VENTURA COLLEGE FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2023

Decker, Farrell & McCoy, LLP

Certified Public Accountants

VENTURA COLLEGE FOUNDATION
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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Decker, Farrell & McCoy, LLP
CERTIFIED PUBLIC ACCOUNTANTS
Litigation Specialists & Business Appraisers

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ventura College Foundation
Ventura, California

Opinion

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, 2023 and the related statements of activities, functional expsenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ventura College Foundation as of June 30, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ventura College Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ventura College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such as procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ventura College Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Decker, Farrell & McCoy, LLP

DECKER, FARRELL & MCCOY, LLP
Camarillo, California
October 10, 2023

VENTURA COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	(Memo) Total 2022
ASSETS				
Cash and equivalents	$ 692,536	$ 499,788	$ 1,192,324	$ 1,052,454
Pledges and bequests receivable	11,850	96,113	107,963	177,462
Prepaid expenses, deposits and other assets	54,341	-	54,341	78,435
Property and equipment, net	36,020	-	36,020	32,838
Investments	1,481,628	25,454,565	26,936,193	25,721,913
FCCC scholarship endowment	439,064	597,279	1,036,343	993,975
Beneficial interest in remainder trust, net PV discount of $327,321	-	286,195	286,195	271,310
TOTAL ASSETS	$ 2,715,439	$ 26,933,940	$ 29,649,379	$ 28,328,387
LIABILITIES				
Accounts payable and accrued expenses	$ 187,862	$ -	$ 187,862	$ 208,196
Scholarships payable	767,790	-	767,790	823,067
Grant payable	5,164	-	5,164	7,745
Note payable	9,463	-	9,463	20,818
Unfunded pension obligation	373,880	-	373,880	78,040
TOTAL LIABILITIES	1,344,159	-	1,344,159	1,137,866
NET ASSETS				
Without donor restrictions				
Undesignated net assets	82,320	-	82,320	569,218
Board designated net assets	1,288,960	-	1,288,960	874,297
Total net assets without donor restrictions	1,371,280	-	1,371,280	1,443,515
With donor restrictions	-	26,933,940	26,933,940	25,747,006
TOTAL NET ASSETS	1,371,280	26,933,940	28,305,220	27,190,521
TOTAL LIABILITIES AND NET ASSETS	$ 2,715,439	$ 26,933,940	$ 29,649,379	$ 28,328,387

See accompanying notes and auditors’ report.

VENTURA COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	(Memo) Total 2022
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions, grants and bequests	$ 125,208	$ 643,970	$ 769,178	$ 1,084,550
Contributions, grants and bequests (in-kind)	102,342	193,241	295,583	147,999
Marketplace income	1,526,573	-	1,526,573	1,469,854
Net investment income (loss)	125,555	2,334,581	2,460,136	(3,636,630)
Change in value of beneficial interest in remainder trust	-	14,884	14,884	(47,562)
Change in pension obligation	(295,840)	-	(295,840)	191,482
Other income	83,966	-	83,966	70,990
PPP loan forgiveness	-	-	-	150,000
Net assets released from restrictions	1,999,742	(1,999,742)	-	-
Total Revenues, Gains, and Other Support	3,667,546	1,186,934	4,854,480	(569,317)
EXPENSES				
Program services	2,401,642	-	2,401,642	2,503,159
Management and general	211,702	-	211,702	133,253
Marketplace	640,730	-	640,730	589,751
Fundraising	485,707	-	485,707	281,319
Total Expenses	3,739,781	-	3,739,781	3,507,482
INCREASE (DECREASE) IN NET ASSETS	(72,235)	1,186,934	1,114,699	(4,076,799)
NET ASSETS, BEGINNING OF YEAR	1,443,515	25,747,006	27,190,521	31,267,320
NET ASSETS, ENDING OF YEAR	$ 1,371,280	$ 26,933,940	$ 28,305,220	$ 27,190,521

See accompanying notes and auditors’ report.

