

**IRVINE VALLEY COLLEGE FOUNDATION
REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**



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**IRVINE VALLEY COLLEGE FOUNDATION
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JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Governors
Irvine Valley College Foundation
Irvine, California

We have audited the accompanying financial statements of Irvine Valley College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Governors
Irvine Valley College Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 13, 2021

**IRVINE VALLEY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 226,972	\$ 185,806
Accounts Receivable	3,909	5,692
Promises to Give, Net	131,697	-
Investments, at Fair Value	3,956,664	3,203,682
Prepays	3,000	355
Total Current Assets	4,322,242	3,395,535
NONCURRENT ASSETS		
Investments with FCCC	500,861	411,249
Total Noncurrent Assets	500,861	411,249
Total Assets	\$ 4,823,103	\$ 3,806,784
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 13,837	\$ 8,493
Pass-Through Scholarships Payable	23,088	27,959
Total Current Liabilities	36,925	36,452
NET ASSETS		
Without Donor Restrictions	1,435,735	1,268,781
With Donor Restrictions	3,350,443	2,501,551
Total Net Assets	4,786,178	3,770,332
Total Liabilities and Net Assets	\$ 4,823,103	\$ 3,806,784

See accompanying Notes to Financial Statements.

**IRVINE VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 36,092	\$ 749,440	\$ 785,532
Special Events Income - Fundraisers	100,134	-	100,134
Campus Programs	16,120	1,814	17,934
Donated Services	822,672	-	822,672
Donated Professional Fees	5,180	-	5,180
Total Support	<u>980,198</u>	<u>751,254</u>	<u>1,731,452</u>
Other Income, Gains, and Losses:			
Investment Income	32,836	25,443	58,279
Realized Gain (Loss) on Investments	80,061	74,800	154,861
Unrealized Gain (Loss) on Investments	124,768	224,163	348,931
Change in Value of FCCC Investments	-	89,612	89,612
Other Income	30,139	-	30,139
Total Other Income, Gains, and Losses	<u>267,804</u>	<u>414,018</u>	<u>681,822</u>
Total Revenues Before Net Assets Released from Restrictions	1,248,002	1,165,272	2,413,274
Net Assets Released from Restrictions	<u>316,380</u>	<u>(316,380)</u>	<u>-</u>
Total Support and Revenue	<u>1,564,382</u>	<u>848,892</u>	<u>2,413,274</u>
OPERATING EXPENSES			
Program Services	946,061	-	946,061
Supporting Services:			
Management and General	264,307	-	264,307
Fundraising	187,060	-	187,060
Total Operating Expenses	<u>1,397,428</u>	<u>-</u>	<u>1,397,428</u>
CHANGE IN NET ASSETS	166,954	848,892	1,015,846
Net Assets - Beginning of Year	<u>1,268,781</u>	<u>2,501,551</u>	<u>3,770,332</u>
NET ASSETS - END OF YEAR	<u>\$ 1,435,735</u>	<u>\$ 3,350,443</u>	<u>\$ 4,786,178</u>

See accompanying Notes to Financial Statements.

**IRVINE VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 213,702	\$ 514,803	\$ 728,505
Campus Programs	64,008	-	64,008
In-Kind Donations	31,393	-	31,393
Donated Services	787,986	-	787,986
Donated Professional Fees	28,292	-	28,292
Total Support	1,125,381	514,803	1,640,184
Other Income, Gains, and Losses:			
Investment Income	31,138	27,536	58,674
Realized Gain (Loss) on Investments	4,997	11,708	16,705
Unrealized Gain (Loss) on Investments	25,983	10,208	36,191
Change in Value of FCCC Investments	-	(16,995)	(16,995)
Total Other Income, Gains, and Losses	62,118	32,457	94,575
Total Revenues Before Net Assets Released from Restrictions	1,187,499	547,260	1,734,759
Net Assets Released from Restrictions	264,047	(264,047)	-
Total Support and Revenue	1,451,546	283,213	1,734,759
OPERATING EXPENSES			
Program Services	908,702	-	908,702
Supporting Services:			
Management and General	263,617	-	263,617
Fundraising	185,424	-	185,424
Total Operating Expenses	1,357,743	-	1,357,743
CHANGE IN NET ASSETS	93,803	283,213	377,016
Net Assets - Beginning of Year	1,174,978	2,218,338	3,393,316
NET ASSETS - END OF YEAR	\$ 1,268,781	\$ 2,501,551	\$ 3,770,332

See accompanying Notes to Financial Statements.

