VENTURA COLLEGE FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2022

Decker, Farrell & McCoy, LLP
Certified Public Accountants

VENTURA COLLEGE FOUNDATION
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ventura College Foundation
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of Ventura College Foundation (a nonprofit organization) (the "Foundation") which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditor's 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.

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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, 2022, and the changes in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Ventura College Foundation June 30, 2021, financial statements, and we expressed an unmodified audit opinion on those statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Decker, Farrell & McCoy, LLP

DECKER, FARRELL & MCCOY, LLP
Camarillo, California
October 7, 2022

VENTURA COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total	(Memo) Total 2021
ASSETS				
Cash and equivalents	$ 668,969	$ 383,485	$ 1,052,454	$ 971,013
Pledges and bequests receivable	13,118	164,344	177,462	421,651
Prepaid expenses, deposits and other assets	44,679	33,756	78,435	31,648
Property and equipment, net	32,838	-	32,838	39,248
Investments	1,399,660	24,322,253	25,721,913	29,083,839
FCCC scholarship endowment	422,117	571,858	993,975	1,665,857
Beneficial interest in remainder trust, net PV discount of $308,353	-	271,310	271,310	318,873
TOTAL ASSETS	$ 2,581,381	$ 25,747,006	$ 28,328,387	$ 32,532,129
LIABILITIES				
Accounts payable and accrued expenses	$ 208,196	$ -	$ 208,196	$ 130,376
Scholarships payable	823,067	-	823,067	682,737
Grant payable	7,745	-	7,745	-
Note payable	20,818	-	20,818	32,174
Unfunded pension obligation	78,040	-	78,040	269,522
Unearned grant income	-	-	-	150,000
TOTAL LIABILITIES	1,137,866	-	1,137,866	1,264,809
NET ASSETS				
Without donor restrictions				
Undesignated net assets	569,218	-	569,218	1,033,445
Board designated net assets	874,297	-	874,297	100,000
Total net assets without donor restrictions	1,443,515	-	1,443,515	1,133,445
With donor restrictions	-	25,747,006	25,747,006	30,133,875
TOTAL NET ASSETS	1,443,515	25,747,006	27,190,521	31,267,320
TOTAL LIABILITIES AND NET ASSETS	$ 2,581,381	$ 25,747,006	$ 28,328,387	$ 32,532,129

See accompanying notes and auditors’ report.

VENTURA COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total	(Memo) Total 2021
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions, grants and bequests	$ 163,826	$ 920,724	$ 1,084,550	$ 996,434
Contributions, grants and bequests (in-kind)	112,320	35,679	147,999	185,213
Marketplace income	1,469,854	-	1,469,854	766,679
Net investment income (loss)	(296,719)	(3,339,911)	(3,636,630)	5,435,636
Change in value of beneficial interest in remainder trust	-	(47,562)	(47,562)	70,265
Change in pension obligation	191,482	-	191,482	-
Other income	70,990	-	70,990	21,837
PPP loan forgiveness	150,000	-	150,000	144,000
Net assets released from restrictions	1,955,799	(1,955,799)	-	-
Total Revenues, Gains, and Other Support	3,817,552	(4,386,869)	(569,317)	7,620,064
EXPENSES				
Program services	2,503,159	-	2,503,159	1,950,324
Management and general	133,253	-	133,253	156,547
Marketplace	589,751	-	589,751	455,309
Fundraising	281,319	-	281,319	233,874
Total Expenses	3,507,482	-	3,507,482	2,796,054
INCREASE (DECREASE) IN NET ASSETS	310,070	(4,386,869)	(4,076,799)	4,824,010
NET ASSETS, BEGINNING OF YEAR	1,133,445	30,133,875	31,267,320	26,443,310
NET ASSETS, ENDING OF YEAR	$ 1,443,515	$ 25,747,006	$ 27,190,521	$ 31,267,320

See accompanying notes and auditors' report.

