Financial Statements
June 30, 2020 and 2019

College of the Canyons Foundation

EideBailly®

eidebailly.com

Components of the Annual Report

The Annual Financial Report for the Period Ending June 30, 2020 consists of an **Independent Auditors' Report Section** and a **Financial Statements Section.**

The Independent Auditors' Report Section contains the Independent Auditors' Report issued by Eide Bailly LLP. 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, 2020, 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.

The Financial Statements Section contains the following **four key financial statements**, as well as associated notes to 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, 2020*** reports the value of all assets and liabilities of the Foundation. This statement reflects total assets of **$4,894,655**. Assets include cash and cash equivalents, donor pledges and other accounts receivables, prepaid expenses, investments, beneficial interest in assets held by the Foundation for CA Community Colleges, long-term donor pledges, and cash surrender value of life insurance. Total liabilities of **$308,255** represents accounts payable, net pension liability, and deferred revenue.

The value of total net assets as of June 30, 2020 is $4,586,400, an **increase of $30,668** or 1% from June 30, 2019. Details of this increase in total net assets are provided in the audited financials under two categories, Without Donor Restrictions and With Donor Restrictions.

- **($ 82,451) Decrease** in Without Donor Restrictions Assets (Fund 81 – Operating Fund)
  - **($ 67,291) decrease** in assets due to unrestricted fundraising efforts coming in below budget. Specifically, donations and sponsorships of $85,550 for the annual Silver Spur were deferred to fiscal year 2020-21 due to the postponement of the event because of the COVID-19 pandemic and Silver Spur expenses incurred of $35,157 were expended because they could not be refunded or postponed. However, the Chancellor's Circle, Golf Tournament and Annual Fund Appeal achieved $15,641 over combined goals.
  - **($ 32,140) decrease** due to expenses which were not budgeted, including consultant fees for the Foundation Strategic Plan, financial advisor fees for Endowed investments and attorney fees. FPPC fees of $14,500 were paid by the Foundation in response to an Administrative Action associated with the Measure E Campaign.

- **($ 7,757) decrease** due to the **CalPERS Pension Liability** assessed each year based on the actuarial study for the Foundation

    - ✓ The CalPERS liability on the Foundation's financial position changed from $81,922 to $89,679 based on actuarial criteria including anticipated date of retirement, salary and return on investment for the pool.
    - ✓ The Foundation participates in a Cost-Sharing, Multiple Employer Defined Benefit Pension Plan that is part of the CalPERS Retirement System.
    - ✓ Employers participating in this plan are required to report the employers' share of the net pension liability in their annual financial statements.
    - ✓ CalPERS is working towards fully funding the plan, which will eliminate this pension liability, by gradually adjusting the employer contribution rate.

- **$ 1,189 increase** in interest income due to funds invested in LA County Treasury pool.
- **$ 3,500 increase** in administrative fee, which is 5% on donations in excess of $20,000, per policy.
- **$ 4,883 increase** in the **surrender value of life insurance policies** where the Foundation is the beneficiary.
- **$ 15,165 increase** in salary and benefits due to resignation of a full-time staff member in March 2020.

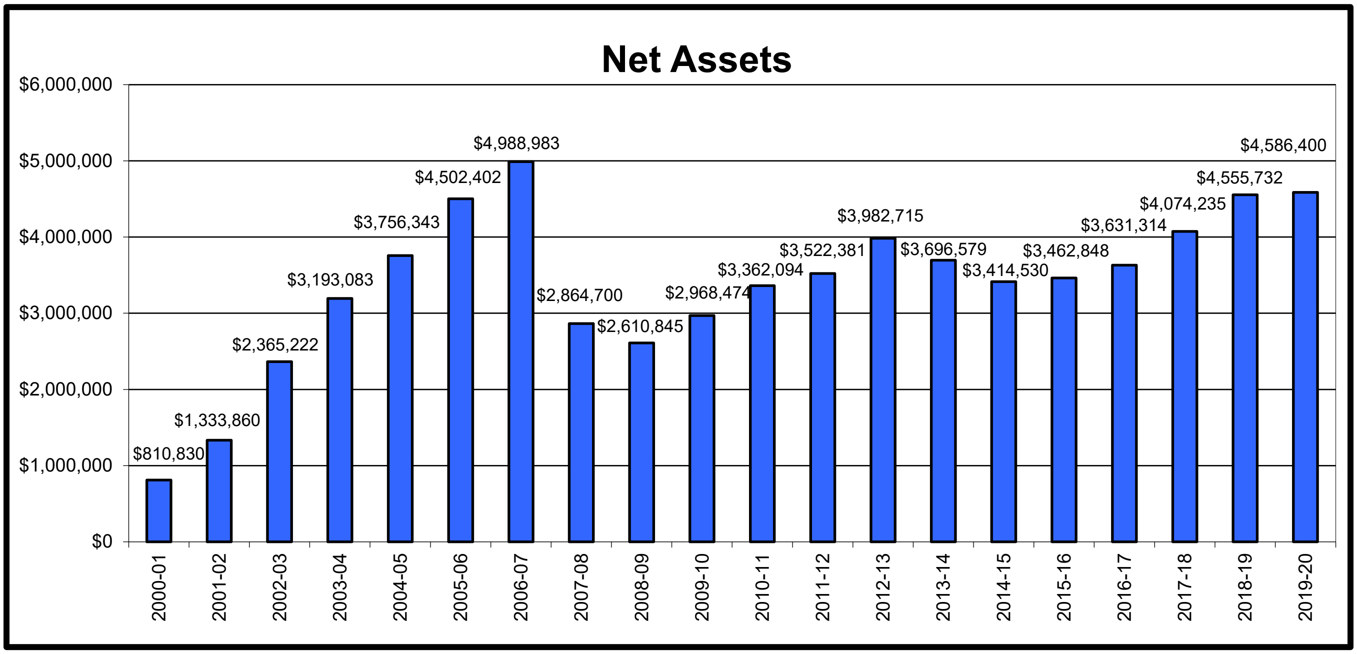
- **$113,119 increase** in <u>With Donor Restrictions assets (Funds 82 – 89)</u>

    - **$ 858,756 increase** in assets due to successful Fundraising efforts.
    - **$ 83,388 increase** in interest and dividends offset by change in value of investments.
    - **$ 10,139 increase** in beneficial interest in assets held by the Foundation for CA Community Colleges. This is a new accounting treatment added to the Foundation's net assets in 2018-19 to reflect fair market value of the ending balance of Osher funds held by the FCCC.
    - **($839,164) decrease** due to the donations granted from the Foundation to the District to support to faculty, students, academic programs and scholarships. .

