Financial Statements
June 30, 2024 and 2023

Irvine Valley College Foundation

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Independent Auditor's Report

Board of Governors
Irvine Valley College Foundation
Irvine, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Irvine Valley College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Irvine Valley College Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Eide Bailly LLP

Rancho Cucamonga, California
November 4, 2024

	2024	2023
Assets		
Current Assets		
Cash	$ 187,921	$ 136,467
Accounts receivable	19,764	13,315
Promises to give, current portion	5,000	5,000
Investments	1,087,296	1,027,020
Prepaid expenses	-	11,196
Total Current Assets	1,299,981	1,192,998
Noncurrent Assets		
Investments	3,469,267	3,079,579
Promises to give, net of discount	166,956	165,533
Beneficial interest in assets held by the Foundation for California Community Colleges (FCCC)	463,529	434,269
Total Noncurrent Assets	4,099,752	3,679,381
Total Assets	$ 5,399,733	$ 4,872,379
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 2,298	$ 20,141
Due to South Orange County Community College District	23,129	7,507
Pass-through scholarships payable	47,430	41,676
Total Current Liabilities	72,857	69,324
Net Assets		
Without donor restrictions	1,394,080	1,289,207
With donor restrictions	3,932,796	3,513,848
Total Net Assets	5,326,876	4,803,055
Total Liabilities and Net Assets	$ 5,399,733	$ 4,872,379

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	$ 162,588	$ 625,900	$ 788,488	$ 242,042	$ 723,271	$ 965,313
Campus programs	22,132	3,502	25,634	26,129	4,212	30,341
Donated services	1,004,105	-	1,004,105	978,926	-	978,926
Donated professional fees	11,133	-	11,133	8,200	-	8,200
In-kind donations	28,354	-	28,354	28,927	-	28,927
Special events	192,806	-	192,806	181,902	-	181,902
Total Revenues	1,421,118	629,402	2,050,520	1,466,126	727,483	2,193,609
Expenses						
Program	1,430,133	-	1,430,133	1,308,096	-	1,308,096
Management and general	217,640	-	217,640	208,692	-	208,692
Fundraising	290,982	-	290,982	299,932	-	299,932
Total Expenses	1,938,755	-	1,938,755	1,816,720	-	1,816,720
Other Income (Losses)						
Investment income (losses), net of expenses	145,790	237,006	382,796	78,816	118,316	197,132
Change in beneficial interest in assets held by the FCCC	-	29,260	29,260	-	18,342	18,342
Net assets released from restrictions and net asset transfers	476,720	(476,720)	-	428,660	(428,660)	-
Total Other Income (Losses)	622,510	(210,454)	412,056	507,476	(292,002)	215,474
Change in Net Assets	104,873	418,948	523,821	156,882	435,481	592,363
Net Assets, Beginning of Year	1,289,207	3,513,848	4,803,055	1,132,325	3,078,367	4,210,692
Net Assets, End of Year	$ 1,394,080	$ 3,932,796	$ 5,326,876	$ 1,289,207	$ 3,513,848	$ 4,803,055

	2024			
	Program	Management and General	Fundraising	Total
Salaries and benefits	$ 26,280	$ 5,682	$ 5,147	$ 37,109
Scholarship and grants	549,161	-	-	549,161
Other student support	250	-	-	250
Donated services	675,802	149,885	178,418	1,004,105
Donated professional fees	-	11,133	-	11,133
Supplies and printing	256	9,020	-	9,276
Conferences and meetings	29,360	7,120	-	36,480
Dues and memberships	1,670	3,626	-	5,296
Equipment	6,984	-	-	6,984
Contract services	16,246	7,608	-	23,854
Program expenses	74,525	5,926	-	80,451
Fundraising	-	-	107,417	107,417
In-kind donations	28,354	-	-	28,354
Other expenses	21,245	17,640	-	38,885
Total Expenses	$ 1,430,133	$ 217,640	$ 290,982	$ 1,938,755