VENTURA COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services							
	Scholarships	Promise, Campus Grants and Other	Total Program Services	Management and General	Marketplace	Development and Fundraising	Total Expense	(Memo) Total 2021
DIRECT PROGRAM EXPENSES								
Scholarships	$ 739,692	$ -	$ 739,692	$ -	$ -	$ -	$ 739,692	$ 644,162
Grants	-	1,264,405	1,264,405	-	-	-	1,264,405	871,749
Total Direct Program Expenses	739,692	1,264,405	2,004,097	-	-	-	2,004,097	1,515,911
PAYROLL RELATED EXPENSES								
Salaries and wages	146,659	138,277	284,936	60,322	243,378	130,097	718,733	576,971
Payroll taxes	11,388	10,767	22,155	4,611	18,588	9,930	55,284	41,389
Benefits	40,593	40,593	81,186	10,923	43,523	34,148	169,780	191,098
Total Payroll Related Expenses	198,640	189,637	388,277	75,856	305,489	174,175	943,797	809,458
OPERATING EXPENSES								
Donor recognition	-	-	-	-	-	2,319	2,319	484
Marketing	15,050	15,992	31,042	-	15,252	28,426	74,720	62,692
Legal and professional	4,000	4,090	8,090	29,165	-	23,453	60,708	48,560
Office supplies	-	-		2,343	3,405	1,436	7,184	4,405
Special events	21,164	-	21,164	-	-	6,346	27,510	4,900
Computer and software	12,261	2,791	15,052	1,200	4,230	5,582	26,064	27,164
Bank and merchant fees	-	15	15	160	6,944	1,354	8,473	5,513
Rent and maintenance	12,763	10,862	23,625	6,297	99,362	12,360	141,644	138,755
Trash and street sweeping	-	-	-	-	39,922	-	39,922	21,212
Security	-	-	-	-	64,798	-	64,798	32,500
Dues and subscriptions	99	-	99	-	-	3,355	3,454	5,149
Uncollectible pledges	20	100	120	-	-	2,000	2,120	29,795
Insurance	5,132	5,129	10,261	11,713	19,219	4,468	45,661	51,616
Meetings, conferences and travel	225	225	450	38	-	4,857	5,345	-
Printing and postage	-	-	-	481	9,030	589	10,100	10,830
Professional development	867	-	867	328	-	5,107	6,302	1,656
Supplies	-	-	-	-	19,212	-	19,212	16,079
Miscellaneous	-	-	-	1,424	726	5,492	7,642	3,613
Total Operating Expenses	71,581	39,204	110,785	53,149	282,100	107,144	553,178	464,923
Total Expenses Before Depreciation	1,009,913	1,493,246	2,503,159	129,005	587,589	281,319	3,501,072	2,790,292
Depreciation	-	-	-	4,248	2,162	-	6,410	5,762
Total Expenses	$ 1,009,913	$ 1,493,246	$ 2,503,159	$ 133,253	$ 589,751	$ 281,319	$ 3,507,482	$ 2,796,054

See accompanying notes and auditors’ report.

VENTURA COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	2022	(Memo) Total 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (4,076,799)	$ 4,824,010
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization expense	6,410	5,762
Net realized and unrealized (gains) losses investments	3,843,162	(4,760,842)
Net realized and unrealized (gains) losses on FCCD Endowment	156,099	(339,310)
(Increase) decrease in value of beneficial interest in remainder trust	47,563	(70,265)
Donation of stock	(29,936)	(5,361)
(Increase) decrease in operating assets:		
Promises to give	244,189	7,133,959
Deposits and prepaid expenses	(46,787)	12,771
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	77,820	(11,470)
Grants and scholarships payable	148,075	(94,489)
Unfunded pension obligation	(191,482)	31,987
PPP loan debt forgiveness	(150,000)	(144,000)
CASH PROVIDED BY OPERATING ACTIVITIES	28,314	6,582,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(34,066)
Proceeds from the sale of marketable securities	11,869,613	3,784,264
Purchase of marketable securities	(11,805,130)	(10,022,875)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	64,483	(6,272,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing from note payable	-	34,066
Payments on notes payable	(11,356)	(1,892)
Funding received from deferred PPP loan	-	150,000
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(11,356)	182,174
NET INCREASE IN CASH	81,441	492,249
CASH AT BEGINNING OF YEAR	971,013	478,764
CASH AT END OF YEAR	$ 1,052,454	$ 971,013
SUPPLEMENTAL DISCLOSURES:		
In-kind contributions of goods and services	$ 44,478	$ 88,852
In-kind contributions of rent and technology	$ 103,522	$ 91,000
In-kind contribution of stock	$ -	$ 5,361
Pledge payment made with stock	$ 29,936	$ -

