and Cougar Club
- Established more than 200 endowed and expendable scholarships which are awarded annually
- Established a textbook scholarship program
- Expanded the Foundation Board of Directors to include a diversity of professional volunteer leaders dedicated to strong stewardship and prudent governance
- Implemented technology to better track the donors to the Foundation, its funds, and programs
- Expanded virtual platforms to introduce digital cultivation and outreach efforts
- Increased the number of our annual giving appeals to raise revenue for scholarships, the Foundation, and restricted programs

**COLLEGE OF THE CANYONS FOUNDATION  
(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2023**

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**Accomplishments Toward 2020-2023 Goals**

The College of the Canyons Foundation adopted a three-year Strategic Plan in May, 2020. The Strategic goals - Access, Engagement and Success - align with the District’s Strategic Goals adopted in Fall 2019. A summary of the Foundation’s progress towards the Strategic Plan goals is provided below:

**Goal One: ACCESS**

*The Foundation will remove financial barriers for students to attend college and achieve life-changing opportunities through scholarships*

Accomplishments (2022-2023)

- Provided access to College Promise Scholarships
- Enhanced support to Career Technical Education Scholarships to support students studying in these fields
- Established and began raising funds for new general scholarship fund
- Increased endowed scholarships by raising over \$70,000 in endowed scholarship funds and awarding over \$10,500 in endowed scholarships
- Established 2 additional scholarship endowments

**Goal Two: ENGAGEMENT**

*The Foundation will remove navigational barriers to keep students engaged while they are attending College by expanding the type and availability of support services including, but not limited to, food and housing insecurity, emergency funds, transportation support, remote learning, technology resources and mental health*

Accomplishments (2022-2023)

- Grew support for the Student Resource and Success Initiative by raising a total of \$98,907 to provide the support services listed above to remove navigational barriers to keep students in college
- Created the Roger Van Hook Raising the Bar Student Success and Achievement Fund, and raised over \$113,000 for emergency grants for students
- Raised over \$84,000 for the BANC – Basic Need Center

**Goal Three: SUCCESS**

*The Foundation will provide the support to help the District move more students from completion to success in university transfer, post-graduation, certification and employment*

Accomplishments (2022-2023)

- Drove revenue support for University transfer student scholarships

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**Accomplishments Toward 2020-2023 Goals**

The College of the Canyons Foundation has undergone a number of major changes since 2020. The COVID-19 Pandemic changed the landscape of the College and the Foundation in numerous and unexpected ways. As we move forward, the Strategic Planning Committee has decided to update our goals to:

- **Advanced Technology Center:** Raise \$3 Million for the Advanced Technology Center (ATC)
- **General Fundraising:** Increase General Fundraising with the goal of creating an endowment that will fund the operating costs of the Foundation, as well as provide students and programs access to funds to ensure ongoing student success and empowerment through scholarships, emergency grants, and innovation grants (awarded to faculty so that they can provide unique and innovative programming in the classroom and the community).
- **Board Development:** The Foundation's goal is to expand our reach in the community through additional board members with diverse backgrounds and expertise to continue to serve our student needs as they evolve.

**COLLEGE OF THE CANYONS FOUNDATION**  
**(A California Non-Profit Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**Summary**

In summary, the Foundation continues to be a vital funding component for the District as an advocacy entity that builds partnerships, relationships and increased capacity. Support in the form of donations to fund capital construction, funding for academic and student programs, and student financial assistance through scholarships create more opportunities for students to attend college and allows the District to continue to meet the growing needs of the local business community and provide student access and success. Benefits to the District from Foundation efforts also include:

- **Funded** twenty-two (22) endowed scholarships (non Osher)
- **Funded** thirty (30) named Osher Endowment Scholarships, that will yield a minimum of sixty (60) \$1,300 student scholarships
- **Awarded** scholarships to provide direct support to students (384 students received Foundation scholarships for the 2022-2023 academic year)
- **Supported** academic and college programs such as Culinary Arts, Nursing, Welding, K-12 Arts Education, Child Development, Adult Re-Entry, Art Gallery, Performing Arts Center, the Campus Community Garden and Physical Education, just to name a few
- **Enhanced** business partnerships that contribute to Employee Training contract education revenues
- **Enhanced** long term support for the Arts as the Foundation builds the Performing Arts Endowment
- **Provided** ongoing support to faculty through the mini-grant program to fund innovation and entrepreneurial projects

In addition, the Foundation Board of Directors consists of volunteer business and community leaders who serve as ambassadors from the Santa Clarita Valley and beyond. While governing the Foundation, the Board works to generate funds for College of the Canyons. Thirty-three (33) volunteer Board Members donated approximately **3,996** hours of their time during the **2022-2023** fiscal year in support of fundraising for District programs, students and services.



## Independent Auditor's Report

Board of Directors  
College of the Canyons Foundation  
Santa Clarita, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of College of the Canyons Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Other Matters***

#### *Management's Discussion and Analysis*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management's Discussion and Analysis (MD&A) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the MD&A.