**IRVINE VALLEY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			
	Program Services (Student and Campus Support)	Management and General	Fundraising	Total
Salaries and Benefits	\$ 10,180	\$ 3,313	\$ 4,980	\$ 18,473
Scholarships and Grants	423,414	-	-	423,414
Donated Services	463,469	208,797	150,406	822,672
Donated Professional Fees	5,180	-	-	5,180
Supplies and Printing	1,084	9,605	5,182	15,871
Conferences and Meetings	50	-	-	50
Dues and Memberships	3,495	3,312	-	6,807
Equipment	5,548	-	-	5,548
Contract Services	16,600	3,605	21,522	41,727
Program Expenses	16,364	4,843	4,568	25,775
Other Expenses	677	30,832	402	31,911
	\$ 946,061	\$ 264,307	\$ 187,060	\$ 1,397,428

	2020			
	Program Services (Student and Campus Support)	Management and General	Fundraising	Total
Salaries and Benefits	\$ 10,388	\$ 2,175	\$ 2,429	\$ 14,992
Scholarships and Grants	333,117	-	-	333,117
Donated Services	439,642	204,985	143,359	787,986
Donated Professional Fees	-	28,292	-	28,292
Supplies and Printing	34,363	8,324	2,826	45,513
Conferences and Meetings	13,408	1,147	-	14,555
Dues and Memberships	5,165	2,485	74	7,724
Equipment	2,676	445	-	3,121
Contract Services	27,559	3,618	-	31,177
Special Events	-	-	34,313	34,313
Program Expenses	29,835	384	644	30,863
Other Expenses	12,549	11,762	1,779	26,090
	\$ 908,702	\$ 263,617	\$ 185,424	\$ 1,357,743

See accompanying Notes to Financial Statements.

**IRVINE VALLEY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions and Special Events	\$ 755,752	\$ 757,566
Campus Programs	17,934	64,008
Investment Income	58,279	58,674
Other Income	30,139	-
Payments to/on Behalf of District Employees	(18,473)	(14,992)
Payments to Suppliers	(129,861)	(208,017)
Payments to/on Behalf of Students	(423,414)	(339,221)
Net Cash Provided by Operating Activities	290,356	318,018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,516,865)	(1,326,054)
Proceeds from Sale of Investments	1,267,675	829,558
Net Cash Used by Investing Activities	(249,190)	(496,496)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,166	(178,478)
Cash and Cash Equivalents - Beginning of Year	185,806	364,284
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 226,972	\$ 185,806
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,015,846	\$ 377,016
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Gain on Investments	(593,404)	(35,901)
Changes in Assets and Liabilities:		
Accounts Receivable	1,783	(2,332)
Promises to Give	(131,697)	-
Prepays	(2,645)	2,470
Accounts Payable	5,344	(17,131)
Pass-Through Scholarships Payable	(4,871)	(6,104)
Net Cash Provided by Operating Activities	\$ 290,356	\$ 318,018

See accompanying Notes to Financial Statements.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

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

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned rather than when cash is received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed. The financial statements include the accounts maintained by, and directly under the control of the Foundation.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 restrictions. The Board of Governors has designated, from net assets without donor restrictions, net assets for Board-designated ProIVC match.

Net Assets With Donor Restrictions

Net assets subject to donor imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. The Foundation occasionally maintains cash balances in excess of the insured amounts and has not incurred losses. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are presented at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions 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.

Fair Value Measurements

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

Public Support and Revenue

The Foundation receives substantially all of its revenue from direct donations and fundraising. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Campus programs service revenue recognized primarily consists of health center fees and is recognized at the time the health services are provided. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. For the fiscal year ended June 30, 2021, the direct benefits to donors totaled \$20,555. There were no fundraising events for the fiscal year ended June 30, 2020 with direct benefits to donors.

Donated Assets, Services, and Facilities

The Foundation records the value of donated assets and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the accompanying statements at their estimated values at date of donation and fair market value of facilities for the year.

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Foundation determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

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. The Foundation currently does not have any conditional promises to give.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of functional expense. Accordingly, based upon management's estimates, certain costs have been allocated among the program services for student and campus support; management and general; and fundraising activities.

Use of 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 reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 a supporting organization as provided in Section 509(a)(3). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements.

United States' generally accepted accounting principles (US GAAP) requires management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if an uncertain position has been taken that more likely than not would not be sustained upon examination. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The primary tax positions evaluated are related to the Foundation's continued qualification as a tax-exempt organization. The statute of limitations for federal and California purposes is generally three and four years, respectively.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 226,972	\$ 185,806
Accounts Receivable	3,909	5,692
Operating Investments	3,956,664	3,203,682
Total Financial Assets	<u>4,187,545</u>	<u>3,395,180</u>
Less:		
Board-Designated Assets	(85,077)	(72,748)
Donor-Restricted Assets (Excludes Osher)	<u>(2,849,582)</u>	<u>(2,090,302)</u>
Total Financial Assets Available for General Expenditures	<u>\$ 1,252,886</u>	<u>\$ 1,232,130</u>

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures and have been excluded from the above analysis.