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

The following chart reports a 466% increase in net assets over the 20-year period between 2000-01 and 2019-20. Decreases in net assets in 2007-08 and 2008-09 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 2013-14 and 2014-15 were due to the Foundation granting the District over $900,000 in Capital Campaign proceeds for construction of the Culinary Arts facility.



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

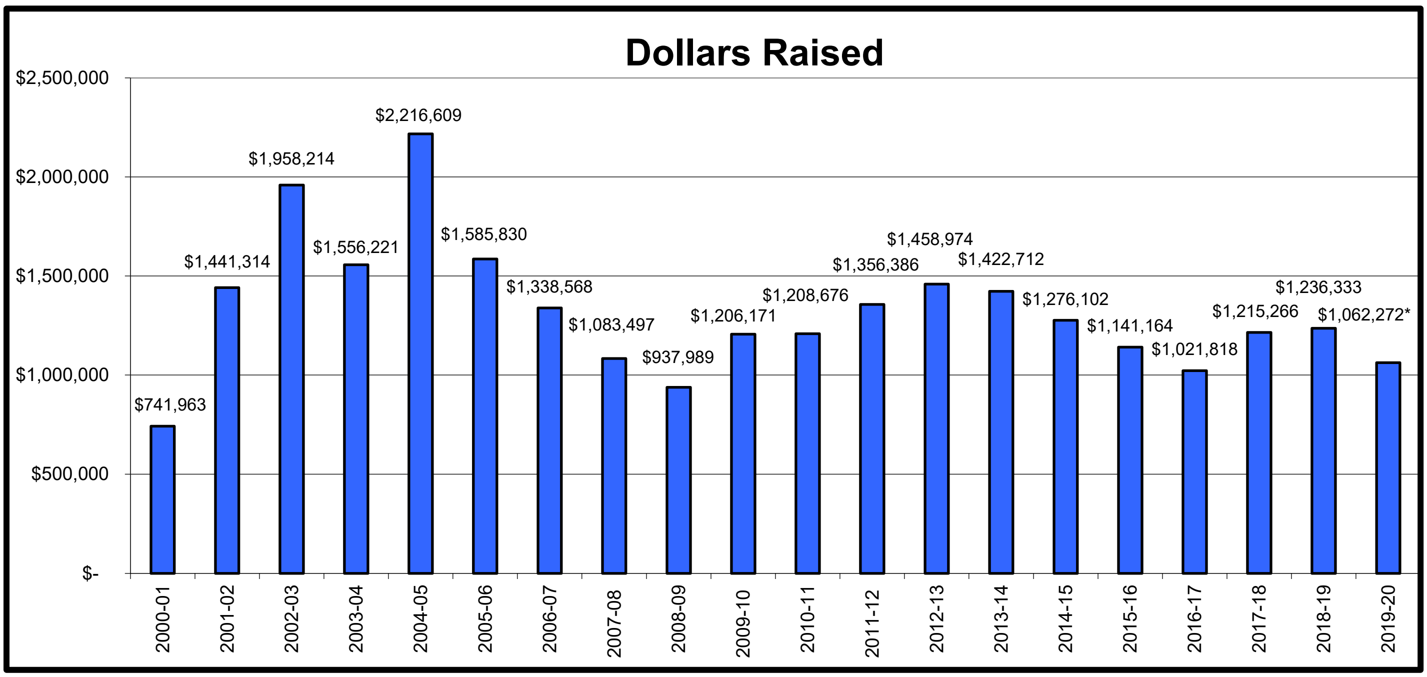
2. The ***Statement of Activities for the Years Ended June 30, 2020*** reports public support and revenues, expenses, other income, and net assets based on two categories: Without Donor Restrictions and With Donor Restrictions.

Public Support and Revenues

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 which include contributions and pledges made to expendable scholarships, student and college programs, capital campaigns, major gifts, endowed scholarships and other endowments. These revenues are restricted because the donor has specified a particular use for the funds. The interest from these funds is used to benefit the designated college programs or to issue student scholarships, while the principal remains restricted.

Public Support and Revenues in the above two categories total $1,982,575 in 2019-20. 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.

The chart below illustrates the fluctuations associated with total dollars raised, showing how in some years the Foundation receives large gifts structured to assist the District for several years. This is the case between 2002-03 and 2004-05 due to large University Center Capital Campaign contributions; and between 2004-05 and 2005-06 due to large private gifts to benefit the Regional Nursing Collaborative; and between 2012-13 and 2013-14 due to large Culinary Arts Capital Campaign contributions; and between 2017-18 and 2018-19 due to large First Year Promise contributions. **In 2019-20, dollars raised totaled $1,062,272.** The decrease over prior year is due in large part to the postponement of the annual Silver Spur event to fiscal year 2020-21 due to the COVID-19 pandemic. Donations and sponsorships received in 2019-20 were deferred. However, Silver Spur expenses incurred were expended because they could not be refunded or postponed.



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 2019-20, the Statement of Activities reflects a decrease of $60,801 due to a new 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.

Historical Perspective of the Foundation

The Foundation has generated over $30 million over the last 36 years to support college programs and student success. Celebrating its 39th anniversary, the College of the Canyons Foundation was formed in 1981 to generate additional resources and revenue, as well as philanthropic support for College of the Canyons and its students. 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.

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. Since its inception in 1981, the Foundation has:

- Raised over $30 million over the last 36 years to assist programs and students
- Raised funds for a capital campaign to fund the building of the University Center
- Provided funding 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 an endowment for the Performing Arts Center, the Library and the athletic track
- Established the Chancellor's Circle Membership support group that has generated a total of $1,885,273 to support innovative faculty projects, students success and academic programs
- 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
- Developed a Chancellor's Circle Mini Grant and Innovative Grant Program that has granted over $375,000 over the last twelve years to fund innovative faculty projects
- Raised over $500,000 to support the First Year Promise program
- Provided leadership to form the Santa Clarita Valley Non Profit Advisory Council
- Established several support groups to include 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

Expenses

As noted above, all expenses are reported in the **Without Donor Restrictions** category. **Expenses for 2019-20 total $2,056,006.** Expenses are categorized into three main areas: Program, Management and General, and Fundraising.