Rancho Cucamonga, California  
November 22, 2023

College of the Canyons Foundation  
Statements of Financial Position  
June 30, 2023 and 2022

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| <b>Current assets</b>   |                     |                     |
| Cash and cash equivalents   | \$ 118,316          | \$ 34,259           |
| Investments - cash held by Los Angeles County   |                     |                     |
| Treasury (See Note 4)   | 2,774,258           | 3,215,596           |
| Investments (See Note 4 and 5)  | 1,776,758           | 1,092,568           |
| Unconditional promises to give (See Note 4 and 5)   | 1,800               | 8,705               |
| Accounts receivable   | 112,792             | 22,358              |
| Prepaid expenses  | 8,500               | 25,200              |
| <b>Total current assets</b>   | <b>4,792,424</b>    | <b>4,398,686</b>    |
| <b>Noncurrent Assets</b>  |                     |                     |
| Beneficial interest in assets held by the Foundation<br>for California Community Colleges (See Note 4, 5 and 6) | 1,222,202           | 1,173,824           |
| Unconditional promises to give, net (See Note 4 and 5)  | 2,667               | -                   |
| Irrevocable planned gift  | 32,481              | 32,842              |
| Cash surrender value of life insurance (See Note 4)   | 96,133              | 127,931             |
| <b>Total noncurrent assets</b>  | <b>1,353,483</b>    | <b>1,334,597</b>    |
| <b>Total assets</b>   | <b>\$ 6,145,907</b> | <b>\$ 5,733,283</b> |
| <b>Liabilities</b>  |                     |                     |
| <b>Current liabilities</b>  |                     |                     |
| Accounts payable and other current liabilities  | \$ 105,760          | \$ 132,814          |
| Scholarships due to students  | 14,454              | -                   |
| Deferred revenue  | 2,000               | 9,275               |
| <b>Total current liabilities</b>  | <b>122,214</b>      | <b>142,089</b>      |
| <b>Noncurrent liabilities</b>   |                     |                     |
| Net pension liability (See Note 13)   | -                   | 56,422              |
| <b>Total liabilities</b>  | <b>122,214</b>      | <b>198,511</b>      |
| <b>Net Assets</b>   |                     |                     |
| <b>Without donor restrictions</b>   |                     |                     |
| Undesignated  | 358,435             | 344,545             |
| Board designated (See Note 12)  | 23,649              | 23,649              |
| <b>Total without donor restrictions</b>   | <b>382,084</b>      | <b>368,194</b>      |
| <b>With donor restrictions (See Note 7 and 8)</b>   | <b>5,641,609</b>    | <b>5,166,578</b>    |
| <b>Total net assets</b>   | <b>6,023,693</b>    | <b>5,534,772</b>    |
| <b>Total liabilities and net assets</b>   | <b>\$ 6,145,907</b> | <b>\$ 5,733,283</b> |

College of the Canyons Foundation

Statements of Activities

Years Ended June 30, 2023 and 2022

|  | 2023                       |                         | Total               |
|--|----------------------------|-------------------------|---------------------|
|  | Without Donor Restrictions | With Donor Restrictions |                     |
| Public Support and Revenues  |                            |                         |                     |
| Contributions  | \$ 21,577                  | \$ 931,922              | \$ 953,499          |
| In-kind donations  |                            |                         |                     |
| Donated facilities   | 27,200                     | -                       | 27,200              |
| Donated services   | 1,125,767                  | -                       | 1,125,767           |
| Donated assets   | 190,597                    | -                       | 190,597             |
| Special events   |                            |                         |                     |
| Special events - others  | 156,993                    | -                       | 156,993             |
| Chancellor's Circle  | 48,524                     | -                       | 48,524              |
| Assets released from restrictions  | 808,501                    | (808,501)               | -                   |
| Total public support and revenues  | <u>2,379,159</u>           | <u>123,421</u>          | <u>2,502,580</u>    |
| Expenses   |                            |                         |                     |
| Program  | 1,659,385                  | -                       | 1,659,385           |
| Management and general   | 247,518                    | -                       | 247,518             |
| Fundraising  | 431,276                    | -                       | 431,276             |
| Total expenses   | <u>2,338,179</u>           | <u>-</u>                | <u>2,338,179</u>    |
| Other Income, gains and losses   |                            |                         |                     |
| Interest and dividends   | 4,907                      | 120,777                 | 125,684             |
| Unrealized gain (loss) on investments  | -                          | 110,190                 | 110,190             |
| Change in cash surrender value of life insurance   | (31,798)                   | -                       | (31,798)            |
| Change in the fair market value of the cash held by the Los Angeles County Treasury      | (199)                      | (1,835)                 | (2,034)             |
| Change in beneficial interest in assets held by the Foundation for CA Community Colleges | -                          | 122,478                 | 122,478             |
| Total other income, gains and losses   | <u>(27,090)</u>            | <u>351,610</u>          | <u>324,520</u>      |
| Change in Net Assets   | 13,890                     | 475,031                 | 488,921             |
| Net Assets, Beginning of Year  | 368,194                    | 5,166,578               | 5,534,772           |
| Net Assets, End of Year  | <u>\$ 382,084</u>          | <u>\$ 5,641,609</u>     | <u>\$ 6,023,693</u> |



