



Financial Statements  
June 30, 2024 and 2023

# Saddleback College Foundation

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## Independent Auditor's Report

Board of Directors  
Saddleback College Foundation  
Mission Viejo, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Saddleback 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 Saddleback 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

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

	2024	2023
Assets		
Current Assets		
Cash	\$ 862,982	\$ 198,726
Accounts receivable	64,495	741
Due from South Orange County Community College District	531,609	1,259,434
Investments	397,810	267,399
Promises to give, current portion	84,000	84,000
Prepaid expenses	107,297	101,084
Total Current Assets	2,048,193	1,911,384
Noncurrent Assets		
Investments	9,473,002	8,642,816
Promises to give, net of discount	1,288,443	1,301,900
Beneficial interest in assets held by the Foundation for California Community Colleges (FCCC)	1,010,232	946,678
Total Noncurrent Assets	11,771,677	10,891,394
Total Assets	\$ 13,819,870	\$ 12,802,778
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 23,055	\$ 11,284
Due to South Orange County Community College District	64,444	107,636
Pass-through scholarships payable	31,037	14,101
Total Current Liabilities	118,536	133,021
Net Assets		
Without donor restrictions	4,285,582	3,894,308
With donor restrictions	9,415,752	8,775,449
Total Net Assets	13,701,334	12,669,757
Total Liabilities and Net Assets	\$ 13,819,870	\$ 12,802,778

Saddleback College Foundation

Statements of Activities

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Contributions	\$ 531,371	\$ 674,689	\$ 1,206,060	\$ 556,566	\$ 548,954	\$ 1,105,520
Special events - fundraising	207,142	-	207,142	238,473	-	238,473
Campus programs	81,310	2,528	83,838	27,563	-	27,563
Donated services	1,209,484	-	1,209,484	1,073,032	-	1,073,032
Donated professional fees	36,955	-	36,955	10,200	-	10,200
In-kind donations	36,229	-	36,229	16,960	-	16,960
Other revenues	-	-	-	44,422	-	44,422
<b>Total Revenues</b>	<b>2,102,491</b>	<b>677,217</b>	<b>2,779,708</b>	<b>1,967,216</b>	<b>548,954</b>	<b>2,516,170</b>
<b>Expenses</b>						
Program	1,902,377	-	1,902,377	1,531,928	-	1,531,928
Management and general	357,915	-	357,915	305,246	-	305,246
Fundraising	402,696	-	402,696	420,275	-	420,275
<b>Total Expenses</b>	<b>2,662,988</b>	<b>-</b>	<b>2,662,988</b>	<b>2,257,449</b>	<b>-</b>	<b>2,257,449</b>
<b>Other Income (Losses)</b>						
Investment income, net of expenses	144,805	706,498	851,303	138,212	597,503	735,715
Change in beneficial interest in assets held by the FCCC	-	63,554	63,554	-	38,913	38,913
Administrative fees	131,017	(131,017)	-	126,508	(126,508)	-
Net assets released from restrictions	675,949	(675,949)	-	540,903	(540,903)	-
<b>Total Other Income (Losses)</b>	<b>951,771</b>	<b>(36,914)</b>	<b>914,857</b>	<b>805,623</b>	<b>(30,995)</b>	<b>774,628</b>
Change in Net Assets	391,274	640,303	1,031,577	515,390	517,959	1,033,349
Net Assets, Beginning of Year	3,894,308	8,775,449	12,669,757	3,378,918	8,257,490	11,636,408
Net Assets, End of Year	<u>\$ 4,285,582</u>	<u>\$ 9,415,752</u>	<u>\$ 13,701,334</u>	<u>\$ 3,894,308</u>	<u>\$ 8,775,449</u>	<u>\$ 12,669,757</u>