Program expenses totaled **$1,418,625** and includes $759,217 in grants to benefit the District and its students through Instructional Departments and Student Program support and scholarships.

- **$504,712** benefited the following areas in support of instructional and student programs:
  - American Medical Student Association
  - Architecture and Design Program
  - Automotive Technology Program
  - Canyon Country Campus Fund
  - Circle of Friends (Child Development Center)
  - Civic Engagement
  - Communication Studies
  - Construction Department
  - Cougar Club
  - Cul-De-Sac Literary Magazine
  - Culinary Arts
  - Culinary Education Fund for Excellence and Innovation
  - Division of Fine and Performing Arts
  - Early College High School Textbook
  - English
  - English Literary
  - Extended Opportunities Program and Services Book Care
  - Film Club
  - Friends of the Fine Arts
  - Football
  - Golf
  - Hotel Restaurant Management
  - Human Rights Symposium
  - International Services and Programs
  - It Takes a Barrio Program (ITaB)
  - Jazz
  - K12 Arts Education
  - Kevin Jenkins Memorial Fund
  - Learning Resources

- Math Department
- Men's Soccer
- Math Engineering Science Achievement (MESA)
- Military Club
- Mini Grants
- National Student Nurse Association
- Nursing
- Performing Arts Center Concessions
- Paralegal Studies
- Patrons of the Arts
- Photo Department
- Promises that Count
- Santa Clarita Environmental Education Consortium
- Sign Language Department
- Speech and Debate
- Spanish Institute
- Sustainability
- Tech Center
- Veteran's Services Collaborative
- Welding
- Women's Conference

- **$250,083** in student scholarships for a total of **278** scholarships awarded.
- **$ 82,870** in financial aid pass-thru scholarships for a total of 59 scholarships designated to individual students.
- **$569,798** in In-Kind donations of facilities, services and assets to the District to support academic programs
  - $ 16,939 in donated facilities
  - $548,437 in donated services
  - $ 4,422 in donated assets received from donors
- **$ 11,162** represents expenses in alumni development, general fund raising and general operations to support academic programs.

Management and General expenses totaled **$238,786** and represented the portion of staff salaries and office costs associated with the business operations of the Foundation.

Fundraising expenses totaled **$398,595**, that included costs associated with fundraising special events and general fundraising activities. This year's fundraising expenses included an increase of **$7,757** to adjust the amount of CalPERS Pension Liability recognized in the Foundation's books from **$81,922** to **$89,679**. Beginning with the 2014-15 fiscal year, the Foundation was required to include its proportionate share of the net pension liability for the CalPERS plan where Foundation employees participate.

Other Income
Interest and dividend income, unrealized gain on investments, change in cash surrender value of life insurance, and change in beneficial interest in assets held by the Foundation for CA Community Colleges totaling **$104,099** are reported in this section. This income is used to enhance the funding and services the Foundation provides to the District, and overall has remained positive because of effective cash management and investing strategies adopted by the Foundation Board and management staff.

Net Assets, End of Year
Net assets are reported by category and in total on this statement:

- **$4,586,400 in Total Net Assets at June 30, 2020**
    - **$ 331,967** in **Without Donor Restrictions** net assets for future support to Foundation operations and fundraising events.
    - **$4,254,433** in **With Donor Restrictions** net assets for future support to the District's instructional programs, student programs and scholarships.

3. The ***Statement of Functional Expenses for the Years Ended June 30, 2020*** 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 2019-20 were **$2,056,006,** which includes **$759,217 in support to the District and its students**. The Foundation continues to keep Management and General expenses low at 12% of total expenses, and focuses most of its resources on providing support to campus programs, which represent 69% of all expenses:

- **$1,418,625 in Program expenses** 69% of expenses
- **$ 398,595 in Fundraising expenses** 19% of expenses
- **$ 238,786 in Management and General expenses** 12% of expenses

4. The ***Statement of Cash Flows for the Years Ended June 30, 2020*** 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 **increased** by **$213,085** overall. Beginning fiscal year 2018-19, a new 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 **$154,045**. This net increase in cash is due to the following areas:

- **$ 30,668 – Increase** due to Revenue and Expense Activity
  - **$ 1,982,575 – Increase** due to receipt of Contributions, including in-kind, special events and capital campaign
  - **$ 104,099 – Increase** due to interest and dividends, unrealized gain on investments, change in cash surrender value of life insurance, and change in beneficial interest in assets held by the Foundation for CA Community Colleges
  - **($2,056,006) – Decrease** due to program expenses that represent distributions granted back to the District as well as operating and fundraising expenses
- **($ 17,350) – Decrease** due to unrealized gain from investments in Vanguard
- **($ 59,040) – 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.
- **$ 60,801 – Increase** due to distribution from beneficial interest in assets held by the Foundation for California Community Colleges
- **($ 10,139) – Decrease** due to change in beneficial interest in assets held by the Foundation for California Community Colleges
- **($ 4,883) – Decrease** due to cash surrender value of life insurance
- **$ 153,988 – Increase** due to Changes in Asset and Liability Accounts
  - Foundation cash decreased as a result of transactions to asset and liability accounts, such as pledge receivables, prepayments for expenses, accounts payable, net pension liability and deferred revenue.
  - Due to the postponement of the annual Silver Spur event to fiscal year 2020-21 because of the COVID-19 pandemic, all donations and sponsorships received in fiscal 2019-20 were recorded as deferred revenue.

Cash Flows from Investing Activities
There was no change in investment activity for the year. In 2014-15 the Foundation Board adopted a revised investment policy with the goal of achieving an increased return on some of the investments of the Foundation in a structured portfolio based on investment criteria established and approved by the Foundation Finance, Executive Committee and full Board. In 2016-17, the Foundation revised the Investment Policy Procedure and developed a minimum threshold balance of $10,000 for each LACOE Endowment Fund. Anything above the threshold provides an indicator for transfer.

Cash Flow from Financing Activities
Financing activities consisted of an **increase** of **$59,040** in contributions received for Instructional and Student Programs, Student Scholarships, and Endowments. 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, 2020* 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.

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.