The Board-designated endowment of \$85,077 and \$72,748 for the year ended June 30, 2021 and 2020, respectively, is subject to an annual spending rate of 3% as described in Note 7. Although the Foundation does not intend to spend from the Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to Expenditure for Specific Purpose:		
Campus Programs	\$ 556,939	\$ 437,956
Scholarships	313,551	126,075
Not Subject to Spending Policy or Appropriations:		
Investments Held with FCCC in Perpetuity (Including Amounts Above Original Transfer Amount of \$370,359):		
Investments with FCCC	500,861	411,249
Subject to Spending Policy and Appropriation:		
Investment in Perpetuity (Including Amounts Above Original Gift Amount of \$1,281,875 and \$1,134,023), the Income from which is Expendable to Support:		
Scholarships	1,979,092	1,526,271
Net Assets with Donor Restrictions	\$ 3,350,443	\$ 2,501,551

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

	2021	2020
Satisfaction of Purpose Restrictions		
Campus Programs	\$ 1,760	\$ 24,942
Scholarships	314,620	239,105
Total Net Assets Released from Donor Restrictions	\$ 316,380	\$ 264,047

NOTE 4 DONATED SERVICES

Throughout the year, many individuals within the District donate significant amounts of time to advance the programs and objectives of the Foundation. Donated services and professional fees are reflected in the accompanying statements when the criteria for recognition have been met and are recorded at fair value. Donated services and professional fees include the value of Foundation services paid for salaries and benefits and professional fees paid by the District.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 INVESTMENTS

Investments are recorded at cost at date of acquisition or fair value at date of donation. The cost and fair value of investments are as follows as of June 30:

	2021				
	Cost	Fair Value	Level 1	Level 2	Level 3
Investments:					
Money Market	\$ 184,234	\$ 184,234	\$ 184,234	\$ -	\$ -
Equities	1,139,641	1,488,237	1,488,237	-	-
Fixed Income	2,213,961	2,284,193	2,284,193	-	-
Total	<u>\$ 3,537,836</u>	<u>\$ 3,956,664</u>	<u>\$ 3,956,664</u>	<u>\$ -</u>	<u>\$ -</u>
	2020				
	Cost	Fair Value	Level 1	Level 2	Level 3
Investments:					
Money Market	\$ 32,922	\$ 32,922	\$ 32,922	\$ -	\$ -
Equities	1,252,601	1,307,158	1,120,627	186,531	-
Fixed Income	1,858,360	1,863,602	1,863,602	-	-
Total	<u>\$ 3,143,883</u>	<u>\$ 3,203,682</u>	<u>\$ 3,017,151</u>	<u>\$ 186,531</u>	<u>\$ -</u>

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

Level 1 – quoted prices in an active market for identical assets.

Level 2 – quoted prices for similar assets and market-corroborated inputs.

Level 3 – the organization’s own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances. The Foundation has no Level 3 investments.

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

	2021	2020
Interest and Dividends, Net	\$ 58,279	\$ 58,674
Realized Gain on Investments, Net	154,861	16,705
Unrealized Gain on Investments, Net	348,931	36,191
Total Investment Income	<u>\$ 562,071</u>	<u>\$ 111,570</u>

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

In 2010, the Foundation entered 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.

Since the agreement's inception, the Foundation has transferred a total of \$371,259 to the FCCC. These funds are invested in a pooled investment fund held by the FCCC. At June 30, 2021, the fair value of this investment was \$500,861, which consisted of cash of \$25,018, equity securities of \$345,250, and fixed income instruments of \$130,094. At June 30, 2020, the fair value of this investment was \$411,249, which consisted of cash of \$14,259, equity securities of \$269,257, and fixed income instruments of \$127,733. All investments were measured at quoted prices for similar assets and market corroborated inputs (Level 2). Net investment income of \$109,912 and \$3,555 was recognized during the year ended June 30, 2021 and 2020, respectively.

Changes in FCCC net assets are as follows:

	<u>2021</u>	<u>2020</u>
Investments with FCCC - Beginning of Year	\$ 411,249	\$ 428,244
Investment Return:		
Investment Income, Net of Expenses	7,227	8,308
Net Appreciation (Realized and Unrealized)	<u>102,685</u>	<u>(4,753)</u>
Total Investment Return	<u>109,912</u>	<u>3,555</u>
Other Changes:		
Contribution	500	250
Distributions	<u>(20,800)</u>	<u>(20,800)</u>
Total Other Changes	<u>(20,300)</u>	<u>(20,550)</u>
Change in Value, FCCC Investment	<u>89,612</u>	<u>(16,995)</u>
Investments with FCCC - End of Year	<u>\$ 500,861</u>	<u>\$ 411,249</u>

The CCCSE was established to provide matching scholarship funds for California community colleges. The CCCSE was formed through a \$50 million matching commitment from the Osher Foundation and a lead contribution of \$25 million. The CCCSE began to distribute scholarship funding from the initial \$25 million gift to each participating community college in the 2009-10 year. The allocation is based on each college's full time equivalent students (FTES) and each scholarship is valued at \$1,200 for a school year. The Foundation received distribution and matching funds from the Osher Foundation totaling \$41,600 to meet the required 5% minimum payout for scholarships.