See Notes to Financial Statements

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

	2024			
	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 56,496	\$ -	\$ 18,917	\$ 75,413
Scholarships	555,475	-	-	555,475
Donated services	690,523	304,854	214,107	1,209,484
Donated professional fees	-	36,955	-	36,955
In-kind donations	36,229	-	-	36,229
Supplies and printing	4,371	578	-	4,949
Conferences and meetings	116,376	577	-	116,953
Dues and memberships	5,635	-	-	5,635
Equipment	25,469	-	-	25,469
Contract services	91,368	-	-	91,368
Special events - Fundraising	-	-	169,672	169,672
Program expenses	313,633	3,420	-	317,053
Other expenses	5,877	11,531	-	17,408
Other student support	925	-	-	925
	<u>\$ 1,902,377</u>	<u>\$ 357,915</u>	<u>\$ 402,696</u>	<u>\$ 2,662,988</u>
<b>Total Expenses</b>	<b>\$ 1,902,377</b>	<b>\$ 357,915</b>	<b>\$ 402,696</b>	<b>\$ 2,662,988</b>

  

	2023			
	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 31,996	\$ -	\$ 13,024	\$ 45,020
Scholarships	463,623	-	-	463,623
Donated services	612,606	271,674	188,752	1,073,032
Donated professional fees	-	10,200	-	10,200
In-kind donations	16,960	-	-	16,960
Supplies and printing	5,367	-	-	5,367
Conferences and meetings	5,569	4,890	-	10,459
Dues and memberships	6,551	-	-	6,551
Equipment	17,997	-	-	17,997
Contract services	65,080	-	-	65,080
Special events - Fundraising	-	-	218,499	218,499
Program expenses	299,498	5,039	-	304,537
Other expenses	6,681	13,443	-	20,124
	<u>\$ 1,531,928</u>	<u>\$ 305,246</u>	<u>\$ 420,275</u>	<u>\$ 2,257,449</u>
<b>Total Expenses</b>	<b>\$ 1,531,928</b>	<b>\$ 305,246</b>	<b>\$ 420,275</b>	<b>\$ 2,257,449</b>

## Saddleback College Foundation

### Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Contributions received and special events receipts, net of amounts restricted for long-term purposes	\$ 1,978,484	\$ 79,755
Campus programs receipts	83,838	27,563
Other receipts	-	44,422
Interest and dividends, net of fees	141,777	132,461
Payments to/on behalf of employees	(118,605)	6,314
Payments to suppliers	(742,949)	(679,870)
Payments to/on behalf of students	(539,464)	(460,007)
Net Cash Provided by (Used in) Operating Activities	803,081	(849,362)
Investing Activities		
Purchase of investments	(1,698,501)	(2,488,756)
Proceeds from sale of investments	1,447,430	3,241,780
Net Cash Provided by (Used in) Investing Activities	(251,071)	753,024
Financing Activities		
Collections of contributions restricted for long-term purposes	112,246	101,229
Net Cash Provided by Financing Activities	112,246	101,229
Change in Cash	664,256	4,891
Cash, Beginning of Year	198,726	193,835
Cash, End of Year	\$ 862,982	\$ 198,726
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in net assets	\$ 1,031,577	\$ 1,033,349
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net unrealized gain on investments	(486,255)	(649,747)
Realized (gain)/loss on investments	(223,271)	46,493
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(63,554)	(38,913)
Amortization of discount on promises to give	(72,558)	(70,695)
Contributions restricted for long-term purposes	(112,246)	(101,229)
Changes in assets and liabilities		
Accounts receivable	(63,754)	(741)
Due from South Orange County Community College District	727,825	(1,191,573)
Prepaid expenses	(6,213)	(11,363)
Promises to give, net of discount	86,015	100,000
Accounts payable	11,771	(19,893)
Due to South Orange County Community College District	(43,192)	51,334
Pass-through scholarships payable	16,936	3,616
Net Cash Provided by (Used in) Operating Activities	\$ 803,081	\$ (849,362)



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

Saddleback College Foundation (the Foundation) is a California, nonprofit public benefit corporation founded on December 5, 2003, for the purpose of receiving contributions to further the educational purposes of Saddleback College (the College) 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, revenues, expenses, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* - Net assets available for general operations and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*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 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.

## **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 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 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 primarily consists of ticket sales for various campus departmental events or sales of goods, and revenue is recognized at the time the event occurs or when the sale of goods takes place. 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.

### **Administrative Fee**

A one-time administrative fee of 5% is assessed on all gifts. Endowed accounts will be subject to an annual fee of 2% calculated based on the rolling prior four quarterly averages of each fund's market value as of June 30. This fee is recognized as net assets released from donor restriction to support the ongoing operations of the Foundation.