See accompanying notes and auditors' report.

VENTURA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Ventura College Foundation, (the "Foundation") a charitable corporation, was incorporated in 1983. The Foundation is under the control of a Board of Directors comprised of eleven to thirty members and is administered by an Executive Director. The Foundation was formed to promote the general welfare of Ventura College. The Foundation is exempt from income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a nonprofit organization, not a private foundation, as defined in Section 509(a)(3) of the Internal Revenue Code.

Basis of Accounting

The accompanying financial statements of the Foundation are prepared using the accrual basis of accounting.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources which are not subject to donor-imposed restrictions, and may include voluntary reserves or board designations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation records investments in securities with readily determinable market values at fair value. The fair value of investments in securities traded on national securities exchanges are valued at the closing price on the last business day of the year. Investments are authorized and reviewed in good faith by the board of directors through a board-approved investment policy. The board is assisted by management and a third-party investment manager, using methods that are consistent with the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA). Realized and unrealized gains and losses are included in the change in net assets.

Donated Property and Investments

Donated property and investments are recorded as contributions at their fair market value at date of receipt, or the date of pledge.

Property and Equipment

Property and equipment is stated at cost, or fair market value if donated. It is the Foundation's policy to capitalize assets with a cost of $2,000 or more and an expected useful life of greater than one year. Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Marketplace improvements	7 – 15 years
Office and equipment	3 – 10 years
Furniture	5 – 10 years

Income Taxes

The Foundation is a California nonprofit public benefit corporation, which is exempt from income taxes under Internal Revenue Code Section number 501(c)(3) and State of California Revenue and Taxation Code Section 23701(d); therefore, no provision for income taxes is required. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2022, the Foundation had no uncertain tax positions requiring accrual. As of the year ended June 30, 2022, the Foundation's tax years for the years ended June 30, 2021, 2020 and 2019 are subject to examination by the taxing authorities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. It is at least reasonably possible that the significant estimates could change in the coming year and accordingly, actual results could differ from those estimates.

Significant estimates used in the preparation of these financial statements include:

- Allocation of certain expenses by function.
- Variables and discount factors used in determining residual interest in charitable remainder trusts.
- Fair market value of certain investments.
- Depreciable lives of property and equipment.

Contributions

Contributions received are recorded at their fair value on the date of donation. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of nonfinancial assets

Donated nonfinancial assets received by the Foundation are recorded at fair market value at the time of the donation, which is determined by readily available sales prices of goods, invoices provided by service providers, or reference to secondary markets for donated goods. The Foundation does not accept donated goods for resale or monetization. During the fiscal year ended June 30, 2022, volunteers gave their time and expertise to the Foundation in a wide variety of areas including service on the Board of Directors; scholarship committees; administrative, and technical and financial advice. This contribution, despite its considerable value to the mission of the Foundation, is not reflected in the financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Goods	$ 513	$ 35,679	$ 36,192
Services	8,285	-	8,285
Rent and technology	103,522	-	103,522
	$ 112,320	$ 35,679	$ 147,999

See auditors' report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Scholarships Payable

The Foundation records scholarships at the time they are awarded. The Foundation's scholarship committee selects students annually to receive scholarship awards. The scholarship awards are announced in May and booked as a liability at the end of the fiscal year and are payable in the following school year. Any scholarships not claimed or deferred by the following fiscal school year are rescinded and returned to the appropriate fund and netted against program expenses for the year.

