

Financial Statements  
June 30, 2025

## Los Rios Colleges Foundation

Independent Auditor's Report .....	1
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7



## **Independent Auditor's Report**

The Board of Directors  
Los Rios Colleges Foundation  
Sacramento, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Los Rios Colleges Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Los Rios Colleges Foundation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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 audit. 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Ontario, California  
January 12, 2026

Los Rios Colleges Foundation  
Statement of Financial Position  
June 30, 2025

---

Assets

Current assets

Cash	\$ 3,076,351
Accounts receivable	163,988
Promises to give, current portion	<u>92,166</u>

Total current assets	<u>3,332,505</u>
----------------------	------------------

Noncurrent assets

Investments	28,921,103
Beneficial interest in assets held by the Foundation for California Community Colleges (FCCC)	221,876
Long-term promises to give	<u>296,967</u>

Total noncurrent assets	<u>29,439,946</u>
-------------------------	-------------------

Total assets	<u><u>\$ 32,772,451</u></u>
--------------	-----------------------------

Liabilities and Net Assets

Liabilities

Current liabilities

Accounts payable and accrued expenses	<u>\$ 42,782</u>
---------------------------------------	------------------

Net Assets

Without donor restrictions	3,783,802
With donor restrictions	<u>28,945,867</u>

Total net assets	<u>32,729,669</u>
------------------	-------------------

Total liabilities and net assets	<u><u>\$ 32,772,451</u></u>
----------------------------------	-----------------------------

Los Rios Colleges Foundation  
Statement of Activities  
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 485,756	\$ 5,449,064	\$ 5,934,820
Fundraising and events	-	148,394	148,394
District donated in-kind	2,507,571	-	2,507,571
In-kind contributions	601,312	-	601,312
Net assets released from restrictions	4,628,785	(4,628,785)	-
Total support and revenues	8,223,424	968,673	9,192,097
Expenses			
Scholarships	1,521,705	-	1,521,705
College support	4,233,391	-	4,233,391
Grants and sponsorships	619,300	-	619,300
Administrative	1,155,571	-	1,155,571
Fundraising	641,211	-	641,211
Total expenses	8,171,178	-	8,171,178
Other Income			
Investment income, net of expenses	603,234	1,904,445	2,507,679
Change in beneficial interest in assets held by the FCCC	-	23,741	23,741
Total other income	603,234	1,928,186	2,531,420
Change in Net Assets	655,480	2,896,859	3,552,339
Net Assets, Beginning of Year	3,128,322	26,049,008	29,177,330
Net Assets, End of Year	<u>\$ 3,783,802</u>	<u>\$ 28,945,867</u>	<u>\$ 32,729,669</u>

Los Rios Colleges Foundation  
Statement of Functional Expenses  
Year Ended June 30, 2025

	Scholarships	College Support	Grants and Sponsorships	Total Program Expenses	Administrative	Fundraising	Total Expenses
Scholarships	\$ 1,130,178	\$ -	\$ -	\$ 1,130,178	\$ -	\$ -	\$ 1,130,178
District donated salaries and benefits	391,527	592,757	285,581	1,269,865	593,559	596,428	2,459,852
District donated facilities	-	-	-	-	47,719	-	47,719
College support	-	3,034,122	-	3,034,122	-	-	3,034,122
Salaries and benefits	-	5,200	-	5,200	-	-	5,200
In-kind donations	-	601,312	-	601,312	-	-	601,312
Grants and sponsorships	-	-	333,719	333,719	-	-	333,719
Supplies and materials	-	-	-	-	137,265	20,560	157,825
Services and office expense	-	-	-	-	377,028	24,223	401,251
Total expenses	<u>\$ 1,521,705</u>	<u>\$ 4,233,391</u>	<u>\$ 619,300</u>	<u>\$ 6,374,396</u>	<u>\$ 1,155,571</u>	<u>\$ 641,211</u>	<u>\$ 8,171,178</u>

# Los Rios Colleges Foundation

## Statement of Cash Flows

Year Ended June 30, 2025

Operating Activities	
Contributions for scholarships	\$ 4,071,110
Fundraising	148,394
Pledge campaign	1,627,199
Annual fund	128,147
Interest and dividends on investments, net of expenses	875,424
Scholarships awarded	(1,130,165)
Payments to suppliers	(417,716)
Payments for services	(242,834)
Payments for travel, conferences and meetings	(74,722)
Payments for other operating costs	(3,220,117)
Net cash provided by operating activities	<u>1,764,720</u>
Investing Activities	
Proceeds from sales and maturities of investments	7,727,981
Purchases of investments	(9,003,689)
Net cash used in investing activities	<u>(1,275,708)</u>
Net Change in Cash	489,012
Cash, Beginning of Year	<u>2,587,339</u>
Cash, End of Year	<u>\$ 3,076,351</u>
Changes in net assets	\$ 3,552,339
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized gain on sale of investments	(333,581)
Net unrealized gain on investments	(1,298,674)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(23,741)
Changes in:	
Accounts receivable	113,512
Promises to give	(242,217)
Accounts payable and accrued expenses	(2,918)
Net cash provided by operating activities	<u>\$ 1,764,720</u>

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

The Los Rios Colleges Foundation (the Foundation), a California nonprofit public benefit corporation, was formed for the purpose of raising and managing private philanthropic gifts from individuals and organizations that support the needs of students and faculty, improve student success and help to prepare an educated workforce by providing student scholarships, emergency financial grants to students and college program support. The Foundation is included as a component unit in the Los Rios Community College District (the District)'s financial statements. The Foundation is supported primarily through public and private contributions and grants.