	2023			
	Program	Management and General	Fundraising	Total
Salaries and benefits	$ 3,268	$ 5,529	$ 4,971	$ 13,768
Scholarship and grants	473,496	-	-	473,496
Other student support	100	-	-	100
Donated services	650,001	153,049	175,876	978,926
Donated professional fees	-	8,200	-	8,200
Supplies and printing	-	7,731	-	7,731
Conferences and meetings	21,060	1,000	-	22,060
Dues and memberships	1,343	1,755	-	3,098
Equipment	2,385	-	-	2,385
Contract services	12,422	6,617	-	19,039
Program expenses	101,993	7,330	-	109,323
Fundraising	-	-	119,085	119,085
In-kind donations	28,927	-	-	28,927
Other expenses	13,101	17,481	-	30,582
Total Expenses	$ 1,308,096	$ 208,692	$ 299,932	$ 1,816,720

	2024	2023
Operating Activities		
Contributions received and special events receipts, net of amounts restricted for long-term purposes	$ 693,287	$ 1,043,499
Campus programs receipts	25,634	30,341
Interest and dividends, net of fees	105,346	77,754
Payments to/on behalf of District employees	(37,109)	(13,768)
Payments to suppliers	(299,668)	(305,898)
Payments to/on behalf of students	(543,657)	(457,374)
Net Cash Provided by (Used in) Operating Activities	(56,167)	374,554
Investing Activities		
Purchase of investments	(1,356,485)	(941,218)
Proceeds from sale of investments	1,183,971	417,980
Net Cash Used for Investing Activities	(172,514)	(523,238)
Financing Activities		
Collections of contributions restricted for long-term purposes	280,135	153,043
Net Cash Provided by Financing Activities	280,135	153,043
Change in Cash	51,454	4,359
Cash, Beginning of Year	136,467	132,108
Cash, End of Year	$ 187,921	$ 136,467
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in net assets	$ 523,821	$ 592,363
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net unrealized (gain) on investments	(302,781)	(84,026)
Realized (gain)/loss on investments	25,331	(35,352)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(29,260)	(18,342)
Amortization of discount on promises to give	(11,423)	(10,755)
Contributions restricted for long-term purposes	(280,135)	(153,043)
Changes in assets and liabilities		
Accounts receivable	(6,449)	208
Due from South Orange County Community College District	-	77,200
Prepaid expenses	11,196	(1,736)
Promises to give, net of discount	10,000	(17,326)
Accounts payable	(17,843)	19,035
Due to South Orange County Community College District	15,622	(9,894)
Pass-through scholarships payable	5,754	16,222
Net Cash Provided by (Used in) Operating Activities	$ (56,167)	$ 374,554

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

Organization and Nature of Activities

Irvine Valley College Foundation (the Foundation) is a California nonprofit public benefit corporation founded on November 24, 2003, for the purpose of receiving contributions to further the educational purposes of Irvine Valley College (IVC) which is part of the South Orange County Community College District (the District). The principal sources of revenue for the Foundation include donor contributions and investment related income.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financially interrelated organizations as defined by ASC Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District 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 and 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 Governors has discretionary control for use in operating the Foundation. The Board of Governors has designated, from net assets without donor restrictions, net assets for the ProIVC match and for scholarships.

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.

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. Net investment gain/(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.

Concentrations – Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2024 and 2023, the Foundation's cash balances are collateralized at 110% in accordance with applicable California state law.

The Foundation maintains investment balances at financial institutions in excess of Securities Investor Protection Corporation (SIPC) limits. Concentration risk is managed by placing investment balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

Accounts Receivable

Accounts receivable consists primarily of amounts due from related parties and donations receivable. Management has deemed all amounts as collectable; therefore, no allowance for uncollectable amounts is considered necessary.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has deemed all amounts as collectable; therefore, no allowance for doubtful accounts is considered necessary.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Campus programs revenue is recognized at the time services are provided. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, 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. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

In-kind Contributions

In-kind contributions include donated services, donated professional fees, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Foundation records the value of donated services and professional fees when there is an objective basis available to measure their value. Donated services and professional fees are reflected as support in the accompanying statements at their estimated values at date of donation, based on the fair value of comparable services provided by third parties. Although volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation does not sell donated gifts-in-kind.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, based upon management's estimates on the basis of time and effort, donated service costs have been allocated among the programs, management and general, and fundraising activities.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and the reported amounts of and revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California *Revenue and Taxation Code*.