Functional Expenses

The Foundation allocates its expenses on a functional basis among its various program, management and general, and fundraising expenses. Expenses that can be identified with a specific area are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based upon time and effort of personnel supporting those functions.

Marketing Expenses

Marketing costs are expensed as incurred.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update, ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, which clarified and expanded requirements to disclose certain qualitative and quantitative information regarding the contribution of nonfinancial assets.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability, measured on a discounted basis, on the balance sheet for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of income. Since the issuance of ASU 2016-02, the FASB has issued several amendments to the standard including, among other matters, clarifications regarding lease reassessments and application of an optional transition method. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Foundation has not selected its transition method and is currently in the process of evaluating the potential impact of this new guidance, which is effective for Foundation beginning on July 1, 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Management has evaluated subsequent events through October 7, 2022, the date the financial statements were available to be issued. The Foundation has informed us there were no material subsequent events that require recognition, additional disclosure or that materially impact the Foundation's financial statements as of October 7, 2022, for the year ended June 30, 2022. Accordingly, no adjustments or additional disclosures have been included in these financial statements.

NOTE 2 - PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Management expects no material write-offs for receivables at June 30, 2022, therefore, no current provision has been made.

Pledge receivable are estimated to be collected as follows:

Receivable in less than one year	$	130,600
Receivable in more than one year		46,862
Total Pledge Receivable	$	177,462

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	$	109,853
Tenant improvements		82,851
		192,704
Accumulated depreciation		(159,866)
Property and Equipment, Net	$	32,838

Depreciation expense for the year ended June 30, 2022 was $6,410.

NOTE 4 - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2: Inputs to the valuation methodology may include: quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measured at fair value.

Money market: Money market funds valued at the net asset value (NAV) of shares held at year end.

Equities and Fixed income: Equities and fixed income include a variety of publicly traded stocks from various industries invested for both growth and value. They are valued utilizing quoted market prices available in active markets for identical investments at the reporting date.

FCCC Endowment: Valued at the percentage share of assets held by FCCC based upon quoted market prices at year end.

Planned Giving: Valued at estimated net present value (NPV) of beneficial interest in trust.

NOTE 4 - FAIR VALUE MEASUREMENT (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value of reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the assets at fair values as of June 30, 2022:

Description	Level 1	Level 2	Level 3	Total
Money Market	$ 199,795	$ -	$ -	$ 199,795
Investments				
Exchange-traded funds	25,721,913	-	-	25,721,913
FCCC Endowment	-	993,975	-	993,975
Beneficial interest in remainder trust	-	271,310	-	271,310
Total Assets Measured at Fair Value	$ 25,921,708	$ 1,265,285	$ -	$ 27,186,993

NOTE 5 - INVESTMENTS

Investments are presented in the financial statements at fair market value, which is derived from quoted market prices at year end. At June 30, 2022, all investments are held in exchange traded funds.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2022:

Realized investments gains	$ 1,338,673
Unrealized investment loss	(5,334,550)
Interest and dividends	492,268
Investment expenses	(133,021)
Net Investment Income	$ (3,636,630)

NOTE 6 - FCCC OSHER INITIATIVE ENDOWMENT

The Foundation for California Community Colleges (FCCC) created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in 2008 with a lead gift from The Bernard Osher Foundation which provided a 50 percent match of contributions up to $25 million. As of June 30, 2022, the Foundation has FCCC endowments totaling $993,975. The donor-restricted funds are reflected as permanently restricted net assets, while the Board-designated portion is included in the without donor restrictions asset balance. The Foundation anticipates that it will receive an annual distribution of 5% to be used for scholarships in accordance with the fund agreement. Because the FCCC retains control over the distributions and the Foundation has no control or access to the principal, the matching portion of the endowment, which totaled $762,948 as of June 30, 2021, the last date for which the balance is available, is not recorded on the Foundation's financial statements. For the year ended June 30, 2022, distributions from the Osher endowment totaled $49,600, and distributions received from the FCCC controlled endowment totaled $23,600.