VENTURA COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services							
	Scholarships	Promise, Campus Grants and Other	Total Program Services	Management and General	Marketplace	Development and Fundraising	Total Expense	(Memo) Total 2022
DIRECT PROGRAM EXPENSES								
Scholarships	$ 641,093	$ -	$ 641,093	$ -	$ -	$ -	$ 641,093	$ 739,692
Grants	-	1,302,965	1,302,965	-	-	-	1,302,965	1,264,405
Total Direct Program Expenses	641,093	1,302,965	1,944,058	-	-	-	1,944,058	2,004,097
PAYROLL RELATED EXPENSES								
Salaries and wages	111,205	101,478	212,683	88,171	250,085	207,942	758,881	718,733
Payroll taxes	8,737	7,968	16,705	7,147	19,746	17,137	60,735	55,284
Benefits	34,581	34,581	69,162	25,013	41,259	62,889	198,323	169,780
Total Payroll Related Expenses	154,523	144,027	298,550	120,331	311,090	287,968	1,017,939	943,797
OPERATING EXPENSES								
Donor recognition	-	-	-	-	-	2,216	2,216	2,319
Marketing	23,179	25,823	49,002	562	16,094	48,691	114,349	74,720
Legal and professional	13,275	10,250	23,525	64,165	9,735	68,409	165,834	60,708
Office supplies	192	192	384	4,109	5,176	1,924	11,593	7,184
Special events	16,480	-	16,480	573	-	13,440	30,493	27,510
Computer and software	12,943	3,119	16,062	600	4,080	6,238	26,980	26,064
Bank and merchant fees	60	-	60	63	9,141	1,479	10,743	8,473
Rent and maintenance	11,884	10,114	21,998	5,863	83,715	11,508	123,084	141,644
Trash and street sweeping	-	-	-	-	49,826	-	49,826	39,922
Security	-	-	-	-	70,768	-	70,768	64,798
Dues and subscriptions	518	-	518	-	-	6,897	7,415	3,454
Uncollectible pledges	20,400	3,000	23,400	-	-	10,000	33,400	2,120
Insurance	3,295	3,293	6,588	9,294	30,200	3,695	49,777	45,661
Meetings, conferences and travel	-	-	-	1,969	-	4,639	6,608	5,345
Printing and postage	40	61	101	740	10,296	862	11,999	10,100
Professional development	916	-	916	348	-	10,722	11,986	6,302
Supplies	-	-	-	-	36,346	-	36,346	19,212
Miscellaneous	-	-	-	2,376	714	7,019	10,109	7,642
Total Operating Expenses	103,182	55,852	159,034	90,662	326,091	197,739	773,526	553,178
Total Expenses Before Depreciation	898,798	1,502,844	2,401,642	210,993	637,181	485,707	3,735,523	3,501,072
Depreciation	-	-	-	709	3,549	-	4,258	6,410
Total Expenses	$ 898,798	$ 1,502,844	$ 2,401,642	$ 211,702	$ 640,730	$ 485,707	$ 3,739,781	$ 3,507,482

See accompanying notes and auditors’ report.