Statement of Financial Position

	June 30, 2020	June 30, 2019	Increase (Decrease)
Current Assets	$ 3,606,558	$ 3,391,428	$ 215,130
Noncurrent Assets	$ 1,288,097	$ 1,334,930	($ 46,833)
Total Liabilities	$ 308,255	$ 170,626	$ 137,629

Total Current assets increased in 2019-20 by **$215,130** as compared to one year ago. This net increase is the result of:

- **$200,397 increase** in investments in Los Angeles County Treasury due to higher cash balances on deposit with Los Angeles County Office of Education (LACOE).
- **$ 17,350 increase** in investments in Vanguard accounts.
- **$ 12,688 increase** in cash and cash equivalents due to higher cash balances held in the payroll, emergency, and cash and credit revolving bank accounts.
- **$ 717 increase** in prepaid expenses on transactions made for the Golf Tournament event and postponed Psychology Department travel expenses for 2020-21 fiscal year.
- **($ 4,820) decrease** in unconditional promises to give as short term pledges (collectable within one year) collected mainly for the First Year Promise campaign concluded in 2018-19.
- **($ 11,202) decrease** in accounts receivable as there were less payments pending receipt at June 30, 2020 compared to June 30, 2019.

Total Noncurrent assets (assets held by the FCCC, pledges and life insurance policies) decreased in 2019-20 by **($46,833)** as compared to one year ago. Non-current assets are the portion of assets that have a value beyond one year. This net decrease is the result of:

- **($50,661) decrease** in beneficial interest in assets held by the Foundation for CA Community Colleges. Due to a new accounting treatment which began in fiscal year 2018-19, an adjustment is made to reflect the fair market value of the ending balance of Osher funds held by the FCCC.
- **($ 1,054) decrease** in unconditional promises to give (long-term outstanding pledges) net of amortized discounts due to timely receipt of long-term pledge+ payments in the Endowment for the College of the Canyons PAC leading to a lesser outstanding amount.
- **$ 4,882 increase** in the cash surrender values of life insurance policies due to the application of annual earnings for policies where the Foundation is named as the owner/beneficiary.

Total Liabilities increased in 2019-20 by **$137,629** as compared to one year ago. This net increase is the result of:

- **$ 90,900 increase** in deferred revenue due to revenue transactions received from sponsors for the Golf Tournament and the annual Silver Spur events scheduled for 2020-21. The majority of deferred revenue were from donations and sponsorships for the annual Silver Spur event that did not occur in 2019-20 and has been postponed to 2020-21 due to the COVID-19 pandemic.
- **$ 38,972 increase** in accounts payable due to late withdrawal requests from Academic Departments, College Programs and Clubs.
- **$ 7,757 increase** in net pension liability due to an adjustment to the CalPERS Pension Liability based on an updated actuarial study. The net pension liability was decreased from $81,922 to $89,679.

Statement of Activities

	June 30, 2020	June 30, 2019	Increase (Decrease)
Revenues Without Donor Restrictions	$1,973,555	$2,166,628	($ 193,073)
Revenues With Donor Restrictions	$ 113,119	$ 471,993	($ 358,874)
Total Expenses	$2,056,006	$2,157,124	($ 101,118)

Revenues Without Donor Restrictions decreased by **($193,073)** in 2019-20 as compared to one year ago due to the following factors:

- **($170,819) decrease** in special event income, which was offset by decreases in event expenses.
- **($111,959) decrease** in donated assets as less donated assets were received from donors in 2019-20. In fiscal year 2018-19, the Foundation received sizeable assets of equipment and tools donated to benefit the Automotive Technology and Welding Technology programs.

- **($ 59,357) decrease** in donated services from the District. Although costs increased for the salaries and benefits of District staff assigned to or assisting the Foundation, the decrease is mainly due to the retirement of the Foundation's Chief Development Officer. The position remained vacant from April through June 2020.
- **($ 1,055) decrease** in interest and dividends. The Foundation's Operating Fund cash balance decreased and the LA County Treasury interest rate decreased as well from 2.2% in 2018-19 to 1.04% in 2019-20, contributing to lower interest payments.
- **$ 163 increase** in the adjustment to the surrender value of Life Insurance policies due to slightly higher earnings on the cash value of the policies.
- **$ 2,783 increase** in other unrestricted contributions due to higher contributions for year-end annual fund campaign.
- **$ 147,171 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.

Revenues With Donor Restrictions decreased in 2019-20 by **($358,874)** as compared to one year ago due to the following factors:

- **($204,200) decrease** in change in beneficial interest in assets held by the Foundation for CA Community Colleges. In 2018-19, a large initial entry was made to reflect the fair market value of the ending balance of Osher funds held by the FCCC. Yearly adjustments will be made at the end of each fiscal year to update the fair market value from FCCC statements. For 2019-20, the adjustment made reflected only the current year's change.
- **($147,171) decrease** in assets released from restrictions **(which reduces revenue)** as support transferred to the District increased. Withdrawals from faculty and staff accounts held at the Foundation included a large $150,000 transfer to the District for the KP Mental Health Pipeline.
- **($ 5,942) decrease** in contributions with donor restrictions. A total of $858,756 was raised in With Donor Restrictions by the Foundation to support the District. These funds were raised through mail to alumni and traditional donors, proposals to corporate and private foundations, and through academic support group activity. Funds are restricted to particular academic programs or departments, student scholarships, or identified special needs. The College of the Canyons Foundation stewards these funds until requested by the academic departments for use in the instructional programs, or until student scholarships are awarded.
- **($ 1,561) decrease** in other income due to interest and dividend income of $83,388 earned on Foundation balances in banks, Vanguard, and the LA County Treasury. The Foundation updates the value of assets held at Vanguard annually by posting an adjustment based on the year's unrealized gain or loss as of June 30, 2020.

Total Expenses decreased by **($101,118)** as compared to one year ago, due to the following factors:

- **($ 171,316) decrease** in in-kind donations expenses to the District of facilities, services and assets to support academic programs. One reason for the decrease was due to the retirement of the Foundation's Chief Development officer which resulted in the position remaining vacant from April through June 2020. Another significant decrease was due to less donated assets received in 2019-20 in comparison to 2018-19 where sizeable assets were donated to benefit the Automotive Technology and Welding Technology programs.
- **($ 66,173) decrease** in special events expenses for the Chancellor's Circle, Golf Tournament and Silver Spur events. It is important to note that the although the annual Silver Spur event was postponed due to the COVID-19 pandemic and the revenue deferred to fiscal year 2020-21, expenses incurred that could not be refunded or postponed were expended.
- **($ 8,086) decrease** in general fundraising expenses which comprise of expenses from program development and campaign fundraising.
- **$ 1,935 increase** in alumni development expenses which includes the 360 Alumni subscription.
- **$ 43,850 increase** in Foundation general operations expenses. The increase was primarily due to professional services for the Foundation Strategic Plan consultant and legal services which includes $14,500 in fees for the FPPC Administrative Action against the Measure E Campaign and the Foundation. Salaries and employee benefits had a slight increase due to the annual CalPERS adjustment per the yearly valuation report. Decreases in all other expenses includes supplies, board expenses, and bank/credit card fees.
- **$ 98,672 increase** in support expenses for instructional programs, academic support for student programs, and scholarships.