### **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 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	\$ 862,982	\$ 198,726
Accounts receivable	64,495	741
Due from South Orange County Community College District	531,609	1,259,434
Promises to give, current portion	84,000	84,000
Investments	397,810	267,399
	<u>          </u>	<u>          </u>
Total Financial Assets Available Within One Year	<u>\$ 1,940,896</u>	<u>\$ 1,810,300</u>

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.

### Note 3 - Investments

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

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 397,810	\$ 267,399
Corporate bonds	688,689	607,182
Exchange traded funds	2,626,251	2,375,117
Treasury bills	860,382	659,293
Municipal bonds	229,009	235,155
Mutual funds	1,993,728	1,867,862
Equities	2,176,148	2,042,239
Alternative investments	898,795	855,968
	<u>\$ 9,870,812</u>	<u>\$ 8,910,215</u>
Total		

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

	<u>2024</u>	<u>2023</u>
Realized gain (loss) on investments	\$ 223,271	\$ (46,493)
Unrealized gain on investments	486,255	649,747
Interest and dividends	179,030	166,257
	<u>888,556</u>	<u>769,511</u>
Total Investment Income		
Investment expenses	<u>(37,253)</u>	<u>(33,796)</u>
	<u>\$ 851,303</u>	<u>\$ 735,715</u>
Total Investment Income, Net of Expenses		

**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 \$803,440. As of June 30, 2024 and 2023, the ending balance of the Osher Endowment Scholarship was \$1,010,232 and \$946,678, 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 entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

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

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

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

The fair value of beneficial interests in charitable trusts is 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 is based on the fair value of trust investments as reported by the trustees. The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges (FCCC) is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds and real estate investment trusts, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

### 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			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Money market funds	\$ 397,810	\$ -	\$ -	\$ 397,810
Corporate bonds	-	688,689	-	688,689
Exchange traded funds	2,626,251	-	-	2,626,251
Treasury bills	860,382	-	-	860,382
Municipal bonds	-	229,009	-	229,009
Mutual funds	1,993,728	-	-	1,993,728
Equities	2,176,148	-	-	2,176,148
Beneficial interest in assets held by FCCC	-	-	1,010,232	1,010,232
<b>Total</b>	<b>\$ 8,054,319</b>	<b>\$ 917,698</b>	<b>\$ 1,010,232</b>	<b>\$ 9,982,249</b>
Alternative investments measured at net asset value				\$ 898,795
	2023			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Money market funds	\$ 267,399	\$ -	\$ -	\$ 267,399
Corporate bonds	-	607,182	-	607,182
Exchange traded funds	2,375,117	-	-	2,375,117
Treasury bills	659,293	-	-	659,293
Municipal bonds	-	235,155	-	235,155
Mutual funds	1,867,862	-	-	1,867,862
Equities	2,042,239	-	-	2,042,239
Beneficial interest in assets held by FCCC	-	-	946,678	946,678
<b>Total</b>	<b>\$ 7,211,910</b>	<b>\$ 842,337</b>	<b>\$ 946,678</b>	<b>\$ 9,000,925</b>
Alternative investments measured at net asset value				\$ 855,968

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 measured at fair value on a non-recurring basis as of June 30, 2024 and 2023.

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30:

	2024			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate investment trust	\$ 435,535	\$ -	Monthly	None
Hedge funds	463,260	-	Illiquid (1)	95 days
	<u>\$ 898,795</u>	<u>\$ -</u>		
	2023			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate investment trust	\$ 429,404	\$ -	Monthly	None
Hedge funds	426,564	-	Illiquid (1)	95 days
	<u>\$ 855,968</u>	<u>\$ -</u>		

(1) The hedge fund's board, in its sole and absolute discretion, may authorize the fund to make a tender offer to repurchase units at the net asset value per unit on June 30 and December 31 each year.

The significant investment strategies of the real estate investment trust include providing attractive current income in the form of regular, stable cash distributions; preserving and protecting invested capital; realizing appreciation in NAV from proactive investment management and asset management; and providing an investment alternative for stockholders seeking to allocate a portion of their long-term investment portfolios to commercial real estate with lower volatility than public real estate companies.

The hedge funds investment objective is capital appreciation with limited variability of returns. The hedge fund seeks to achieve this objective by allocating capital to a select group of alternative asset managers and the investment funds they operate. The hedge fund primarily invests across four core hedge fund strategies: relative value, market neutral and hedged equity, event-driven, and distressed and credit securities.