VENTURA COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	2023	(Memo) Total 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 1,114,699	$ (4,076,799)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization expense	4,258	6,410
Net realized and unrealized (gains) losses investments	(1,866,723)	3,843,162
Net realized and unrealized (gains) losses on FCCD Endowment	(103,901)	156,099
(Increase) decrease in value of beneficial interest in remainder trust	(14,885)	47,563
Donation of stock	(92,095)	(29,936)
(Increase) decrease in operating assets:		
Promises to give	69,499	244,189
Deposits and prepaid expenses	24,094	(46,787)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(20,334)	77,820
Grants and scholarships payable	(57,858)	148,075
Unfunded pension obligation	295,840	(191,482)
PPP loan debt forgiveness	-	(150,000)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(647,406)	28,314
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,440)	-
Proceeds from the sale of marketable securities	19,366,435	11,869,613
Purchase of marketable securities	(18,560,364)	(11,805,130)
CASH PROVIDED BY INVESTING ACTIVITIES	798,631	64,483
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(11,355)	(11,356)
CASH USED IN FINANCING ACTIVITIES	(11,355)	(11,356)
NET INCREASE IN CASH	139,870	81,441
CASH AT BEGINNING OF YEAR	1,052,454	971,013
CASH AT END OF YEAR	$ 1,192,324	$ 1,052,454
SUPPLEMENTAL DISCLOSURES:		
In-kind contributions of goods and services	$ 199,193	$ 44,478
In-kind contributions of rent and technology	$ 96,390	$ 103,522
Pledge payment made with stock	$ 92,095	$ 29,936

See accompanying notes and auditors' report.

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, 2023, the Foundation had no uncertain tax positions requiring accrual. As of the year ended June 30, 2023, the Foundation's tax years for the years ended June 30, 2022, 2021 and 2020 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, 2023, 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	$ 138	$ 193,241	$ 193,379
Services	5,814	-	5,814
Rent and technology	96,390	-	96,390
	$ 102,342	$ 193,241	$ 295,583

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 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 adopted the standard effectively July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 using a modified retrospective approach, with certain practical expedients available.

Ventura College Rental

The Foundation has entered into an annual lease agreement with Ventura College for reasonable office space, utilities, liability and property insurance. This agreement includes the only office space for the Foundation. The annual rent for this agreement is $1 per year. This agreement also includes the use of the college's east parking lot to be used for Market Place operation on Saturdays and Sundays. The College does retain the right to change the reasonable office space provided to the Foundation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements (continued)

This agreement commenced on July 1, 2013 and ended June 30, 2018. A new agreement has not been entered into since, however, discussions have been made to update. The agreement can be terminated by either party within 60 days of written notice.

Management believe they meet an exception to the lease requirement, as a result, no adjustment has been recorded. The standard has no material impact on the Foundation's financial statements.

Marketplace Rentals

The Foundation rents booth spaces to vendors. Per the lease standard, there must be an identified asset to determine whether the requirement for a lease is met. The Foundation has the right at their discretion to change spot or if the vendor is a no-show, will rent the booth without a refund.

Management believe they meet an exception to the lease requirement, as a result, no adjustment has been recorded. The standard has no material impact on the Foundation's financial statements.

Subsequent Events

Management has evaluated subsequent events through October 10, 2023, 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 10, 2023, for the year ended June 30, 2023. 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, 2023, therefore, no current provision has been made.

Pledges receivable are estimated to be collected as follows:

Receivable in less than one year	$	84,963
Receivable in more than one year		23,000
Total Pledge Receivable	$	107,963

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	$	117,293
Tenant improvements		82,851
		200,144
Accumulated depreciation		(164,124)
Property and Equipment, Net	$	36,020

Depreciation expense for the year ended June 30, 2023 was $4,258.

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.

NOTE 4 - FAIR VALUE MEASUREMENT (continued)

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.

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, 2023:

Description	Level 1	Level 2	Level 3	Total
Money Market	$ 200,535	$ -	$ -	$ 200,535
Investments				
Exchange-traded funds	26,936,193	-	-	26,936,193
FCCC Endowment	-	1,036,343	-	1,036,343
Beneficial interest in remainder trust	-	286,195	-	286,195
Total Assets Measured at Fair Value	$ 27,136,728	$ 1,322,538	$ -	$ 28,459,266

See auditors' report.