During this fiscal year the Foundation reached an agreement with the FCCC to "de-couple" funds donated by Southern California Edison (SCE) to the Osher fund due to onerous restrictions resulting from the combination of both the SCE restrictions and FCCC restrictions. The FCCC and the Foundation agreed this would result in the best outcomes for students. As a result, the Foundation agreed to forgo $232,924 in matching funds previously earned, but still held by the FCCC. On October 6, 2021, the FCCC disbursed $450,949, which included all SCE donations plus earnings accrued through that date, less $15,233 in cash on hand which the FCCC had previously distributed to the Foundation but the Foundation had been unable to award. The Foundation created a scholarship endowment with these funds, which will be maintained, tracked and disbursed according to the Foundation's investment and endowment policies.

NOTE 7 - COMMUNITY FOUNDATION ENDOWMENT

The Foundation is the beneficiary of an endowment fund held by Ventura County Community Foundation (VCCF). The balance in the endowment was $1,141,277 at June 30, 2022. Because VCCF has been granted variance power, the endowment is not recorded on the Foundation's financial statements. The income from this endowment is used to grant scholarships to students who have attended Ventura Community College and are continuing their education at any four year college, university or graduate school. According to the fund agreement, the Foundation is entitled to the income produced by the endowment in accordance with VCCF's spending policy, but has no control or access to the principal. For the year ended June 30, 2022, the Foundation received a disbursement $59,875 which was awarded as scholarships in May 2022.

NOTE 7 - COMMUNITY FOUNDATION ENDOWMENT (continued)

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a long-term investment strategy designed to preserve 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 has classified those funds for which there is explicit donor prohibition as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard for prudence prescribed by UPMIFA.

In accordance with California UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The investment policies of the Foundation.
- Depreciable lives of property and equipment.

Return Objectives and Risk Parameters

The Foundation 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 Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The Foundation expects its endowment funds, over time, to provide an average annual rate of return of approximately eight percent. Actual returns in any given year may vary from this amount.

NOTE 8 - ENDOWMENT FUNDS

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Managed by Outside Trustee	Managed by Foundation	Total
Board Designated			
Endowments assets, beginning of year	$ 666,240	$ 15,275,599	$ 15,941,839
Net investment loss	(63,242)	(1,794,393)	(1,857,635)
Transfer from outside trustee to Foundation-held endowment	(161,042)	161,042	-
Appropriation of endowment assets for expenditure	(19,840)	(473,726)	(493,566)
Endowment assets, end of year	422,116	13,168,522	13,590,638
Donor-Restricted			
Endowments assets, beginning of year	999,617	12,569,874	13,569,491
Net investment income	(94,862)	(1,457,541)	(1,552,403)
Contributions	-	252,767	252,767
Transfer from outside trustee to Foundation-held endowment	(303,136)	303,136	-
Appropriation of endowment assets for expenditure	(29,760)	(569,305)	(599,065)
Endowment assets, end of year	571,859	11,098,931	11,670,790
Total Endowments			
Endowments assets, beginning of year	1,665,857	27,845,473	29,511,330
Net investment income	(158,104)	(3,251,934)	(3,410,038)
Contributions	-	252,767	252,767
Transfer from outside trustee to Foundation-held endowment	(464,178)	464,178	-
Appropriation of endowment assets for expenditure	(49,600)	(1,043,031)	(1,092,631)
Endowment Assets, End of Year	$ 993,975	$ 24,267,453	$ 25,261,428

NOTE 8 - ENDOWMENT FUNDS (continued)

Strategies Employed for Achieving Goals

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 equity-based investments to achieve its long-term return objective within prudent portfolio risk constraints.