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

Adoption of New Accounting Standard

As of July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13)*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision useful information about the expected losses on financial instruments.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	2024	2023
Cash	$ 187,921	$ 136,467
Investments	1,087,296	1,027,020
Accounts receivable	19,764	13,315
Total Financial Assets Available Within One Year	$ 1,294,981	$ 1,176,802

The Foundation uses these sources to meet its ongoing obligations with respect to general expenditures, liabilities and other obligations as they become due. Cash in excess of daily requirements is invested in various short-term investments with maturities designed to meet obligations as they come due.

The Board-designated endowment of $175,854 and $176,275 for the years ended June 30, 2024 and 2023, respectively, is subject to an annual spending rate of 3% as described in Note 8. Although the Foundation does not intend to spend from the Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

Note 3 - Investments

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

	2024	2023
Money market funds	$ 136,762	$ 33,314
Mutual funds	4,419,801	4,073,285
Total Investments	$ 4,556,563	$ 4,106,599

The following schedule summarizes the investment return and its classification in the statements of activities for the year ended June 30:

	2024	2023
Realized gain (loss) on investments	$ (25,331)	$ 35,352
Unrealized gain on investments	302,781	84,026
Interest and dividends	118,734	88,759
Total Investment Income	396,184	208,137
Investment expenses	(13,388)	(11,005)
Total Investment Income, Net of Expenses	$ 382,796	$ 197,132

Note 4 - 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 $371,904. As of June 30, 2024 and 2023, the ending balance of the Osher Endowment Scholarship was $463,529 and $434,269, 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 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 Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair values of beneficial interests in assets held by the Foundation for California Community Colleges (FCCC) are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of the beneficial interest in assets held by the FCCC is based on the fair values of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Money market	$ 136,762	$ -	$ -	$ 136,762
Mutual funds	4,419,801	-	-	4,419,801
Beneficial interest in assets held by FCCC	-	-	463,529	463,529
Total	$ 4,556,563	$ -	$ 463,529	$ 5,020,092

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Money market	$ 33,314	$ -	$ -	$ 33,314
Mutual funds	4,073,285	-	-	4,073,285
Beneficial interest in assets held by FCCC	-	-	434,269	434,269
Total	$ 4,106,599	$ -	$ 434,269	$ 4,540,868

The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2024 and 2023. The Foundation did not have any assets or liabilities valued on a non-recurring basis as of June 30, 2024 and 2023.

Note 6 - Promises to Give

In January 2021, the Foundation received an irrevocable promise to give of $250,000 toward a named endowment for the purpose of establishing the Rezanoor Music Endowment. Under the terms of the promise to give, the funds will be transferred to the Foundation upon the death of the donor. As such, the Foundation recorded an unconditional promise to give at fair value based upon an estimated life expectancy of eleven years from time of the pledge and at a discount rate of 6%. Each subsequent year, the Foundation records contribution income in the statement of activities as the pledge discount is amortized. The Foundation recognized $10,755 of contribution income for the years ended June 30, 2024 and 2023.

In April 2023, the Foundation received an unconditional promise to give of $20,000 to support engineering education at IVC. The funds will be split evenly between an endowment account and the previously established Maio Account for Engineering Education. The pledge will be received in an annual installment over four years, and was recorded at a discount rate of 6%.

The following table presents the balances of the pledge receivable and unamortized discount at June 30:

	2024	2023
Promises to give before unamortized discount	$ 260,000	$ 270,000
Less: Unamortized discount	(88,044)	(99,467)
Promises to Give, Net of Discount	$ 171,956	$ 170,533
Amounts due within one year	$ 5,000	$ 5,000
Amounts due within one to three years	255,000	265,000
Less: Unamortized discount	(88,044)	(99,467)
Subtotal long-term portion of unconditional promises to give	166,956	165,533
Total	$ 171,956	$ 170,533

Note 7 - Pass-through Scholarships Payable

The Foundation acts as a fiscal agent for departments, organizations, and groups of Irvine Valley College. Accordingly, at June 30, 2024 and 2023, $47,430 and $41,676 of the Foundation's assets belong to other parties, respectively. The Foundation does not have legal access nor any discretion over the amounts held for others behalf.

Note 8 - Board Designated Net Assets

The following table presents the balances of the net assets without donor restrictions that have been board designated at June 30.

