



Financial Statements

June 30, 2024

Southwestern College Foundation
(A California Nonprofit Corporation)

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Independent Auditor's Report

To the Board of Directors
Southwestern College Foundation
Chula Vista, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southwestern College Foundation (the Foundation) (a California Nonprofit Corporation), which comprise the statement of financial position as of June 30, 2024, 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 Southwestern College Foundation as of June 30, 2024, 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
October 18, 2024

Southwestern College Foundation

Statement of Financial Position

June 30, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 1,798,277
Promises to give	55,928
Prepaid expenses	<u>2,125</u>

Total current assets	<u>1,856,330</u>
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Noncurrent Assets

Investments	<u>3,158,708</u>
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Total assets	<u>\$ 5,015,038</u>
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Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable	\$ 211
Deferred revenue	<u>14,720</u>

Total liabilities	<u>14,931</u>
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Net Assets

Without donor restrictions	
Undesignated	452,815
Board designated	<u>320,779</u>

Total without donor restrictions	773,594
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With donor restrictions	<u>4,226,513</u>
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Total net assets	<u>5,000,107</u>
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Total liabilities and net assets	<u>\$ 5,015,038</u>
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Southwestern College Foundation

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	\$ 46,400	\$ 2,827,008	\$ 2,873,408
Donated district services, supplies, and office space	785,095	-	785,095
In-kind contribution	17,730	-	17,730
Gross special event revenue			
Special event revenue	230,184	11,270	241,454
In-kind/underwriting	14,427	-	14,427
Less: cost of direct benefit to donor	(50,500)	-	(50,500)
Net special event revenue	194,111	11,270	205,381
Net assets released from restrictions	3,134,795	(3,134,795)	-
Total public support and revenues	4,178,131	(296,517)	3,881,614
Expenses			
Program			
Campus activities	2,441,400	-	2,441,400
Scholarship and awards	967,946	-	967,946
Support			
Operating	828,610	-	828,610
Fundraising	22,335	-	22,335
Total expenses	4,260,291	-	4,260,291
Other Income			
Investment income, net of expense	77,318	319,897	397,215
Change in Net Assets	(4,842)	23,380	18,538
Net Assets, Beginning of Year	778,436	4,203,133	4,981,569
Net Assets, End of Year	\$ 773,594	\$ 4,226,513	\$ 5,000,107

Southwestern College Foundation

Statement of Functional Expenses

Year Ended June 30, 2024

	Program		Support		Total
	Campus Activities	Scholarships and Awards	Operating	Fundraising	
District donated salaries and benefits	\$ -	\$ -	\$ 704,719	\$ -	\$ 704,719
District donated services and supplies	-	-	80,376	-	80,376
Mini-grants	36,215	-	-	-	36,215
Pass-through contributions	1,993,566	-	-	-	1,993,566
Student programs	411,619	-	-	-	411,619
Scholarship payments	-	322,364	1,512	-	323,876
Pass-through grants to students	-	645,582	-	-	645,582
Donor appreciation	-	-	1,045	-	1,045
Professional services	-	-	32,468	-	32,468
Office expense	-	-	1,609	-	1,609
Software and training	-	-	929	-	929
License, tax, and fees	-	-	4,049	-	4,049
Miscellaneous	-	-	1,903	4,605	6,508
In-Kind	-	-	-	17,730	17,730
Special event in-kind/underwriting	-	-	-	14,427	14,427
Cost of direct benefit to donor	-	-	-	36,073	36,073
	<u>2,441,400</u>	<u>967,946</u>	<u>828,610</u>	<u>72,835</u>	<u>4,310,791</u>
Less expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,500)</u>	<u>(50,500)</u>
Total expenses	<u>\$ 2,441,400</u>	<u>\$ 967,946</u>	<u>\$ 828,610</u>	<u>\$ 22,335</u>	<u>\$ 4,260,291</u>

Southwestern College Foundation

Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities	
Change in net assets	\$ 18,538
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Net unrealized gain on investments	(279,386)
Net realized gain on investments	(6,086)
Contributions restricted for long-term purposes	(55,126)
Changes in operating assets and liabilities	
Promises to give	(13,245)
Prepaid expenses	1,844
Other assets	15
Accounts payable	168
Deferred revenue	(56,262)
Net Cash From Operating Activities	(389,540)
Investing Activities	
Purchases of investments	(164,383)
Proceeds from sales of investments	141,893
Net Cash used for Investing Activities	(22,490)
Financing Activities	
Collections of contributions restricted for long-term purposes	55,126
Net Change in Cash and Cash Equivalents	(356,904)
Cash and Cash Equivalents, Beginning of Year	2,155,181
Cash and Cash Equivalents, End of Year	\$ 1,798,277

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

Southwestern College Foundation (the Foundation) is a nonprofit organization founded in 1982 for the purpose of receiving contributions for the support and advancement of education on behalf of Southwestern Community College District (the District). The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the District.

Financial Statement Presentation

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 the campus activities program.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The FASB has established the ASC as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed 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 operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment, as described in Note 6.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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 consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation.

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 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. At June 30, 2024, the Foundation's balance of \$55,928 are considered current, and collectable within one year. 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.

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.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2024, the Foundation had approximately \$553,000 in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with promises to give are limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Deferred Revenue

At June 30, 2024, the Foundation reported \$14,720 of deferred revenue. This balance consists primarily of event sponsorships and ticket sales for the Foundation's Fall 2024 luncheon event. At the time the event occurs, the revenue will be recognized.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until 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 recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place.

In-Kind Contributions

Contributed nonfinancial assets include donated salaries and benefits, office space, professional services/underwriting, supplies, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 9). The Foundation does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Estimates

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

Classification of Current and Noncurrent Assets and Liabilities

The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal operations, to be converted to cash or liquidated within twelve months of the statement of financial position date to be current. All other assets and liabilities are considered noncurrent.