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 ENDOWMENTS

The Foundation's endowment consists of approximately 39 individual funds established for a variety of purposes. Its endowment includes donor-restricted and Board-designated endowment funds. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Governors of 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 the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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 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 funds.
- (2) The purposes of the Foundation and 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.
- (7) The investment policies of the Foundation.

Endowment net asset composition by type of fund, as of June 30, 2021 and 2020 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds (including Osher)	\$ -	\$ 2,479,953	\$ 2,479,953
Board-Designated Endowment Funds	85,077	-	85,077
Total	\$ 85,077	\$ 2,479,953	\$ 2,565,030
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds (including Osher)	\$ -	\$ 1,937,520	\$ 1,937,520
Board-Designated Endowment Funds	72,748	-	72,748
Total	\$ 72,748	\$ 1,937,520	\$ 2,010,268

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment net assets for the fiscal year June 30, 2021 and 2020 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 72,748	\$ 1,937,520	\$ 2,010,268
Contributions and Transfers	-	294,523	294,523
Investment Return:			
Investment Income, Net of Expenses	-	25,442	25,442
Net Appreciation (Realized and Unrealized)	-	299,859	299,859
Total Investment Return	-	619,824	619,824
Other Changes:			
Distributions	(8,575)	(82,300)	(90,875)
Other Changes	20,904	4,909	25,813
Total Other Changes	12,329	(77,391)	(65,062)
Endowment Net Assets - End of Year	<u>\$ 85,077</u>	<u>\$ 2,479,953</u>	<u>\$ 2,565,030</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 17,525	\$ 1,739,157	\$ 1,756,682
Contributions and Transfers	55,223	289,863	345,086
Investment Return:			
Investment Income, Net of Expenses	-	49,701	49,701
Net Depreciation (Realized and Unrealized)	-	(17,244)	(17,244)
Total Investment Return	-	32,457	32,457
Other Changes:			
Distributions	-	(123,957)	(123,957)
Total Other Changes	-	(123,957)	(123,957)
Endowment Net Assets - End of Year	<u>\$ 72,748</u>	<u>\$ 1,937,520</u>	<u>\$ 2,010,268</u>

**IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 ENDOWMENTS (CONTINUED)

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, 2021 or 2020, respectively.

Return 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 and How the Investment Objectives Relate to Spending Policy

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

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

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 PROMISES TO GIVE

In January 2021, the Foundation received an irrevocable promise to give of \$250,000 toward a named endowment for the purpose of establishing the Rezanoor Music Endowment. Under the terms of the promise to give, the funds will be transferred to the Foundation upon the death of the donor. As such, the Foundation recorded an unconditional promise to give. The Foundation recorded the pledge and adjusted it to its net present value by recording a discount, based upon an estimated life expectancy of eleven years from time of the pledge, and at an interest rate of 6%.

Each year, the promise to give will be reevaluated and adjusted to increase the pledge receivable to the fair value expected to be received, as well as record contribution income as the pledge discount is amortized. The Foundation recognized \$131,697 of contribution income for the year ended June 30, 2021. The promise to give is recorded at \$250,000, net of the unamortized discount of \$118,303.

NOTE 9 FUNCTIONAL EXPENSES

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 include salaries and benefits, donated services, supplies and printing, conferences and meetings, dues and memberships, contract services, program expenses, and other expenses which are allocated on the basis of estimates of time and effort.

NOTE 10 RELATED PARTIES

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the Foundation directors and staff. Additionally, the District pays professional fees for services rendered on behalf of the Foundation. The donated services and professional fees for the fiscal year ended June 30, 2021 were valued at \$822,672 and \$5,180, respectively. The donated services and professional fees for the fiscal year ended June 30, 2020 were valued at \$787,986 and \$28,292, respectively. These amounts have been reflected in the financial statements as donated services and professional fees revenues and expenses.

IRVINE VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 RISKS AND UNCERTAINTIES

The Foundation may become a party to litigation in the normal course of business. The Foundation accrues for open claims based on the Foundation's historical experience and available insurance coverage. In the opinion of management, there are no legal matters involving the Foundation that would have a material adverse impact upon the Foundation's financial position, activities, or cash flow.

In early 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2022 operations and financial results, including restrictions on the Foundation activities by the governor, additional costs to the Foundation's operations, and potential loss of revenue due to reduction in certain revenue streams. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 12 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 December 13, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

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