Looking to the Future

The College of the Canyons Foundation developed a new three-year Strategic Plan adopted by the full Board at their meeting 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 Strategic 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

Short to Medium Range Goals (2020-2022)

- Continue access to College Promise Scholarships
- Establish and enhance Career Technical Education Scholarships to support students studying in these fields

- Establish incentive scholarships for college bound high school students in dual enrollment, concurrent enrollment and College Now Programs
- Create new general scholarships where needed the most

Medium Range Goal (2021-2022)
- Increase endowed scholarships determined by future needs

Long Range Goal (2022-2023)
- Establish additional scholarship endowments as identified in annual review of Strategic Plan

Goal Two: ENGAGEMENT

The Foundation will remove navigational barriers to keep students engaged while they are in 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

Short to Medium Range Goal (2020-2022)
- Establish the Student Resource and Success Initiative to provide the support services listed above to remove navigational barriers to keep students in college
- Enhance the Alumni Mentorship Program
- Expand the Alumni Network programs and services for students

Medium to Long Range Goal (2021-2023)
- Revise and expand the initiative as needed and determined through annual review

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

Short to Medium Range Goals (2020-2021)
- Develop a "Tools of the Trade" grant program for students needing to purchase equipment and supplies to practice their trade upon certification, completion or graduation
- Develop a funding mechanism for industry certification or licensure exam support for students
- Develop a training program for alumni mentorship

Medium Range Goals (2021-2022)
- Increase the number of paid student internships
- Enhance the alumni mentorship program for enrolled students and graduates
- Develop scholarships for University transfer students

Long Range Goal (2022-2023)

- Establish an Innovation and Emergency Technology Endowment to ensure classrooms are up to date with the latest emerging technology, to include but not limited to, STEM, career technical and arts education fields, i.e. software, equipment, etc.

Net Assets Available to Distribute to College and Students

With **net assets of over $4.5 million**, the COC Foundation is ready to assist the District and its students in the following ways with its existing resources:

- **$1,481,754 available for Academic and Student Support**
  One hundred seventy seven academic departments, athletic teams, and clubs have net assets totaling $1,473,789 on hand to supplement their district funding, and $7,965 is on hand from major gifts.
- **$1,513,470 available in Endowed Scholarship Funds**
  The Foundation maintains two separate funds for endowed scholarships. The Endowed Scholarship fund has accumulated $471,857 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 $520,806.
- **$ 762,993 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.
- **$ 494,208 available in the Other Endowments Fund**
  The Other Endowments Fund provides accumulated interest 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
- **$ 2,008 available to provide capital funds for a Culinary Arts Facility**
  The Foundation is collecting the final pledge payments for the capital campaign.

Special Events

In 2019-20, the Foundation held several special events and fundraising activities to 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. In addition, several virtual events were hosted by the Foundation during the pandemic to keep donors and volunteers engaged and connected. Events include:

- Chancellor's Circle Dinner hosted in January for over 200 people
- Golf Tournament hosted at Valencia Country Club where 130 golfers enjoyed a great day of golf

- Chancellor's Circle Breakfast Briefings – 4 informative Briefings hosted exclusively for members
- Chancellor's Circle Virtual Business Seminars – 11 informative Seminars were hosted to provide resources and support to the local business community during the pandemic
- Virtual Scholarship Donor Event for donors to meet their scholarship recipientst
- Artist meet and greet events in the Art Gallery and Performing Arts Center
- Performing Arts pre-show events
- Patrons of the Arts Behind the Scenes virtual events – 5 virtual events were hosted during the pandemic to keep members engaged and connected to students and faculty

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-five (25) endowed scholarships (non Osher)
- Funded forty-one (41) named Osher Endowment Scholarships, that will yield a minimum of seventy-four (74) $1,200 student scholarships
- Funded eighteen (18) $1,200 scholarships for participating in the Osher Scholarship initiative
- Provided scholarship awards to provide direct support to students (278 students received scholarships in 2019-20)
- 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. Forty volunteer Board Members donated approximately 3,984 hours of their time during the 2019-2020 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 Financial Statements

We have audited the accompanying financial statements of College of the Canyons Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019, 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.

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.

Eide Bailly LLP

Rancho Cucamonga, California
November 13, 2020

Assets	2020	2019
Current assets		
Cash and cash equivalents	$ 39,750	$ 27,062
Investments - cash held by Los Angeles County Treasury	2,548,547	2,348,150
Investments	985,075	967,725
Unconditional promises to give	9,820	14,640
Accounts receivable	20,149	31,351
Prepaid expenses	3,217	2,500
Total current assets	3,606,558	3,391,428
Noncurrent Assets		
Beneficial interest in assets held by the Foundation for California Community Colleges	1,168,073	1,218,734
Unconditional promises to give, net of amortized discount	145	1,199
Cash surrender value of life insurance	119,879	114,997
Total noncurrent assets	1,288,097	1,334,930
Total assets	$ 4,894,655	$ 4,726,358
Liabilities		
Current liabilities		
Accounts payable and other current liabilities	$ 114,776	$ 75,804
Deferred revenue	103,800	12,900
Total current liabilities	218,576	88,704
Noncurrent liabilities		
Net pension liability	89,679	81,922
Total liabilities	308,255	170,626
Net Assets		
Without donor restrictions		
Undesignated	308,318	390,769
Board designated	23,649	23,649
Total without donor restrictions	331,967	414,418
With donor restrictions	4,254,433	4,141,314
Total net assets	4,586,400	4,555,732
Total liabilities and net assets	$ 4,894,655	$ 4,726,358

