ORANGE COAST COLLEGE FOUNDATION

FINANCIAL STATEMENTS June 30, 2023 and 2022

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Crowe LLP

See accompanying notes to financial statements.

Without Donor With Donor

ORANGE COAST COLLEGE FOUNDATION STATEMENTS OF CASH FLOWS For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>
Cash flows from operating activities:			
Contributions and special events	\$ 848,707	\$	1,317,567
Fundraising for college programs	2,061,791		1,314,190
Interest	609,671		506,501
Other operating activities and charter fees	1,160,860		2,288,211
Payments to/on behalf of employees	(265,544)		(395,439)
Payments to suppliers	(3,803,391)		(2,117,442)
Payments to/on behalf of students for scholarships	 (591,631)		(555,080)
Net cash provided by operating activities	 20,463	_	2,358,508
Cash flows from investing activities:			
Proceeds from sale of boats and equipment	1,222,494		764,184
Acquisitions of boats and equipment	(506,067)		235,569
Purchase of investments	(10,709,538)		(12,527,657)

ORANGE COAST COLLEGE FOUNDATION STATEMENT OF FUNCTIONAL EXPENSES For the fiscal year ended June 30, 2023

		udent and College <u>Support</u>		Sailing <u>Program</u>		Total Program <u>Services</u>	Ma	anagement & <u>Services</u>	<u>Fu</u>	Indraising		<u>Total</u>
Donated services	\$	306,359	¢	-	\$	306,359	\$	365,929	\$	178,710	\$	850,998
Donated facilities	φ	19,898	φ	-	φ	19,898	φ	303,929	φ	170,710	φ	19,898
In-kind contributions		16,064				16,064				_		16,064
Scholarships and grants		691,358				691,358						691,358
Salaries and benefits		031,000		265,544		265,544						265,544
Salaries and benefits Services - legal		-		205,544		205,544		-		-		205,544 613
Services - legal Services - other		- 105,500		013		105,500		-		-		105,500
Advertising and promotion		105,500		- 4,269		4,376		-		-		4,376
Office expenses		78,586		4,209		79,462		- 7,898		-		4,370 87,360
		22,720		101,702		124,422		1,161		-		125,583
Occupancy Travel		51,304		300		51,604		1,101		-		51,604
		17,773		300		17,773		- 1,814		-		19,587
Conference and meetings Depreciation		17,775		- 4,105,806		4,105,806		1,014		-		4,105,806
Insurance		-		4,105,600		4,105,600		- 3,634		-		4,105,606 3,634
Equipment		- 911,975		- 414,095		- 1,326,070		3,034		-		3,034 1,326,070
Hospitality		44,530		1,463		45,993		40,900		-		86,893
Management fees		132,271		7,500		139,771		40,900		-		139,771
Bank charges and fees		11,455		7,500 909		12,364		- 690		-		13,054
Contract services		355,538		909		355,538		56,514		-		412,052
		937,368		433,750		1,371,118		24,675		-		1,395,793
Program expenses				455,750				24,075		-		1,395,795
Construction, Repairs & Maintenance		18,129		-		18,129		-		-		
Permit, Licenses, Taxes & Penalties		5,930		41,721		47,651		425		-		48,076
Subscriptions & dues		17,387		12,695		30,082		43,376		-		73,458
Other expenses		13,082		8,979		22,061		(2,395)		750		20,416
Total	\$	3,757,334	\$	5,400,222	\$	9,157,556	\$	544,621	\$	179,460	\$	9,881,637

See accompanying notes to financial statements.

ORANGE COAST COLLEGE FOUNDATION STATEMENT OF FUNCTIONAL EXPENSES For the fiscal year ended June 30, 2022

Student and

Total

NOTE 1 - ORGANIZATION

The Orange Coast College Foundation (the Foundation) is a non-profit public benefit corporation organized under the Non-profit Public Corporation Law of the State of California. The Foundation was incorporated on August 7, 1984 with the express purpose of promoting and assisting the educational programs of Orange Coast College (the College) in accordance with the mission, policies and priorities of the College as administered by its President. The Foundation conducts its operations in cou

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Pledges Receivable</u> Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are due in more than one year are recognized at fair value using present value discount rate representing the risk-free interest rate applicable to the years in which the promises are to be received. Amortization of the discount is included in contribution37 g

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Donated Property and Equipment</u>: Donated property and equipment are reflected as contributions in the accompanying statements at their estimated value at date of donation. For donated items with estimated values of \$5,000 or higher an appraisal is provided by the donor. This appraised value prepared by a third party is the basis for the value recognized for the in-kind contribution.

<u>Functional Allocation of Expenses</u>: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Most expenses are directly charged to the department or function incurring the expense. The expenses that are allocated include salaries and benefits, which are allocated based on management's estimate of time and effort among the programs and supporting services benefited.

<u>Management Fee</u>: The Foundation serves the Orange Coast College campus clubs, departments, and organizations by managing funds for scholarships and other purposes to promote education. These funds are assessed an annual management fee to cover the stewardship and administrative expenses. This fee is recognized as income without donor-imposed restrictions.

<u>Estimates</u>: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

<u>Reclassifications</u>: Certain reclassification have been made to conform to the current year presentation. The reclassifications have no effect on the previously reported net assets or change in net assets.

<u>Income Taxes</u>: The Foundation qualifies as a tax-exempt organization under the Internal Revenue Code Section 501 (c)(3) and California Revenue and Taxation Code 23701d.

The Foundation has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event or any audit by taxing authorities at the federal and state levels.

The primary tax positions evaluated relate to the Foundation's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination, therefore, no disclosures of uncertain income tax positions are required.