**Note 6 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30:

	2024	2023
Promises to give before unamortized discount	\$ 1,557,575	\$ 1,643,590
Less: Unamortized discount	(185,132)	(257,690)
Promises to Give, Net of Discount	\$ 1,372,443	\$ 1,385,900
	2024	2023
Amounts due within one year	\$ 84,000	\$ 84,000
Amounts due within one to five years	240,000	220,000
Amounts due within more than five years	1,233,575	1,339,590
Less: Unamortized discount	(185,132)	(257,690)
Subtotal Long-Term Portion of Promises to Give	1,288,443	1,301,900
Total	\$ 1,372,443	\$ 1,385,900

As of June 30, 2024 and 2023, promises to give were discounted using a rate of 6%.

**Note 7 - Pass-through Scholarships Payable**

The Foundation acts as a fiscal agent for departments, organizations, and groups of Saddleback College. Accordingly, at June 30, 2024 and 2023, \$31,037 and \$14,101 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**

Net assets without donor restrictions that have been board designated for the Saddleback College Emeritus Institute amounted to \$642,963 and \$672,474 at June 30, 2024 and 2023, respectively.

**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 and scholarships	\$ 1,339,266	\$ 1,233,071
Endowments - accumulated and unspent earnings, and board designated balances	3,742,026	3,321,225
Total	\$ 5,081,292	\$ 4,554,296

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

	2024	2023
Osher endowment	\$ 1,010,232	\$ 946,678
Endowments related to scholarships	3,324,228	3,274,475
Total	\$ 4,334,460	\$ 4,221,153

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

	2024	2023
Satisfaction of Purpose Restrictions Campus programs and scholarships	\$ 675,949	\$ 540,903

**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, measured over a full market cycle or spending rate of ten years, to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets. 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 to annually designate a base spending rate on the principal of the endowment fund. In setting the base spending rate, the Foundation considers the rate of increase in the Consumer Price Index, the average annual investment return, and the operating cost rate for the previous calendar year. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow. 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	\$ -	\$ 655,913
Board-designated endowment funds	642,963	7,420,573
Total	<u>\$ 642,963</u>	<u>\$ 8,076,486</u>
	2023	
	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ -	\$ 655,913
Board-designated endowment funds	672,474	6,886,465
Total	<u>\$ 672,474</u>	<u>\$ 7,542,378</u>

Saddleback College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

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	\$ 672,474	\$ 7,542,378
Contributions	-	112,246
Investment income (loss), net of expenses	(29,511)	628,727
Amounts appropriated for expenditures	-	(206,865)
	<u>          </u>	<u>          </u>
Endowment net assets, end of year	<u>\$ 642,963</u>	<u>\$ 8,076,486</u>
	2023	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 657,629	\$ 6,657,631
Contributions	-	101,229
Board designation of endowment	-	500,212
Investment income, net of expenses	14,845	487,083
Amounts appropriated for expenditures	-	(203,777)
	<u>          </u>	<u>          </u>
Endowment net assets, end of year	<u>\$ 672,474</u>	<u>\$ 7,542,378</u>

**Note 11 - In-kind Contributions**

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

	2024	2023
Donated services	\$ 1,209,484	\$ 1,073,032
Donated professional fees	36,955	10,200
	<u>          </u>	<u>          </u>
Total	<u>\$ 1,246,439</u>	<u>\$ 1,083,232</u>

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

	<u>2024</u>	<u>2023</u>
Donated assets passed through to the District	<u>\$ 36,229</u>	<u>\$ 16,960</u>
Total	<u><u>\$ 36,229</u></u>	<u><u>\$ 16,960</u></u>

All in-kind contributions received during the years ended June 30, 2024 and 2023 were without donor restrictions.

**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 year ended June 30, 2024 were valued at \$1,209,484 and \$36,955, respectively. The donated services and professional fees for the fiscal year ended June 30, 2023 were valued at \$1,073,032 and \$10,200, 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 outstanding receivables from the District in the amounts of \$531,609 and \$1,259,434, respectively. At June 30, 2024 and 2023, the Foundation had \$64,444 and \$107,636, 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.