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	$ 18,159	$ 858,756	$ 876,915
In-kind donations			
Donated facilities	26,060	-	26,060
Donated services	945,581	-	945,581
Donated assets	9,463	-	9,463
Special events			
Special events - others	64,380	-	64,380
Chancellor's Circle	60,176	-	60,176
Assets released from restrictions	839,164	(839,164)	-
Total public support and revenues	1,962,983	19,592	1,982,575
Expenses			
Program	1,418,625	-	1,418,625
Management and general	238,786	-	238,786
Fundraising	398,595	-	398,595
Total expenses	2,056,006	-	2,056,006
Other Income			
Interest and dividends	5,689	66,038	71,727
Unrealized gain on investments	-	17,350	17,350
Change in cash surrender value of life insurance	4,883	-	4,883
Change in beneficial interest in assets held by the Foundation for CA Community Colleges	-	10,139	10,139
Total other income	10,572	93,527	104,099
Change in Net Assets	(82,451)	113,119	30,668
Net Assets, Beginning of Year	414,418	4,141,314	4,555,732
Net Assets, End of Year	$ 331,967	$ 4,254,433	$ 4,586,400

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	$ 15,376	$ 864,698	$ 880,074
In-kind donations			
Donated facilities	26,060	-	26,060
Donated services	1,004,938	-	1,004,938
Donated assets	121,422	-	121,422
Special events			
Special events - others	218,981	-	218,981
Chancellor's Circle	76,394	-	76,394
Assets released from restrictions	691,993	(691,993)	-
Total public support and revenues	2,155,164	172,705	2,327,869
Expenses			
Program	1,464,787	-	1,464,787
Management and general	209,660	-	209,660
Fundraising	482,677	-	482,677
Total expenses	2,157,124	-	2,157,124
Other Income			
Interest and dividends	6,744	77,617	84,361
Unrealized gain on investments	-	7,332	7,332
Change in cash surrender value of life insurance	4,720	-	4,720
Change in beneficial interest in assets held by the Foundation for CA Community Colleges	-	214,339	214,339
Total other income	11,464	299,288	310,752
Change in Net Assets	9,504	471,993	481,497
Net Assets, Beginning of Year	404,914	3,669,321	4,074,235
Net Assets, End of Year	$ 414,418	$ 4,141,314	$ 4,555,732

	2020			
	Program	Management and General	Fundraising	Total
In-Kind Donations				
Donated facilities	$ 16,939	$ 3,909	$ 5,212	$ 26,060
Donated services	548,437	179,660	217,484	945,581
Donated assets	4,422	-	5,041	9,463
Alumni Development	4,440	-	-	4,440
General Fund Raising	5,936	-	12,719	18,655
Foundation General Operations				
Salaries and employee benefits	-	-	84,378	84,378
Supplies	-	852	-	852
Professional services	-	26,895	-	26,895
Legal services	-	22,390	-	22,390
Postage and printing	117	-	118	235
Other expenses	-	1,094	178	1,272
Board expenses	669	-	669	1,338
Bank and payroll fees	-	668	-	668
Credit card fees	-	3,318	3,317	6,635
Uncollectible pledges	-	-	-	-
Special Events				
Chancellor's Circle	-	-	13,268	13,268
Other special events	-	-	56,211	56,211
Support Expenses				
First Year Promise Grant	-	-	-	-
Culinary Arts Capital Campaign	-	-	-	-
Performing Arts Capital Campaign	-	-	-	-
Support - instruction programs	140,539	-	-	140,539
Scholarships	332,953	-	-	332,953
Academic support - student programs	364,173	-	-	364,173
Total expenses	$ 1,418,625	$ 238,786	$ 398,595	$ 2,056,006

	2019			
	Program	Management and General	Fundraising	Total
In-Kind Donations				
Donated facilities	$ 16,939	$ 3,909	$ 5,212	$ 26,060
Donated services	582,864	190,938	231,136	1,004,938
Donated assets	114,490	-	6,932	121,422
Alumni Development	2,505	-	-	2,505
General Fund Raising	6,758	-	19,983	26,741
Foundation General Operations				
Salaries and employee benefits	-	-	76,700	76,700
Supplies	-	1,832	-	1,832
Professional services	-	7,419	-	7,419
Legal services	-	-	-	-
Postage and printing	231	-	231	462
Other expenses	-	983	948	1,931
Board expenses	2,007	-	2,007	4,014
Bank and payroll fees	-	803	-	803
Credit card fees	-	3,776	3,776	7,552
Uncollectible pledges	-	-	100	100
Special Events				
Chancellor's Circle	-	-	21,201	21,201
Other special events	-	-	114,451	114,451
Support Expenses				
First Year Promise Grant	50,100	-	-	50,100
Culinary Arts Capital Campaign	3,023	-	-	3,023
Performing Arts Capital Campaign	2,149	-	-	2,149
Support - instruction programs	144,252	-	-	144,252
Scholarships	313,683	-	-	313,683
Academic support - student programs	225,786	-	-	225,786
Total expenses	$ 1,464,787	$ 209,660	$ 482,677	$ 2,157,124

	2020	2019
Operating Activities		
Change in net assets	$ 30,668	$ 481,497
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(17,350)	(7,332)
Contributions restricted for long-term purposes	(59,040)	(116,990)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	60,801	60,867
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(10,139)	(214,339)
Change in cash surrender value of life insurance	(4,883)	(4,720)
Changes in assets and liabilities		
Unconditional promises to give	5,874	36,497
Accounts receivable	11,202	363
Prepaid expenses	(717)	248
Accounts payable and other current liabilities	38,972	48,751
Net pension liability	7,757	(2,441)
Deferred revenue	90,900	11,100
Net Cash Flows from Operating Activities	154,045	293,501
Investing Activities		
Purchases of investments	-	(90,000)
Financing Activities		
Collections of contributions restricted for long-term purposes	59,040	116,990
Change in Cash and Cash Equivalents	213,085	320,491
Cash and Cash Equivalents, Beginning of Year	2,375,212	2,054,721
Cash and Cash Equivalents, End of Year	$ 2,588,297	$ 2,375,212
Noncash Transactions		
In-kind donations		
Passed through to Santa Clarita Community College District	$ 4,422	$ 114,490
Donated to special events	5,041	6,932
Donated facilities	26,060	26,060
Donated services	945,581	1,004,938
Total in-kind donations	$ 981,104	$ 1,152,420

Note 1 - 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

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

Net Assets without Donor Restrictions - Net assets available for general use 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 13

Net Assets with Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor 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 statement of activities as net assets released from restrictions.

Support and Expenses

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.

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

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 with the exception of cash held by Los Angeles County Treasury which is valued at amortized cost, which approximates market value. 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.