The Foundation is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The Foundation files and exempt informational return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

<u>Subsequent Events</u>: The Foundation has evaluated subsequent events through December 1, 2023 which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition as of June 30, 2023.

NOTE 4 - CONCENTRATION OF CREDIT RISK (Continued)

<u>Investments</u>: Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against declines in market valuation. As of June 30, 2023 and 2022, the Foundation had investments in excess of the SIPC insurance amount. The Foundation followed established policies in directing and monitoring the investment management of the Foundation's investments during the year.

NOTE 5 - INVESTMENTS

Investments as of June 30 are as follows:

	Level 1	Level 2	Level 3	<u>Total</u>		
<u>June 30, 2023</u>						
Money market	\$ 711,466	\$-	\$-	\$ 711,466		
Fixed income	8,676,416	-	-	8,676,416		
Marketable equity	15,743,194	-	-	15,743,194		
Real estate	415,563	-	-	415,563		
Venture capital/partnership	-	-	2,379,902	2,379,902		
Hedge fund	-	-	1,651,004	1,651,004		
Investment with FCCC			23,756	23,756		
Subtotal	25,546,639	-	4,054,662	29,601,301		
Split-interest agreement	<u>-</u>		176,716	176,716		
Total	<u>\$ 25,546,639</u>	<u>\$</u>	<u>\$ 4,231,378</u>	<u>\$ 29,778,017</u>		
	Level 1	Level 2	Level 3	Total		
<u>June 30, 2022</u>						
Money market	\$ 425,840	\$-	\$-	\$ 425,840		
Fixed income	0 005 047					
	6,635,247	-	-	6,635,247		
Marketable equity	6,635,247 15,929,062	-	-	6,635,247 15,929,062		
Marketable equity Real estate	, ,	-	-			
	15,929,062	-	- - 2,358,199	15,929,062		
Real estate	15,929,062		- - 2,358,199 1,225,343	15,929,062 363,374		
Real estate Venture capital/partnership	15,929,062	-		15,929,062 363,374 2,358,199		
Real estate Venture capital/partnership Hedge fund	15,929,062		1,225,343	15,929,062 363,374 2,358,199 1,225,343		
Real estate Venture capital/partnership Hedge fund Investment with FCCC	15,929,062 363,374 - -		1,225,343 23,098	15,929,062 363,374 2,358,199 1,225,343 23,098		

Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

Level 1 - quoted prices in an active market for identical assets. Level 1 investments include money market, fixed income, marketable equity, and real estate.

ORANGE COAST COLLEGE FOUNDATION

NOTE 5 - INVESTMENTS (Continued)

Net investment return for the years ended June 30 consists of the following:

	<u>2023</u>	<u>2022</u>
Investment income, net of expense Realized gain (loss) on investments Unrealized gain (loss) on investments	\$ 609,671 (19,322) 1,960,266	\$ 494,038 1,913,400 (5,114,961)
Net investment return	\$ 2,550,615	<u>\$ (2,707,523)</u>

NOTE 6 - INVESTMENT WITH FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES (FCCC)

The Foundation has entered into a partnership arrangement with the California Community Colleges Scholarship Endowment (CCCSE) through the Foundation for California Community Colleges (FCCC). The FCCC has an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the CCCSE's assets.

The Foundation has transferred a total of \$22,486 to the FCCC. These funds are invested in a pooled investment fund held by the FCCC (Level 3). At June 30, 2023, the fair value of this investment was \$23,756, which consisted of cash of \$1,353, equity mutual funds of \$15,886 and fixed income mutual funds of \$6,517. At June 30, 2022, the fair value of this investment was \$23,098, which consisted of cash of \$1,072, equity mutual funds of \$15,291 and fixed income mutual funds of \$6,735

Changes in investments held with FCCC for the fiscal year ended June 30, 2023 and 2022 are presented herein:

Balance, July 1, 2021

\$ 27,526

NOTE 10 - SALE OF DONATED ASSETS

The Foundation records donated assets at their fair value on the date of the donation. For donated items used for instructional purposes, these items are recognized as property and equipment and depreciated as described in Note 2. Upon the disposal or sale of the property and equipment, the Foundation recognizes either a gain or loss from the disposal or sale of the donated assets.

Sale of donated assets of boats and marine equipment for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>			<u>2022</u>
Net proceeds from sale	\$	709,089	\$	999,774
Original donated value Accumulated depreciation		4,689,613 (3,467,119)		5,214,469 (4,450,285)
Less net value		1,222,494		764,184
Net gain (loss) on sale	\$	(513,405)	\$	235,590

NOTE 11 - CHARTER FEES

Certain boats donated to the Foundation may be leased for a period of approximately two years, with an option to purchase. During the fiscal year 2022-

NOTE 12 - ENDOWMENT (Continued)

- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

<u>Endowment Composition and Changes in Endowment Net Assets</u>: Endowment net asset composition by type of fund as of June 30, 2023 and 2022 consisted of donor restricted endowment funds subject to purpose and time restrictions of \$119,494 and \$112,777,

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes as follows the fiscal years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions		
Scholarships and grants	\$ 691,3	58 \$ 619,496
College support	3,648,8	48 2,129,335
Sailing program	4,105,8	06 4,450,285

NOTE 14 - RELATED PARTIES

The primary purpose of the Foundation is to assist in the institutional development and encourage community support to the College. The Foundation receives gifts, property, and funds to be used for the benefit of the College, its programs, and any person or organization having an official relationship with the College.

The Foundation was organized as an Auxiliary organization under California Education Code and has a signed master agreement with the District. The agreement allows the District to provide administrative services to assist the Foundation in carrying out its purpose. The District pays salaries and benefits of the