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, 2023, 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, 2023:

Realized investments gains	$ 414,656
Unrealized investment gains	1,535,105
Interest and dividends	631,766
Investment expenses	(121,391)
Net Investment Income	$ 2,460,136

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, 2023, the Foundation has FCCC endowments totaling $1,036,343. The donor-restricted funds are reflected as permanently restricted net assets, while the Board-designated portion is included in the unrestricted net 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 $430,195 as of June 30, 2023, the last date for which the balance is available, is not recorded on the Foundation's financial statements. For the year ended June 30, 2023, distributions from the Osher endowment totaled $36,920, and distributions received from the FCCC controlled endowment totaled $24,613.

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 $1,152,302 at June 30, 2023. 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, 2023, the Foundation received a disbursement of $60,946 which was awarded as scholarships in June 2023.

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.

NOTE 7 - COMMUNITY FOUNDATION ENDOWMENT (continued)

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, 2023 are as follows:

	Managed by Outside Trustee	Managed by Foundation	Total
Board Designated			
Endowments assets, beginning of year	$ 422,116	$ 13,168,522	$ 13,590,638
Net investment income	41,561	1,279,570	1,321,131
Appropriation of endowment assets for expenditure	(24,613)	(612,034)	(636,647)
Endowment assets, end of year	439,064	13,836,058	14,275,122
Donor-Restricted			
Endowments assets, beginning of year	571,859	11,098,931	11,670,790
Net investment income	62,340	1,006,746	1,069,086
Contributions	-	156,028	156,028
Appropriation of endowment assets for expenditure	(36,920)	(612,121)	(649,041)
Endowment assets, end of year	597,279	11,649,584	12,246,863

NOTE 8 - ENDOWMENT FUNDS (continued)

	Managed by Outside Trustee	Managed by Foundation	Total
Total Endowments			
Endowments assets, beginning of year	$ 993,975	$ 24,267,453	$ 25,261,428
Net investment income	103,901	2,286,316	2,390,217
Contributions	-	156,028	156,028
Appropriation of endowment assets for expenditure	(61,533)	(1,224,155)	(1,285,688)
Endowment Assets, End of Year	$ 1,036,343	$ 25,485,642	$ 26,521,985

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.

NOTE 8 - ENDOWMENT FUNDS (continued)

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, 2023, one endowment with a fair value of $1,042,476, was underwater by $20,065. The Foundation did not appropriate any funds from this endowment during the fiscal year ended June 30, 2023, 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, 2023, the remaining payments due as of June 30:

2024	$	9,463
Total	$	9,463

See auditors' report.

NOTE 11 - UNFUNDED PENSION OBLIGATION

The Foundation has recognized an unfunded pension obligation liability. As of June 30, 2023, the Foundation has an estimated unfunded pension liability of $373,880 based upon the June 30, 2023 actuarial valuation report. The current year decrease in the unfunded pension obligation of $295,840 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 $989,693 as of June 30, 2023.

NOTE 12 - 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, 2023, and therefore none is accrued.

NOTE 13 - 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, 2023, was 10.32% for classic plan members and 7.47% 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.

NOTE 13 - DEFINED BENEFIT PLAN (continued)

Annual Pension Cost

For fiscal year ended June 30, 2023, the Foundation's annual pension cost of $75,068 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, 2023 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) 2.80% 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.

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, 2021	$ 91,291	100%	$ -
June 30, 2022	$ 65,426	100%	$ -
June 30, 2023	$ 75,068	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, 2021	$ 1,609,463	$ 1,335,357	$ 269,522	83%
June 30, 2022	$ 426,320	$ 372,977	$ 9,463	87%
June 30, 2023	$ 2,044,424	$ 1,674,961	$ 373,880	82%

NOTE 14 - 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, 2023.

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, 2023.

NOTE 15 - 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, 2023, the Foundation had uninsured cash balances of $503,247.

NOTE 16 - 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.

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	$ 1,192,324
Investments	26,936,193
Less those unavailable for general expenditures within one year due to:	
Scholarship endowments	(23,434,137)
Funds temporarily restricted for scholarships	(2,497,027)
Funds temporarily restricted for programs	(23,861)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	$ 2,173,492

See auditors' report.