Spending Policy

The Foundation uses the rolling average method of determining year to year spending in order to smooth distributions from the aggregate portfolio. The Investment Committee has set the spending target to be four to five percent of the twelve quarter rolling average of the portfolio fair value of each endowment fund as of the last day of each quarter. If the fund has been in existence for less than three years, the average will be calculated as of the quarters that the fund has been in existence. The Investment Committee may vote to exceed five percent in a given year based on need and fund balance.

This policy serves two purposes. First, it provides for more consistent and predictable spending for the programs supported by the endowments. Second, it allows the Investment Committee to design an investment strategy which is more aggressive with a higher expected return than might be the case if spending were determined on the basis of annual investment performance. By smoothing the spending, the Foundation reduces the likelihood of real principal erosion due to portfolio volatility.

Endowment Funds with Deficiencies

Occasionally, certain donor-restricted endowment funds may have fair values that are 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, 2022, one endowment with a fair value of $545,050, was underwater by $21,450. The Foundation did not appropriate any funds from this endowment during the fiscal year ended June 30, 2022, except to pay investment management fees as necessary to maintain the pool.

NOTE 9 - PLANNED GIVING - BENEFICIAL INTEREST IN REMAINDER TRUST

The Foundation is the residual beneficiary of two charitable remainder trusts, the assets of which are not in the possession of the Foundation. Upon termination of the trusts, the Foundation shall receive the assets remaining in the trust. The Foundation recognizes annually the change in the present value of the estimated future benefits to be received when the trust assets are distributed as increases or decreases in the value of beneficial interests in remainder trusts on the Statements of Activities.

NOTE 10 - NOTE PAYABLE

In March 2021 the Foundation entered into a loan agreement with Ventura College. The College agreed to loan the Foundation $34,066 for the purpose of installing electrical outlets in the solar panel posts within the Marketplace parking lot. The outlets are for vendor and Foundation use during the Marketplace weekends and were recorded as a tenant improvement. The College agreed to pay for the upfront cost of the outlets and entered into a loan with the Foundation to repay the College monthly over three years at no interest.

At June 30, 2022, the remaining payments due as of June 30:

2023	$	11,355
2024		9,463
Total	$	20,818

NOTE 11 - UNFUNDED PENSION OBLIGATION

The Foundation has recognized an unfunded pension obligation liability. As of June 30, 2022, the Foundation has an estimated unfunded pension liability of $78,040 based upon the June 30, 2022 actuarial valuation report. The current year decrease in the unfunded pension obligation of $191,482 has been recognized as a Change in Pension Obligation in the Statement of Activities. This is a change from prior year when the increase in obligation was recognized as employee benefits expenses. In the unlikely case of a hypothetical termination, the Foundation would have an estimated unfunded pension liability of $2,044,538 as of June 30, 2022.

NOTE 12 - DEFERRED PPP LOAN

On March 18, 2021 the Foundation entered into a second PPP Loan Agreement, referred to as a "Second Draw Loan". The Foundation received $150,000 in loan proceeds from the Second Draw program in April 2021. The loan was forgiven in full during the fiscal year ended June 30, 2022 and no interest was charged. The forgiveness is recognized as Other Income in the Statement of Activities.

NOTE 13 - CONTINGENT LIABILITY

The Foundation is self-insured for unemployment compensation to former employees. The Foundation does not believe that any liability for unemployment compensation exists as of June 30, 2022, and therefore none is accrued.

NOTE 14 - DEFINED BENEFIT PLAN

Plan Description

In 2007, the Foundation entered into the defined benefit pension plan offered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. As the Foundation is a public agency with fewer than 100 active members, their plan is required to participate in a risk pool. CalPERS issues a separate comprehensive annual report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office.

Funding Policy

Active plan members are divided into two categories of “classic” (those employed prior to January 1, 2013) and “PEPRA” (those employed after January 1, 2013). Classic plan members are required to contribute 7% of their annual covered salary, while new plan members contribute 6.75%. The Foundation is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required contribution rate for fiscal year ended June 30, 2022, was 10.34% for classic plan members and 7.59% for PEPRA plan members. The contribution requirements of plan members and the Foundation are established by State statute, and the employer contribution rate is established and amended by CalPERS.