College of the Canyons Foundation

Statements of Activities

Years Ended June 30, 2023 and 2022

|  | 2022                       |                         | Total               |
|--|----------------------------|-------------------------|---------------------|
|  | Without Donor Restrictions | With Donor Restrictions |                     |
| <b>Public Support and Revenues</b>   |                            |                         |                     |
| Contributions  | \$ 10,895                  | \$ 1,174,526            | \$ 1,185,421        |
| In-kind donations  |                            |                         |                     |
| Donated facilities   | 26,060                     | -                       | 26,060              |
| Donated services   | 1,023,002                  | -                       | 1,023,002           |
| Donated assets   | 41,933                     | -                       | 41,933              |
| Special events   |                            |                         |                     |
| Special events - others  | 208,465                    | -                       | 208,465             |
| Chancellor's Circle  | 30,507                     | -                       | 30,507              |
| Assets released from restrictions  | 557,965                    | (557,965)               | -                   |
| <b>Total public support and revenues</b>   | <b>1,898,827</b>           | <b>616,561</b>          | <b>2,515,388</b>    |
| <b>Expenses</b>  |                            |                         |                     |
| Program  | 1,205,779                  | -                       | 1,205,779           |
| Management and general   | 284,747                    | -                       | 284,747             |
| Fundraising  | 434,402                    | -                       | 434,402             |
| <b>Total expenses</b>  | <b>1,924,928</b>           | <b>-</b>                | <b>1,924,928</b>    |
| <b>Other Income, gains and losses</b>  |                            |                         |                     |
| Interest and dividends   | 1,439                      | 74,223                  | 75,662              |
| Unrealized gain (loss) on investments  | -                          | (265,902)               | (265,902)           |
| Change in cash surrender value of life insurance   | 4,028                      | -                       | 4,028               |
| Change in the fair market value of the cash held by the Los Angeles County Treasury      | (7,525)                    | (117,218)               | (124,743)           |
| Change in beneficial interest in assets held by the Foundation for CA Community Colleges | -                          | (185,022)               | (185,022)           |
| <b>Total other income, gains and losses</b>  | <b>(2,058)</b>             | <b>(493,919)</b>        | <b>(495,977)</b>    |
| <b>Change in Net Assets</b>  | <b>(28,159)</b>            | <b>122,642</b>          | <b>94,483</b>       |
| <b>Net Assets, Beginning of Year</b>   | <b>396,353</b>             | <b>5,043,936</b>        | <b>5,440,289</b>    |
| <b>Net Assets, End of Year</b>   | <b>\$ 368,194</b>          | <b>\$ 5,166,578</b>     | <b>\$ 5,534,772</b> |

College of the Canyons Foundation  
 Statements of Functional Expenses  
 Years Ended June 30, 2023 and 2022

|                                     | 2023                    |                           |                       | Total                   |
|-------------------------------------|-------------------------|---------------------------|-----------------------|-------------------------|
|                                     | Program                 | Management<br>and General | Fundraising           |                         |
| In-Kind Donations                   |                         |                           |                       |                         |
| Donated facilities                  | \$ 16,939               | \$ 3,909                  | \$ 6,352              | \$ 27,200               |
| Donated services                    | 652,945                 | 213,896                   | 258,926               | 1,125,767               |
| Donated assets                      | 161,290                 | 3,178                     | 26,129                | 190,597                 |
| Alumni Development                  | 11,413                  | -                         | -                     | 11,413                  |
| General Fund Raising                | 12,986                  | -                         | 16,174                | 29,160                  |
| Foundation General Operations       |                         |                           |                       |                         |
| Salaries and employee benefits      | -                       | -                         | 7,620                 | 7,620                   |
| Supplies                            | -                       | 1,673                     | -                     | 1,673                   |
| Professional services               | -                       | 6,475                     | -                     | 6,475                   |
| Legal services                      | -                       | 12,462                    | -                     | 12,462                  |
| Mileage                             | -                       | 570                       | -                     | 570                     |
| Postage and printing                | 154                     | -                         | 155                   | 309                     |
| Other expenses                      | -                       | 726                       | 1,003                 | 1,729                   |
| Board expenses                      | 2,566                   | -                         | 2,566                 | 5,132                   |
| Bank and payroll fees               | -                       | 806                       | -                     | 806                     |
| Credit card fees                    | -                       | 3,823                     | 3,824                 | 7,647                   |
| Uncollectible pledges               | 4,205                   | -                         | 2,125                 | 6,330                   |
| Special Events                      |                         |                           |                       |                         |
| Chancellor's Circle                 | -                       | -                         | 23,440                | 23,440                  |
| Other special events                | -                       | -                         | 82,962                | 82,962                  |
| Support Expenses                    |                         |                           |                       |                         |
| Support - instruction programs      | 42,167                  | -                         | -                     | 42,167                  |
| Scholarships                        | 402,661                 | -                         | -                     | 402,661                 |
| Academic support - student programs | 352,059                 | -                         | -                     | 352,059                 |
| <br>Total expenses                  | <br><u>\$ 1,659,385</u> | <br><u>\$ 247,518</u>     | <br><u>\$ 431,276</u> | <br><u>\$ 2,338,179</u> |