	2024	2023
Scholarships	$ 127,000	$ 127,000
ProIVC match	48,854	49,275
Total	$ 175,854	$ 176,275

Note 9 - Net Assets with Donor Restrictions

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

	2024	2023
Campus programs	$ 451,149	$ 492,884
Scholarships	373,766	333,235
Endowments - accumulated and unspent earnings	463,417	290,751
Total	$ 1,288,332	$ 1,116,870

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

	2024	2023
Osher endowment	$ 463,529	$ 434,269
Endowments related to scholarships	2,180,935	1,962,709
Total	$ 2,644,464	$ 2,396,978
Total Net Assets with Donor Restrictions	$ 3,932,796	$ 3,513,848

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors. Net assets released from donor restrictions and net asset transfers were as follows for the years ended June 30:

	2024	2023
Satisfaction of Purpose Restrictions		
Campus programs	$ 166,585	$ 114,406
Scholarships	310,135	314,254
Total Net Assets Released From Donor Restrictions	$ 476,720	$ 428,660

Note 10 - Endowments

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023 there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund.
b. The mission of the Foundation and the purpose of the donor-restricted endowment fund.
c. General economic conditions.
d. The possible effect of inflation and/or deflation.
e. The expected total return from income and the appreciation of investments.
f. Other resources of the Foundation.
g. The investment policy of the Foundation.

Risk Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Since the purpose of endowments is to provide scholarships and other benefits in perpetuity, endowment funds are invested with a long-term perspective. The policy is to protect the principal, over the long-term, and yet maximize the investment earnings so as to maximize the benefit provided by the endowment. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on quality-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Foundation has a policy of appropriating for distribution each year 3% of the endowment fund’s average fair value over the prior 12 quarters for the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% annually.

Spending is reviewed annually and allocations are determined to allow continued growth. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Governors. In accordance with US GAAP, there are no funds with deficiencies of this nature that are reported in net assets as of June 30, 2024 and 2023, respectively.

Endowment net asset composition by type of fund, as of June 30, 2024 and 2023 are as follows:

	2024	
	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	$ -	$ 3,107,881
Board-designated endowment funds	175,854	-
Total	$ 175,854	$ 3,107,881

	2023	
	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	$ -	$ 2,687,729
Board-designated endowment funds	176,275	-
Total	$ 176,275	$ 2,687,729

Changes in endowment net assets as of June 30, 2024 and 2023, are as follows:

	2024	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	$ 176,275	$ 2,687,729
Contributions	-	280,135
Investment income, net of expenses	37,761	218,921
Amounts appropriated for expenditures	(38,182)	(78,904)
Endowment Net Assets, End of Year	$ 175,854	$ 3,107,881

	2023	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	$ 47,693	$ 2,337,793
Contributions	128,170	281,213
Investment income, net of expenses	25,086	130,763
Amounts appropriated for expenditures	(24,674)	(62,040)
Endowment Net Assets, End of Year	$ 176,275	$ 2,687,729

Note 11 - In-kind Contributions

The Foundation was given program and service support from the District. The following is a breakdown of these in-kind donated services and professional fees at June 30:

	2024	2023
Donated services	$ 1,004,105	$ 978,926
Donated professional fees	11,133	8,200
Total	$ 1,015,238	$ 987,126

During the years ended June 30, 2024 and 2023, the Foundation also received donated assets from various donors, which the Foundation passed through to the District for use in its programs.

	2024	2023
Donated assets		
Passed through to the District	$ 28,354	$ 28,927

Note 12 - Related Party Transactions

South Orange County Community College District (the District)

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the Foundation directors and staff. Additionally, the District pays professional fees for services rendered on behalf of the Foundation. The donated services and professional fees for the fiscal year ended June 30, 2024 were valued at $1,004,105 and $11,133, respectively. The donated services and professional fees for the fiscal year ended June 30, 2023 were valued at $978,926 and $8,200, respectively. These amounts have been reflected in the financial statements as donated services and donated professional fees revenues and expenses.

At June 30, 2024 and 2023, the Foundation had $23,129 and $7,507, respectively, in outstanding payables due to the District.

Note 13 - Subsequent Events

The Foundation’s management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2024 through November 4, 2024, which is the date the financial statements were available to be issued and has determined there are no needed recognitions or disclosures.