Capital Assets

The Foundation maintains an initial unit cost capitalization threshold of $500. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the assets' estimated useful lives of the respective property and equipment for five years. At June 30, 2020 and 2019, capital assets have been fully depreciated.

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 was provided by the District on behalf of the Foundation. This donated facilities usage was valued at $26,060 and recognized in the financial statements as in-kind donation revenue and in-kind expenses.

Donated services include the value of Foundation services paid for by the District as part of its agreement with the Foundation. The services were valued at $945,581 and recognized in the financial statements as in-kind donation revenue and in-kind services and allocated to all of the Foundation's programs. Donated assets in the amount of $9,463 were also recorded, of which $4,422 was passed through to the District, and $5,041 was used in special events.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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, 2020 and 2019, 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, 2020 and 2019, 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 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. 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. Management has determined that amount of allowance for uncollectible promises to give at June 30, 2020 and 2019, to be $0 and $30, respectively.

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

The Foundation's Federal informational tax returns for the years ended June 30, 2017, 2018, and 2019, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2016, 2017, 2018, and 2019, are open to audit by State authorities.

Allocation of Functional Expenses

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

Recent Accounting Pronouncements

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

The ASU is effective for the Foundation for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Foundation for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Foundation has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received. ASU 2018-08 includes a second provision for entities that serve as a resource provider and are making contributions to other organizations. This portion of the standard has a later implementation date and is effective for entities with annual periods beginning after December 15, 2019, and will be implemented at that time. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Foundation in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Foundation has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Foundation’s financial statements.

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,:

	2020	2019
Cash and cash equivalents	$ 39,750	$ 27,062
Investments - cash held by Los Angeles County Treasury	2,548,547	2,348,150
Investments	985,075	967,725
Accounts receivable	20,149	31,351
Unconditional promises to give, current	9,820	14,640
Total financial assets available within one year	3,603,341	3,388,928
Less		
Amounts unavailable for general expenditures within one year, due to restrictions by donors	2,007,677	1,946,787
Total financial assets unavailable within one year	2,007,677	1,946,787
Total financial assets available to management for general expenditures within one year	$ 1,595,664	$ 1,442,141

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,:

	2020	2019
Unconditional promises to give - other	$ 7,970	$ 13,890
Unconditional promises to give - Culinary Educational Fund	2,000	2,000
Less: Discount	(5)	(21)
Less: Allowance for uncollectable promises	-	(30)
Total	$ 9,965	$ 15,839

Unconditional promises to give are either without donor restriction or restricted by donor instruction. Management has determined the amount of allowance for uncollectible promises to give at June 30, 2020 and 2019, to be $0 and $30, respectively.

The discount rate used was 1.79% for 2020. The amortization of the discounts at June 30, 2020 and 2019, were $5 and $21, respectively.

As of June 30, 2020, the Foundation has been promised unconditional promises to give, which were classified as follows:

	Miscellaneous	Culinary Campaign	Total
Due within one year	$ 7,820	$ 2,000	$ 9,820
Due within one to five years	150	-	150
Less: Pledge discount amortize	(5)	-	(5)
Less: Allowance for uncollectable promises	-	-	-
Subtotal long-term portion of unconditional promises to give	145	-	145
Total	$ 7,965	$ 2,000	$ 9,965

As of June 30, 2019, the Foundation has been promised unconditional promises to give, which were classified as follows:

	Miscellaneous	Culinary Campaign	Total
Due within one year	$ 12,640	$ 2,000	$ 14,640
Due within one to five years	1,250	-	1,250
Less: Pledge discount amortize	(21)	-	(21)
Less: Allowance for uncollectable promises	(30)	-	(30)
Subtotal long-term portion of unconditional promises to give	1,199	-	1,199
Total	$ 13,839	$ 2,000	$ 15,839

During the current fiscal year, management monitored and reviewed the uncollectible pledges. There was no uncollectible pledge write-off.

Note 4 - Investments

Investments are stated at fair value and are summarized as of June 30, 2020:

	Adjusted Cost	Fair Value	Unrealized Gain
Investments - cash held by Los Angeles County Treasury	$ 2,548,547	$ 2,548,547	$ -
Investments - Vanguard and Raymond James Funds	967,725	985,075	17,350
Beneficial interest in assets held by the Foundation for California Community Colleges	1,168,073	1,168,073	-
Total	$ 4,684,345	$ 4,701,695	$ 17,350

Investments are stated at fair value and are summarized as of June 30, 2019:

	Adjusted Cost	Fair Value	Unrealized Gain
Investments - cash held by Los Angeles County Treasury	$ 2,348,150	$ 2,348,150	$ -
Investments - Vanguard Funds	960,393	967,725	7,332
Beneficial interest in assets held by the Foundation for California Community Colleges	1,218,734	1,218,734	-
Total	$ 4,527,277	$ 4,534,609	$ 7,332

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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 5,689	$ 66,038	$ 71,727
Unrealized gain on investments	-	17,350	17,350
Change in cash surrender value of life insurance	4,883	-	4,883
Change in beneficial interest in assets held by the Foundation for California Community Colleges	-	10,139	10,139
Total investment income	$ 10,572	$ 93,527	$ 104,099

Investment activity as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 6,744	$ 77,617	$ 84,361
Unrealized gain on investments	-	7,332	7,332
Change in cash surrender value of life insurance	4,720	-	4,720
Change in beneficial interest in assets held by the Foundation for California Community Colleges	-	214,339	214,339
Total investment income	$ 11,464	$ 299,288	$ 310,752

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. A three-tier hierarchy categorizes the inputs as follows:

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.

Uncategorized - Investments in the Los Angeles County Treasury are not measured using the input levels above because the Foundation's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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.

The following table presents assets and liabilities measured at fair value on a recurring basis, as of June 30, 2020:

	Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Uncategorized
Assets			
Operating investments			
Investments - Cash held by Los Angeles County Treasury	$ 367,893	$ -	$ 367,893
Beneficial interests in			
Assets held by CA Community Foundation			
Board Designated Osher operating investments	23,649	23,649	-
Endowment Osher investments	1,144,424	1,144,424	-
	1,168,073	1,168,073	-
Endowment investments			
Common stocks	592,450	592,450	-
Bonds and notes	392,625	392,625	-
Investments - Cash held by Los Angeles County Treasury	2,180,654	-	2,180,654
	3,165,729	985,075	2,180,654
Total	$ 4,701,695	$ 2,153,148	$ 2,548,547

The Foundation has no liabilities measured at fair value on a recurring basis as of June 30, 2020.