College of the Canyons Foundation  
 Statements of Functional Expenses  
 Years Ended June 30, 2023 and 2022

|                                     | 2022                    |                           |                       | Total                   |
|-------------------------------------|-------------------------|---------------------------|-----------------------|-------------------------|
|                                     | Program                 | Management<br>and General | Fundraising           |                         |
| In-Kind Donations                   |                         |                           |                       |                         |
| Donated facilities                  | \$ 16,939               | \$ 3,909                  | \$ 5,212              | \$ 26,060               |
| Donated services                    | 593,342                 | 194,370                   | 235,290               | 1,023,002               |
| Donated assets                      | 4,765                   | -                         | 37,168                | 41,933                  |
| Alumni Development                  | 8,827                   | -                         | -                     | 8,827                   |
| General Fund Raising                | 18,364                  | -                         | 20,513                | 38,877                  |
| Foundation General Operations       |                         |                           |                       |                         |
| Salaries and employee benefits      | -                       | -                         | (16,014)              | (16,014)                |
| Supplies                            | -                       | 1,991                     | -                     | 1,991                   |
| Professional services               | -                       | 47,156                    | -                     | 47,156                  |
| Legal services                      | -                       | 31,206                    | -                     | 31,206                  |
| Mileage                             | -                       | 3                         | -                     | 3                       |
| Postage and printing                | 149                     | -                         | 150                   | 299                     |
| Other expenses                      | -                       | 1,686                     | -                     | 1,686                   |
| Board expenses                      | 5,427                   | -                         | 5,427                 | 10,854                  |
| Bank and payroll fees               | -                       | 425                       | -                     | 425                     |
| Credit card fees                    | -                       | 4,001                     | 4,002                 | 8,003                   |
| Uncollectible pledges               | -                       | -                         | -                     | -                       |
| Special Events                      |                         |                           |                       |                         |
| Chancellor's Circle                 | -                       | -                         | 26,326                | 26,326                  |
| Other special events                | -                       | -                         | 116,328               | 116,328                 |
| Support Expenses                    |                         |                           |                       |                         |
| Support - instruction programs      | 22,205                  | -                         | -                     | 22,205                  |
| Scholarships                        | 272,105                 | -                         | -                     | 272,105                 |
| Academic support - student programs | 263,656                 | -                         | -                     | 263,656                 |
| <br>Total expenses                  | <br><u>\$ 1,205,779</u> | <br><u>\$ 284,747</u>     | <br><u>\$ 434,402</u> | <br><u>\$ 1,924,928</u> |

College of the Canyons Foundation

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Operating Activities  |                     |                     |
| Change in net assets  | \$ 488,921          | \$ 94,483           |
| Adjustments to reconcile change in net assets to net cash flows from operating activities                 |                     |                     |
| Unrealized (gain) loss on investments   | (110,190)           | 265,902             |
| Write off of unconditional promises to give   | 6,330               | -                   |
| Discount on unconditional promises to give  | 183                 | -                   |
| Contributions restricted for long-term purposes   | (70,210)            | (25,550)            |
| Distributions from beneficial interest in assets held by the Foundation for California Community Colleges | 74,100              | 58,399              |
| Change in beneficial interest in assets held by the Foundation for California Community Colleges          | (122,478)           | 185,022             |
| Change in cash surrender value of life insurance  | 31,798              | (4,028)             |
| Changes in assets and liabilities   |                     |                     |
| Unconditional promises to give  | (2,275)             | (618)               |
| Accounts receivable   | (90,434)            | 9,022               |
| Prepaid expenses  | 16,700              | (22,700)            |
| Irrevocable planned gift  | 361                 | (752)               |
| Accounts payable and other current liabilities  | (27,054)            | 101,712             |
| Scholarships due to students  | 14,454              | -                   |
| Net pension liability   | (56,422)            | (40,569)            |
| Deferred revenue  | (7,275)             | (18,975)            |
| Net Cash Flows from Operating Activities  | <u>146,509</u>      | <u>601,348</u>      |
| Investing Activities  |                     |                     |
| Purchases of investments  | <u>(574,000)</u>    | <u>(60,000)</u>     |
| Financing Activities  |                     |                     |
| Collections of contributions restricted for long-term purposes  | <u>70,210</u>       | <u>25,550</u>       |
| Net Change in Cash and Cash Equivalents   | (357,281)           | 566,898             |
| Cash and Cash Equivalents, Beginning of Year  | <u>3,249,855</u>    | <u>2,682,957</u>    |
| Cash and Cash Equivalents, End of Year  | <u>\$ 2,892,574</u> | <u>\$ 3,249,855</u> |
| Noncash Transactions  |                     |                     |
| In-kind donations   |                     |                     |
| Passed through to Santa Clarita Community College District  | \$ 164,468          | \$ 4,765            |
| Donated to special events   | 26,129              | 37,168              |
| Donated facilities  | 27,200              | 26,060              |
| Donated services  | 1,125,767           | 1,023,002           |
| Total in-kind donations   | <u>\$ 1,343,564</u> | <u>\$ 1,090,995</u> |

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

The College of the Canyons Foundation (the Foundation) was formed as a nonprofit corporation on November 13, 1980, for the purpose of soliciting and receiving contributions for the support and advancement of education, and providing recreational and educational facilities for the Santa Clarita Community College District (the District) and College of the Canyons (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 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 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. In addition, the Foundation's Board has also designated various balances of net assets without donor restrictions for certain uses as described in Note 12.