Annual Pension Cost

For fiscal year ended June 30, 2022, the Foundation's annual pension cost of $65,426 for CalPERS was equal to the Foundation’s required contributions plus the unfunded liability. The required contribution was determined as part of the June 30, 2022 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 6.8% investment rate of return (net of administrative expenses), (b) 2.75% overall payroll growth per year, (c) 2.0% per year cost-of-living adjustments and (d) 2.3% inflation. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two-to-five year period (smoothed market value) depending on the size of investment gains and/or losses. CalPERS’ unfunded actuarial accrued liability is being amortized as a level percentage or projected payroll on a closed basis, which is dependent on the plan’s date of entry into CalPERS.

NOTE 14 - DEFINED BENEFIT PLAN (continued)

Annual Pension Cost (continued)

The following is a three year trend analysis for the annual pension cost and net pension obligation of the Foundation:

	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2020	$ 57,870	100%	$ -
June 30, 2021	$ 91,291	100%	$ -
June 30, 2022	$ 65,426	100%	$ -

The following is a three year trend analysis for the funding status of the Plan's Share of pool's value of assets and liabilities as of June 30, 2022, based upon the most recent actuarial report issued in July 2022 as of June 30, 2022:

Valuation Date	Accrued Liabilities (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability (UL)	Funded Ratio
June 30, 2020	$ 1,320,050	$ 1,081,564	$ 237,535	82%
June 30, 2021	$ 1,609,463	$ 1,335,357	$ 269,522	83%
June 30, 2022	$ 1,791,596	$ 1,701,179	$ 78,040	95%

NOTE 15 - LEASES

The Foundation entered into an annual lease agreement with Ventura College. This lease includes office space, utilities, liability and property insurance. The annual rent for this agreement is one dollar. This lease is automatically renewable on an annual basis. A donative value has been assigned to the lease based on the fair value of the rent totaling $36,000 for the year ended June 30, 2022.

The Foundation operates a swap meet called the Marketplace to raise funds to promote the general welfare of the College. The parking lot space used for this activity is donated by the College to the Foundation and is rented on weekends to vendors. A donative value has been assigned to the donated parking lot space based on the fair value of the rent totaling $55,000 for the year ended June 30, 2022.

NOTE 16 - CONCENTRATIONS AND RISKS

Market Risk

The Foundation holds its investments in a diversified portfolio. Nevertheless, these investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

Concentrations of Revenue

The majority of the donors to the Foundation are from Ventura County.

The Foundation operates a swap meet called the Marketplace to raise funds to promote the general welfare of the College. The parking lot space used for this activity is donated by the College to the Foundation, and is rented on weekends to vendors. The rental fees represent a substantial portion of the unrestricted revenue for the Foundation each year. Should the Marketplace cease to take place, there would be significant financial effect on the Foundation.

Credit Risk

The Foundation maintains cash balances at banks insured by the Federal Deposit Insurance Corporation (FDIC). The Federal Deposit Insurance Corporation (FDIC) only insures the first $250,000 of funds on deposit at any one institution. As of June 30, 2022, the Foundation had uninsured cash balances of $621,001.

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's working capital and cash flows are attributable to the annual cash receipts of donations and Marketplace income. Monthly cash outflows vary each year based on the specific requirements of the programs planned during the year. To manage liquidity, the Foundation utilizes the income provided from the Marketplace and investments as needed.

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

As shown on the face of the statement of financial position, and summarized below, most of the Foundation's financial assets are subject to donor-imposed restrictions on use:

Financial assets available within one year and free of donor restrictions:	
Cash and cash equivalents	$ 1,052,454
Investments	25,721,913
Less those unavailable for general expenditures within one year due to:	
Scholarship endowments	(22,962,275)
Funds temporarily restricted for scholarships	(1,705,728)
Funds temporarily restricted for programs	(39,001)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	$ 2,067,363