Income Taxes

The Foundation is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be private foundation. The Foundation is annually required to file a Return of The Foundation Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. The Foundation determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, there are no shared cost among the programs and support services that require allocation.

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:

Cash and cash equivalents	\$ 414,756
Investments	<u>320,779</u>
	<u>\$ 735,535</u>

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances.

Additionally, on behalf of the Foundation, the District has implemented cash management procedures, that include the monthly reconciliation of banked and invested cash deposits and disbursements to receipts, disbursement records and donor accounts.

Note 3 - Cash

For the statement of financial position and statement of cash flows, cash is defined as all monies in checking and money market accounts. The balances as of June 30, 2024, was as follows:

Without Donor Restrictions	
General checking account	\$ 349,983
Money market reserve account	64,773
	<u>414,756</u>
Total cash without donor restrictions	<u>414,756</u>
With Donor Restrictions	
Donor restricted checking	383,521
Money market reserve account	1,000,000
	<u>1,383,521</u>
Total cash with donor restrictions	<u>1,383,521</u>
Total cash	<u>\$ 1,798,277</u>

Note 4 - Investments

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2024:

	Amount
Fixed income - closed end funds and exchange traded products	\$ 3,038,787
Fixed income - government money market	119,921
	<u>3,158,708</u>
Total	<u>\$ 3,158,708</u>

Investment activity for the year ended June 30, 2024:

Net unrealized gain on investments	\$ 279,386
Net realized gain on investments	6,086
Interest and dividends	125,819
	<u>411,291</u>
Total investment income	411,291
Management fees	<u>(14,076)</u>
Total investment income, net of expenses	<u>\$ 397,215</u>

Note 5 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. 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.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

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. The Foundation did not have any assets measured at Level 2 or Level 3 as of June 30, 2024 because the assets below are traded in active markets. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2024.

	Level I
Assets	
Fixed Income - closed end funds and exchange traded products	\$ 3,038,787
Fixed income - government money market	119,921
Total	<u>\$ 3,158,708</u>

The Foundation did not have any assets or liabilities measured on a non-recurring basis as of June 30, 2024.

Note 6 - Quasi and Donor Designated Endowment and Non-Endowment

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, 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 5% of the endowment fund's average fair value over the prior 36 months 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.

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, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024, there were no funds with deficiencies.

Endowment net asset composition by type of fund as of June 30, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 320,779	\$ -	\$ 320,779
Donor-restricted endowment funds	-	2,683,416	2,683,416
Total	<u>\$ 320,779</u>	<u>\$ 2,683,416</u>	<u>\$ 3,004,195</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2023	\$ 286,273	\$ 2,374,821	\$ 2,661,094
Contributions	-	55,126	55,126
Investment income, net	6,995	147,269	154,264
Investment appreciation	28,299	149,692	177,991
Amounts appropriated for expenditures	(788)	(43,492)	(44,280)
Endowment net assets, June 30, 2024	<u>\$ 320,779</u>	<u>\$ 2,683,416</u>	<u>\$ 3,004,195</u>

Note 7 - Restrictions on Net Assets Balances

Donor restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2024:

Scholarship funds	\$ 205,157
Other donor-restricted campus program funds	1,337,940
Endowment scholarship funds - spendable portion	<u>1,361,279</u>
Total	<u><u>\$ 2,904,376</u></u>

Donor restricted net assets with restriction perpetual in nature, earning from which are subject to endowment spending policy appropriation consist of the following at June 30, 2024:

Endowment scholarship funds	<u><u>\$ 1,322,137</u></u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2024:

Restricted-purpose distributions and appropriations	
Campus programs - pass-through contributions	\$ 1,755,230
Campus programs - other	411,619
Scholarship programs	<u>967,946</u>
Total	<u><u>\$ 3,134,795</u></u>

Note 8 - Transactions with Related Entities

There are significant administrative costs of the Foundation that are paid by the District in accordance with a Memorandum of Understanding between the District and the Foundation that provides that the District will pay salaries and benefits and most services and supplies in exchange for the Foundation stewarding gift assets on behalf of the College and for assisting with the College's fundraising efforts.

These services are provided by the Office of Development and Foundation, a department of Southwestern Community College District, formed exclusively for the management and oversight of College Development and Foundation programs and resources. The cost incurred by the Office of Development and Finance are shown in the financial statements as services donated by the District. See Note 9 for additional information.

Note 9 - In-kind Contributions

For the year ended June 30, 2024, in-kind contributions recognized within the statement of activities included the following:

Employee salary and benefits	\$ 704,719
Services, supplies and office space	80,376
Special event in-kind/underwriting	14,427
Donated professional services	<u>17,730</u>
Total	<u>\$ 817,252</u>

Foundation staff salary and benefits expenses are paid for by the District, in accordance with the most current Memorandum of Understanding and District Board approved salary schedules. Additionally, the District occasionally will pay certain vendor invoices on behalf of the Foundation in support of its mission. These invoices are paid at full value, charged by the vendor. Donated office space is determined based on current market rates in the area for commercial office space, multiplied by the square footage occupied by the Foundation staff members. See Note 8 for additional information.

Special event in-kind donations include various donated items and services for use during the Foundation's special events. Donated items and services include, but not limited to: DJ and emcee services, trophies and awards, printing services, canopies and tables, and food were recorded based on the fair value of comparable goods and services provided by a third-party.

Professional services include specialized branding materials for the Foundation's use in future marketing efforts were recorded based on the fair value of comparable services provided by a third-party.

Note 10 - Subsequent Events

The Foundation's management has evaluated events or transactions from June 30, 2024, through October 18, 2024, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.