**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 does not use fund accounting.

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

**Cash**

Cash for the purposes of the statement of cash flows consists of cash held in checking accounts. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2025, the amount in excess of Federal depository insurance coverage was approximately \$2.9 million.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are recorded in the appropriate classification of net assets. If the restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized, the income is recorded as increases in the net assets without donor restrictions. Investments are classified as short or long term based upon the Foundation's intent to use for current operations.

**Beneficial Interest in Assets held by Community Foundation**

In 2008, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. Variance power was granted to the CF which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the CF for the Foundation's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities. The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair values of fund investments as reported by the Foundation. The fair value of alternative investments held by the Foundation is based on the estimated market value of the real estate investment trust. These are considered to be Level 3 measurements.

**Promises to Give**

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management has deemed all amounts as collectible; therefore, no allowance for doubtful accounts is considered necessary.

**Net Assets**

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

*Net Assets Without Donor Restrictions* - Net assets available for use in general operational and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board designated endowments.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) 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 without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

**Revenue and Revenue Recognition**

Contributions are recognized when cash, securities, other assets, unconditional promises to give, or notification of a beneficial interest is received.

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 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 without donor restrictions. Restricted support, where restrictions are met in the same period as the donation is made, is shown as additions to without donor restriction support. The Foundation records special event revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

**Donated Services and In-kind Contributions**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. In addition, a number of volunteers have donated time to the Foundation's fundraising campaigns, which have not been reflected in the accompanying financial statements because the recognition criteria were not met. Donated salaries, benefits received from the District per the terms of the Master Agreement, are recorded as contributions at the estimated fair value that the Foundation would have otherwise paid for the same service. The value of those contributed items is recognized as both revenue and expense to the Foundation. See Note 8 for additional information.

Contributed goods are recorded at fair value at the date of donation. The Foundation does not generally sell donated gifts-in-kind, except for real estate.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those estimates could be material.

**Income Taxes**

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

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

**Allocation of Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are for donated salaries and benefits, which are allocated on the basis of estimates of time and effort.

**Subsequent Events**

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through January 12, 2026, which is the date the financial statements were available to be issued.

**Note 2 - Investments**

Investments are recorded at fair value on the statement of financial position. The following table summarizes the investment returns which are recorded in the statement of activities:

Net realized gain on investments	\$ 333,581
Net unrealized gain on investments	1,298,674
Interest and dividends	<u>1,009,634</u>
Total investment income	2,641,889
Investment expenses	<u>(134,210)</u>
Total investment income, net of expenses	<u><u>\$ 2,507,679</u></u>

**Investment Policies****Return Objectives and Risk Parameters**

The Foundation has a Finance Committee responsible for oversight of the Foundation's investments. The Board has adopted Rules, Objectives and Guidelines for the investment of funds that attempt to provide a predictable stream of funding to programs supported by its endowed funds while also maintaining the purchasing power of those assets over the long-term. Endowment assets are invested in cash and cash equivalents, equity and debt securities, that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual grantmaking of 3.75% while growing the funds, if possible. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 6.50% annually. Actual returns in any given year may vary from this amount. 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 and How the Investment Objectives Relate to Spending Policy**

The Board of the Foundation has adopted the following spending policy for endowed funds. The calculation for spending in the upcoming calendar year will be based on the fund value as of the June 30 balance. For all endowed funds less than 20% underwater, spending distributions for the following fiscal year are determined on an annual basis utilizing the endowed fund balances, and other pertinent information. In the event an endowment falls underwater by greater than 20% of the aggregate value of all contributions to an endowment fund at the time they were made, the Foundation will perform an analysis of the fund in order to make a determination on future spending distributions. Following the analysis of a fund, the Foundation will make a decision on future spending distributions relative to that fund. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2% annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**Note 3 - Market Value of Financial Assets and Liabilities**

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 the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair values of fund investments as reported by the Foundation. The fair value of alternative investments held by the Foundation is based on the estimated market value of the real estate investment trust. These are considered to be Level 3 measurements.

### Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The table below shows the Foundation's investments according to their hierarchical level as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Fixed income	\$8,817,355	\$ -	\$ -	\$ 8,817,355
Equities	12,158,124	-	-	12,158,124
Alternative investments	1,477,096	-	-	1,477,096
Money market funds	5,556,115	-	-	5,556,115
Structured Investments	912,413	-	-	912,413
Beneficial interest in assets held by the FCCC	-	-	221,876	221,876
Total	<u>\$ 28,921,103</u>	<u>\$ -</u>	<u>\$ 221,876</u>	<u>\$ 29,142,979</u>

The Foundation did not have any liabilities measured at fair value on a recurring basis, nor any assets or liabilities recorded at fair value on a non-recurring basis.

### Note 4 - 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:

Cash	\$ 3,076,351
Accounts receivable	163,988
Promises to give, current portion	<u>92,166</u>
Total	<u>\$ 3,332,505</u>

As part of the Foundation's liquidity management, it has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### Note 5 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges- Osher Endowment Scholarship

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California community college students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the Foundation and its donors have contributed \$171,123. As of June 30, 2025, the ending balance of the Osher Endowment Scholarship was \$221,876. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

**Note 6 - Endowments**

Endowed restricted net assets, for which investment and interest earnings may be used for scholarship grants, consisted of the historical gift balance of the endowed funds in the amount of \$14,135,133 at June 30, 2025. Additionally, the Board has designated \$1,811,444 in net assets without donor restrictions for specific purposes in accordance with the Foundation's governing policies.

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 donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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 endowment fund that is not classified in as unavailable for use is classified as donor restricted net assets available for use until those amounts are 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 endowment funds:

(1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment 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. See Note 2 for detail of investment policies, return objectives and risk parameters, spending policy and how the investment objectives relate to spending policy.

Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowments	\$ 1,811,444	\$ -	\$ 1,811,444
Donor restricted endowments funds			
Original donor-restricted gift amount	-	14,135,133	14,135,133
and amounts required to be maintained	-	5,766,224	5,766,224
Accumulated investment gains	-	5,766,224	5,766,224
Total	<u>\$ 1,811,444</u>	<u>\$ 19,901,357</u>	<u>\$ 21,712,801</u>

The changes in endowment net assets as of June 30, 2025, are as follows:

Endowed Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 1,526,273	\$ 17,639,764	\$ 19,166,037
Contributions	153,000	473,738	626,738
Investment earnings and realized gains	166,293	770,175	936,468
Unrealized gains	-	1,134,280	1,134,280
Transfers	-	292,759	292,759
Amounts appropriated for expenditures	(34,122)	(409,359)	(443,481)
Endowment net assets - end of year	<u>\$ 1,811,444</u>	<u>\$ 19,901,357</u>	<u>\$ 21,712,801</u>

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor of the UPMIFA required the Foundation to retain as a fund of perpetual duration ("below water endowments"). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025, funds with original gift values of \$10,000, fair values of \$9,426, and deficiencies of \$574 were reported in net assets with donor restrictions. These amounts were partially recovered after year end due to favorable market fluctuations.

## Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2025:

Purpose Restricted:	
Scholarships	\$ 3,398,599
Grants	507,687
Department and program support	5,138,224
Endowment investment earnings	<u>5,766,224</u>
Total purpose restricted net assets	<u>\$ 14,810,734</u>
Permanent Endowment:	
Scholarships	\$ 11,119,606
Department and program support	<u>3,015,527</u>
Total permanent endowment	<u>\$ 14,135,133</u>
Total net assets with donor restrictions	<u>\$ 28,945,867</u>

Net assets with donor restrictions that are perpetual in nature, earnings from which are subject to endowment spending appropriation as of June 30, 2025:

Osher endowment	\$ 221,876
Endowments related to department and program support	3,015,527
Endowments related to scholarships	<u>10,897,730</u>
Total net assets with perpetual restriction	<u><u>\$ 14,135,133</u></u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by other events specified by the donors as follows for the year ended June 30, 2025:

Support of college departments, programs, grants and other	\$ 3,542,818
Scholarships and other student awards	<u>1,085,967</u>
Total net assets released from restriction	<u><u>\$ 4,628,785</u></u>

#### **Note 8 - Related Party Transactions**

The Foundation receives and invests contributions for the development of endowed funds on behalf of the District. These funds, pending distribution, are administered and held according to the specific organization's direction and invested by the Foundation in an agent capacity, on behalf of the District, and the activities are included in the Foundation's statements of financial position and activities.

The Foundation incurs expenses related to college instructional support on behalf of the District which are included on the Foundation's statement of activities.

Foundation staff salary and benefits expenses are paid for by the District, in accordance with the most current Master Agreement and District Board approved salary schedules. The value of contributed salaries and benefits and donated facilities has been recorded in the Foundation's statement of activities in the amount of \$2,459,852 and \$47,719, respectively, for the year ended June 30, 2025.

The Foundation's receipt of noncash donations related to instructional support are contributed to the District. During the year, the Foundation contributed \$601,312 of noncash donations to the District for the year ended June 30, 2025.