*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. The Foundation reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

**Revenue Recognition**

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

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

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. The Foundation's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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

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

During the year, office space is provided by the District on behalf of the Foundation. At June 30, 2023 and 2022, donated facilities usage was valued at \$27,200 and \$26,060, respectively, and was recognized in the financial statements as in-kind donation revenue and in-kind expenses. Donated facilities are presented at the estimated values at the date of donation and the fair market value of the facilities for the year.

Donated services include the value of Foundation services paid for by the District as part of its master agreement with the Foundation. At June 30, 2023 and 2022, services were valued at \$1,125,767 and \$1,023,002, respectively. Donated services are based on the fair value of comparable services provided by third parties. Donated services were recognized in the financial statements as in-kind donation revenue and in-kind services and allocated to all of the Foundation's programs.

At June 30, 2023, donated assets in the amount of \$190,597 were also recorded, of which \$164,468 was passed through to the District, and \$26,129 was used in special events. At June 30, 2022, donated assets in the amount of \$41,933 were recorded, of which \$4,765 was passed through to the District, and \$37,168 was used in special events. Donated assets are valued at the fair market value of the asset upon donation. The Foundation did not monetize any contributed nonfinancial assets during the fiscal years ended June 30, 2023 and 2022.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent 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 the differences could be material.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts with original maturities of less than 90 days, which are neither held for nor restricted by donors for long-term purposes. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2023 and 2022, no amounts were uninsured. Cash and cash equivalents reported on the Statement of Cash Flows also includes cash with the County Treasury.

### **Accounts Receivable**

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

### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in donor-restricted net assets depending on the nature of the restrictions. When a restriction expires, the donor-restricted net assets are reclassified to without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give and irrevocable planned gifts that are expected to be collected in future years are initially 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. In addition, the Foundation utilizes the IRS mortality tables to calculate the present value of the irrevocable planned gift. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2023 and 2022, management has determined that all promises to give are fully collectible.

### **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 statements of activities.

### **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.

### **Allocation of Functional Expenses**

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, based upon management's estimates, certain costs have been allocated among the program, management and general, and fundraising activities.



**Note 2 - Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following at June 30,:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Cash and cash equivalents  | \$ 118,316        | \$ 34,259         |
| Investments - cash held by Los Angeles County Treasury   | 2,774,258         | 3,215,596         |
| Investments  | 1,776,758         | 1,092,568         |
| Unconditional promises to give, current  | 1,800             | 8,705             |
| Accounts receivable  | <u>112,792</u>    | <u>22,358</u>     |
| Total financial assets available within one year   | <u>4,783,924</u>  | <u>4,373,486</u>  |
| Less   |                   |                   |
| Amounts unavailable for general expenditures within one year,<br>due to restrictions by donors | <u>4,558,207</u>  | <u>4,129,176</u>  |
| Total financial assets available to management for<br>general expenditures within one year     | <u>\$ 225,717</u> | <u>\$ 244,310</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. The Foundation has an Investment Policy Statement that establishes investment objectives for short-term and long-term investments. The short-term investments include assets with donor restrictions, as well as assets without donor restrictions. Since these funds are maintained for current operating expenses, as well as near-term funding commitments, they are managed with little or no risk to principle. They include cash and cash equivalents and short-term fixed income securities with an average maturity of three years and a maximum maturity of five years. The Endowed Assets are invested to emphasize long-term investment fundamentals. The objective is to maximize long-term returns consistent with prudent levels of risk. Investment returns are expected to provide adequate funds to sufficiently support designated needs and preserve or enhance the real value of the Foundation.

**Note 3 - Unconditional Promises to Give**

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

|  | <u>2023</u>     | <u>2022</u>     |
|--|-----------------|-----------------|
| Unconditional promises to give - other                     | \$ 4,650        | \$ 6,705        |
| Unconditional promises to give - Culinary Educational Fund | -               | 2,000           |
| Less discount to net present value                         | <u>(183)</u>    | <u>-</u>        |
| Total  | <u>\$ 4,467</u> | <u>\$ 8,705</u> |

At June 30, 2023 and 2022, management has determined that all promises to give are fully collectible. The discount rate used was 3.37% for the year ended June 30, 2023. There was no discount of unconditional promises to give for the year ended June 30, 2022 as the balances were all current.

As of June 30, 2023, the Foundation has been promised unconditional promises to give, which were classified as follows:

|                                    | <u>Miscellaneous</u> | <u>Culinary<br/>Campaign</u> | <u>Total</u>    |
|------------------------------------|----------------------|------------------------------|-----------------|
| Due within one year                | \$ 1,800             | \$ -                         | \$ 1,800        |
| Due within one to five years       | <u>2,850</u>         | <u>-</u>                     | <u>2,850</u>    |
|                                    | 4,650                | -                            | 4,650           |
| Less discount to net present value | <u>(183)</u>         | <u>-</u>                     | <u>(183)</u>    |
| Total                              | <u>\$ 4,467</u>      | <u>\$ -</u>                  | <u>\$ 4,467</u> |

As of June 30, 2022, the Foundation has been promised unconditional promises to give, which were classified as follows:

|                     | <u>Miscellaneous</u> | <u>Culinary<br/>Campaign</u> | <u>Total</u>    |
|---------------------|----------------------|------------------------------|-----------------|
| Due within one year | <u>\$ 6,705</u>      | <u>\$ 2,000</u>              | <u>\$ 8,705</u> |

During the fiscal year ended June 30, 2023, management monitored and reviewed the uncollectible pledges outstanding from the prior fiscal years and deemed \$6,330 uncollectible; therefore, those amounts were written off in the current year.