The following table presents assets and liabilities measured at fair value on a recurring basis, as of June 30, 2019:

	Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Uncategorized
Assets			
Operating investments			
Investments - Cash held by Los Angeles County Treasury	$ 355,797	$ -	$ 355,797
Beneficial interests in			
Assets held by CA Community Foundation			
Board Designated Osher operating investments	23,649	23,649	-
Endowment Osher investments	1,195,085	1,195,085	-
	1,218,734	1,218,734	-
Endowment investments			
Common stocks	665,196	665,196	-
Bonds and notes	302,529	302,529	-
Investments - Cash held by Los Angeles County Treasury	1,992,353	-	1,992,353
	2,960,078	967,725	1,992,353
Total	$ 4,534,609	$ 2,186,459	$ 2,348,150

The Foundation has no liabilities measured at fair value on a recurring basis as of June 30, 2019.

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 District and its donors have contributed $1,065,262. As of June 30, 2020 and 2019, the ending balance of the Osher Endowment Scholarship was $1,168,073 and $1,218,734, 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 - Deferred Revenue

As of June 30, 2020 and June 30, 2019, the Foundation's deferred revenue balance was $103,800 and $12,900, respectively. In the fiscal year ended June 30, 2020, the primary balances consisted of $85,550 for the Silver Spur event and $15,000 for the Women's Conference due to both events being postponed to the fiscal year ended June 30, 2021, due to the COVID-19 pandemic.

Note 8 - Restrictions on Net Assets

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

	2020	2019
Capital Campaign	$ 2,008	$ 2,008
Scholarships - Expendable	582,762	569,291
Scholarships - Endowed	73,920	68,115
Academic and student support	1,278,103	1,221,628
Endowments - Other	301,997	325,654
Major gifts	7,965	7,831
Total purpose restrictions on donor net assets	$ 2,246,755	$ 2,194,527

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

	2020	2019
Endowed scholarships	$ 471,857	$ 410,991
Beneficial interest in assets held by the Foundation for California Community Colleges	1,041,613	1,041,613
Endowments - Other	494,208	494,183
Total perpetual restrictions on donor net assets	$ 2,007,678	$ 1,946,787

Note 9 - 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.

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, 2020, are as follows:

	With Donor Restrictions
Balance at June 30, 2019	$ 2,340,556
Contributions	59,040
Investment income	49,327
Net change in value in Beneficial interest in assets held by the Foundation for California Community Colleges	(50,660)
Transfers out	-
Amounts appropriated for expenditures	(14,668)
Endowment net assets, June 30, 2020	$ 2,383,595

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

	With Donor Restrictions
Balance at June 30, 2018	$ 2,041,227
Contributions	116,990
Investment income	47,833
Net change in value in Beneficial interest in assets held by the Foundation for California Community Colleges	153,472
Transfers out	(2,850)
Amounts appropriated for expenditures	(16,116)
Endowment net assets, June 30, 2019	$ 2,340,556

Note 10 - 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,:

	2020	2019
Academic support and student programs	$ 506,212	$ 365,938
Scholarships - Expendable	236,202	210,161
Scholarships - Endowed	(1,850)	13,872
Capital campaign transfers to District	-	3,023
Scholarships - Osher student scholarships	98,600	89,650
Software - Alumni 360	-	7,100
Performing Arts Center Endowment - Plaque	-	2,149
Uncollectable pledges	-	100
Total	$ 839,164	$ 691,993

Note 11 - 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,:

	2020	2019
Donated Services		
Salaries	$ 605,080	$ 652,505
Benefits	276,224	288,658
Operating expenses	64,277	63,775
Total donated services	$ 945,581	$ 1,004,938
Donated Facilities	$ 26,060	$ 26,060

During the year ended June 30, 2020 and 2019, the Foundation also received donated assets from various companies, which the Foundation passed through to the District for use in its facilities and programs.

	2020	2019
Donated Assets		
Passed through to Santa Clarita Community College District	$ 4,422	$ 114,490
Donated assets used in special events	5,041	6,932
Total donated assets	$ 9,463	$ 121,422

Note 12 - 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.

Note 13 - 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, 2020, as funds reserved for programs and for other designated projects.

	Available June 30, 2019	2019-2020 Board Designations	2019-2020 Expenditures	Available June 30, 2020	
Board designated to beneficial interest in assets held by the Foundation for California Community Colleges	$ 23,649	$ -	$ -	$ 23,649	*
Board designated for Golf Program Support	-	2,000	(2,000)	-	
Total	$ 23,649	$ 2,000	$ (2,000)	$ 23,649	

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, 2019, as funds reserved for programs and for other designated projects.

	Available June 30, 2018	2018-2019 Board Designations	2018-2019 Expenditures	Available June 30, 2019	
Board designated to beneficial interest in assets held by the Foundation for California Community Colleges	$ 23,649	$ -	$ -	$ 23,649	*
Board designated for Golf Program Support	-	2,000	(2,000)	-	
Total	$ 23,649	$ 2,000	$ (2,000)	$ 23,649	

* 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 14 - 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.

The plan is a Multiple Employer Plan where the net pension liability is allocated to the plan based on the valuation date of June 30, 2019 and 2018. Its proportion of the CalPERS Miscellaneous Risk Pool is summarized as follows:

	2019	2018
Plan's Proportion of the Net Pension Liability	0.0022%	0.0022%
Plan's Proportionate Share of the Net Pension Liability	$ 89,679	$ 81,922
Plan's Covered-Employee Payroll	$ 62,598	$ 68,872
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	143.26%	118.95%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.73%	77.69%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 11,411	$ 9,297

Actuarial Assumptions and Sensitivity to Changes in the Discount Rate

The actuarial assumptions include: a discount rate of 7.15%, inflation of 2.75%, and is based on the entry age normal methodology.

The following presents the net pension liability of the plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%), or one percentage point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability	$ 142,427	$ 89,679	$ 44,520

The Foundation made contributions to CalPERS for fiscal year ending June 30, 2020 and 2019, in the amount of $11,289 and $11,705, respectively. Subsequently, the Santa Clarita Community College District reimbursed the Foundation pursuant to the provisions of the Master Operating Agreement between the two entities.

Note 15 - Subsequent Events

The Foundation’s management has evaluated events or transactions from June 30, 2020, through November 13, 2020, 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.

Subsequent to year-end, the Foundation has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Foundation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Foundation’s financial position is not known.