**Note 4 - Investments**

Investments are stated at fair value and are summarized as of June 30, 2023:

|   | Adjusted<br>Cost    | Fair Value          | Unrealized<br>Gain |
|---|---------------------|---------------------|--------------------|
| Investments - cash held by Los Angeles County Treasury                                    | \$ 2,774,258        | \$ 2,774,258        | \$ -               |
| Investments - Raymond James Funds   | 1,666,568           | 1,776,758           | 110,190            |
| Beneficial interest in assets held by the Foundation for<br>California Community Colleges | 1,222,202           | 1,222,202           | -                  |
| Total   | <u>\$ 5,663,028</u> | <u>\$ 5,773,218</u> | <u>\$ 110,190</u>  |

Investments are stated at fair value and are summarized as of June 30, 2022:

|   | Adjusted<br>Cost    | Fair Value          | Unrealized<br>Loss  |
|---|---------------------|---------------------|---------------------|
| Investments - cash held by Los Angeles County Treasury                                    | \$ 3,215,596        | \$ 3,215,596        | \$ -                |
| Investments - Raymond James Funds   | 1,358,470           | 1,092,568           | (265,902)           |
| Beneficial interest in assets held by the Foundation for<br>California Community Colleges | 1,173,824           | 1,173,824           | -                   |
| Total   | <u>\$ 5,747,890</u> | <u>\$ 5,481,988</u> | <u>\$ (265,902)</u> |

Change in value of investments is reflected in the Statement of Activities. Dividends and interest income are recorded during the period earned.

Investment activity as of June 30, 2023:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| Interest and dividends  | \$ 4,907                      | \$ 120,777                 | \$ 125,684        |
| Unrealized gain (loss) on investments   | -                             | 110,190                    | 110,190           |
| Change in cash surrender value of life insurance  | (31,798)                      | -                          | (31,798)          |
| Change in the fair market value of the cash held<br>by the Los Angeles County Treasury              | (199)                         | (1,835)                    | (2,034)           |
| Change in beneficial interest in assets held by the<br>Foundation for California Community Colleges | -                             | 122,478                    | 122,478           |
| Total investment income   | <u>\$ (27,090)</u>            | <u>\$ 351,610</u>          | <u>\$ 324,520</u> |

Investment activity as of June 30, 2022:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Interest and dividends  | \$ 1,439                      | \$ 74,223                  | \$ 75,662           |
| Unrealized gain (loss) on investments   | -                             | (265,902)                  | (265,902)           |
| Change in cash surrender value of life insurance  | 4,028                         | -                          | 4,028               |
| Change in the fair market value of the cash held<br>by the Los Angeles County Treasury              | (7,525)                       | (117,218)                  | (124,743)           |
| Change in beneficial interest in assets held by the<br>Foundation for California Community Colleges | -                             | (185,022)                  | (185,022)           |
| Total investment income   | <u>\$ (2,058)</u>             | <u>\$ (493,919)</u>        | <u>\$ (495,977)</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 the reporting entity has the ability to access 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 underlying investments in the beneficial interest in assets held by the Foundation for California Community Colleges - Osher Endowment are all Level 1 with quoted prices in active markets. See Note 6 to the financial statements for additional information.

College of the Canyons Foundation

Notes to Financial Statements

June 30, 2023 and 2022

The following table presents assets and liabilities measured at fair value on a recurring basis, as of June 30, 2023:

|  | <u>Total</u>        | <u>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs (Level 2)</u> |
|--|---------------------|---|--|
| Beneficial interests in assets held by       |                     |   |  |
| CA Community Foundation                      |                     |   |  |
| Board Designated Osher operating investments | \$ 23,649           | \$ 23,649   | \$ -   |
| Endowment Osher investments                  | 1,198,553           | 1,198,553   | -  |
|  | <u>1,222,202</u>    | <u>1,222,202</u>  | <u>-</u>   |
| Endowment investments                        |                     |   |  |
| Mutual funds                                 | 1,488,617           | 1,488,617   | -  |
| Bonds and notes                              | 288,141             | -   | 288,141  |
|  | <u>1,776,758</u>    | <u>1,488,617</u>  | <u>288,141</u>   |
| Total  | <u>\$ 2,998,960</u> | <u>\$ 2,710,819</u>   | <u>\$ 288,141</u>  |

The Foundation has no liabilities measured at fair value on a recurring basis as of June 30, 2023.

The following table presents assets and liabilities measured at fair value on a recurring basis, as of June 30, 2022:

|  | <u>Total</u>        | <u>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs (Level 2)</u> |
|--|---------------------|---|--|
| Beneficial interests in assets held by       |                     |   |  |
| CA Community Foundation                      |                     |   |  |
| Board Designated Osher operating investments | \$ 23,649           | \$ 23,649   | \$ -   |
| Endowment Osher investments                  | 1,150,175           | 1,150,175   | -  |
|  | <u>1,173,824</u>    | <u>1,173,824</u>  | <u>-</u>   |
| Endowment investments                        |                     |   |  |
| Mutual funds                                 | 1,092,568           | 1,092,568   | -  |
| Bonds and notes                              | -                   | -   | -  |
|  | <u>\$ 2,266,392</u> | <u>\$ 2,266,392</u>   | <u>\$ -</u>  |

The Foundation has no liabilities measured at fair value on a recurring basis as of June 30, 2022.

**Note 6 - 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 \$1,065,262. As of June 30, 2023 and 2022, the ending balance of the Osher Endowment Scholarship was \$1,222,202 and \$1,173,824, 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 7 - Restrictions on Net Assets**

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

|                              | <u>2023</u>         | <u>2022</u>         |
|------------------------------|---------------------|---------------------|
| Capital Campaign             | \$ 8                | \$ 2,008            |
| Scholarships - Expendable    | 548,326             | 1,136,720           |
| Scholarships - Endowed       | 152,273             | 69,621              |
| Academic and student support | 1,753,778           | 1,523,604           |
| Endowments - Other           | 458,366             | 355,526             |
| Major gifts                  | 4,443               | 4,347               |
|                              | <u>\$ 2,917,194</u> | <u>\$ 3,091,826</u> |

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

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Endowed scholarships  | \$ 1,189,276        | \$ 539,514          |
| Beneficial interest in assets held by<br>the Foundation for California Community Colleges | 1,041,613           | 1,041,613           |
| Endowments - Other  | 493,526             | 493,625             |
|   | <u>\$ 2,724,415</u> | <u>\$ 2,074,752</u> |

**Note 8 - Donor Designated Endowment**

The Foundation's endowment consists of funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted funds that is not held in perpetuity is classified as net assets with donor restrictions and may be appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**Investment Return Objectives, Risk Parameters, and Strategies**

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Therefore, the Foundation expects its endowment assets, over time, to exceed the average annual return of the applicable benchmark index with a lower than benchmark volatility over a three to five year rolling time period. Actual returns in any given year may vary from this expectation. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Spending Policy**

The Foundation's Board-approved spending policy was created to protect the values of the endowments.

This policy attempts to provide a predictable stream of funding to programs supported by the Endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Foundation Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the performance of a Policy Index based upon strategic asset allocation.

College of the Canyons Foundation

Notes to Financial Statements

June 30, 2023 and 2022

The Foundation expects its endowment funds, over a full market cycle (5 years), to provide an average annual real rate of return, net of fees, equal to or greater than spending and inflation (5%). Actual returns in any given year may vary from this amount.

Endowment funds consist of donor-restricted endowments and do not include board-designated endowments. Only Permanently Restricted Endowment funds are covered by this policy. The principle of the Endowment Funds is not invaded for any reason and therefore the Foundation is not permitted to spend from Underwater endowment funds, as defined in ASU 2016-14. Spending from the endowments is limited to interest and dividends only. An Endowment Fund that is Underwater should include accumulated losses of that fund in net assets with donor restrictions and not in net assets without donor restrictions.

In the event the Scholarship Fund is Underwater, scholarships will be funded from prior year dividends, the general scholarship fund or by the donor.

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

|  | <u>With Donor<br/>Restrictions</u> |
|--|------------------------------------|
| Balance at June 30, 2022   | \$ 2,499,899                       |
| Contributions  | 70,210                             |
| Investment income  | 155,139                            |
| Change in value in Beneficial interest in assets held by the<br>Foundation for California Community Colleges     | 122,478                            |
| Distributions from the Beneficial interest in assets held by the<br>Foundation for California Community Colleges | (74,100)                           |
| Reclassifications  | 582,056                            |
| Amounts appropriated for expenditures  | <u>(20,628)</u>                    |
| Endowment net assets, June 30, 2023  | <u>\$ 3,335,054</u>                |

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

|  | <u>With Donor<br/>Restrictions</u> |
|--|------------------------------------|
| Balance at June 30, 2021   | \$ 2,941,496                       |
| Contributions  | 25,550                             |
| Investment income  | (208,612)                          |
| Change in value in Beneficial interest in assets held by the<br>Foundation for California Community Colleges     | (185,022)                          |
| Distributions from the Beneficial interest in assets held by the<br>Foundation for California Community Colleges | (58,399)                           |
| Reclassifications  | -                                  |
| Amounts appropriated for expenditures  | <u>(15,114)</u>                    |
| Endowment net assets, June 30, 2022  | <u>\$ 2,499,899</u>                |



**Note 9 - Net Assets Released from Restrictions**

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

|   | <u>2023</u>       | <u>2022</u>       |
|---|-------------------|-------------------|
| Academic support and student programs     | \$ 403,810        | \$ 285,864        |
| Scholarships - Expendable                 | 296,641           | 182,101           |
| Scholarships - Osher student scholarships | 106,050           | 90,000            |
| Uncollectable pledges                     | <u>2,000</u>      | <u>-</u>          |
| Total                                     | <u>\$ 808,501</u> | <u>\$ 557,965</u> |

**Note 10 - Donated Services and Facilities**

The Foundation was given program and service support from the Santa Clarita Community College District. The following is a breakdown of these in-kind donated services and facilities at June 30,:

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Donated services without donor restrictions       |                     |                     |
| Salaries  | \$ 670,654          | \$ 607,633          |
| Benefits  | 314,856             | 295,286             |
| Operating expenses                                | <u>140,257</u>      | <u>120,083</u>      |
| Total donated services without donor restrictions | <u>\$ 1,125,767</u> | <u>\$ 1,023,002</u> |
| Donated facilities                                | <u>\$ 27,200</u>    | <u>\$ 26,060</u>    |

During the year ended June 30, 2023 and 2022, the Foundation also received donated assets from various companies, which the Foundation passed through to the District for use in its facilities and programs.

|  | <u>2023</u>       | <u>2022</u>      |
|--|-------------------|------------------|
| Donated assets without donor restrictions                  |                   |                  |
| Passed through to Santa Clarita Community College District | \$ 164,468        | \$ 4,765         |
| Donated assets used in special events                      | <u>26,129</u>     | <u>37,168</u>    |
| Total donated assets without donor restrictions            | <u>\$ 190,597</u> | <u>\$ 41,933</u> |

All donated assets received during the years ended June 30, 2023 and 2022 were unrestricted.

**Note 11 - Related Party Transactions**

The Foundation provides various levels of monetary support and service to the Santa Clarita Community College District. The transactions are recorded within the financial statements as distributions, student programs, and scholarship expense. The District provides office space and other support to the Foundation. The value of this support has been calculated and is reflected within these financial statements.

At June 30, 2023 and 2022, the Foundation had outstanding receivables from the District in the amounts of \$28,134 and \$5,734, respectively. At June 30, 2023 and 2022, the Foundation had \$26,694 and \$111,881, respectively, in outstanding payables due to the District.

**Note 12 - Board Designated Assets**

The Board of the College of the Canyons Foundation has chosen to designate \$23,649 of net assets without donor restrictions as of June 30, 2023, as funds reserved for programs and for other designated projects.

|  | <u>Available<br/>June 30, 2022</u> | <u>2022-2023<br/>Board<br/>Designations</u> | <u>2022-2023<br/>Expenditures</u> | <u>Available<br/>June 30, 2023</u> |
|--|------------------------------------|---|-----------------------------------|------------------------------------|
| Board designated to beneficial interest<br>in assets held by the Foundation for<br>California Community Colleges | \$ 23,649                          | \$ -  | \$ -                              | \$ 23,649 *                        |
| Total  | <u>\$ 23,649</u>                   | <u>\$ -</u>                                 | <u>\$ -</u>                       | <u>\$ 23,649</u>                   |

The Board of the College of the Canyons Foundation has chosen to designate \$23,649 of net assets without donor restrictions as of June 30, 2022, as funds reserved for programs and for other designated projects.

|  | <u>Available<br/>June 30, 2021</u> | <u>2021-2022<br/>Board<br/>Designations</u> | <u>2021-2022<br/>Expenditures</u> | <u>Available<br/>June 30, 2022</u> |
|--|------------------------------------|---|-----------------------------------|------------------------------------|
| Board designated to beneficial interest<br>in assets held by the Foundation for<br>California Community Colleges | \$ 23,649                          | \$ -  | \$ -                              | \$ 23,649 *                        |
| Total  | <u>\$ 23,649</u>                   | <u>\$ -</u>                                 | <u>\$ -</u>                       | <u>\$ 23,649</u>                   |

\* These funds will remain on deposit in the unrestricted operating fund in perpetuity, and annual scholarships will be awarded in accordance with the Foundation for California Community Colleges - Osher Endowed Scholarship Fund guidelines.

**Note 13 - Retirement Plan****California Public Employees' Retirement System (CalPERS)****Plan Description**

The Foundation offers eligible employees retirement benefits with CalPERS. Employees become eligible starting the first day of employment if one of the following criteria is met:

- Employee's position is full-time, seasonal, or limited term and is more than six months,
- Employee's part-time position exceeds 1,000 hours in one fiscal year, or
- Employee is a member of CalPERS by previous employment (either has funds on deposit or service credit).

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**

The Foundation pays the required employer contribution. The Santa Clarita Community College District reimburses the Foundation for the employer contributions to CalPERS pursuant to the provisions of the Master Operating Agreement between the two entities. CalPERS eligible employees contribute their required contribution. The retirement calculation for Foundation employees is as follows:

- 1) Full-time and part-time eligible employees (classic members as defined by CalPERS) hired prior to October 1, 2011 have a retirement calculation of two percent at 55.
- 2) Full-time and part-time eligible employees (PEPRA members as defined by CalPERS) hired on or after January 1, 2013, will have a retirement calculation of two percent at 62. PEPRA is Public Employees' Pension Reform Act.
- 3) The rates are based upon an actuarially determined rate and the actuarial methods and assumptions used for determining those rates are those adopted by the CalPERS Board of Administration.

**Plan Valuation**

Accounting Standards Codification (ASC) 718-80-35-2 requires employers providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability when reasonably estimable.

### **Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Foundation is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 and 2022, are presented above and the total Foundation's contributions were \$15,386 and \$8,480, respectively.

### **Note 14 - Subsequent Events**

The Foundation's management has evaluated events or transactions from June 30, 2023 through November 22, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.