EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

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EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
El Camino Community College District Foundation
Torrance, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of El Camino Community College District Foundation (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Camino Community College District Foundation as of June 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of El Camino Community College District Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about El Camino Community College District 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.

Board of Directors
El Camino Community College District Foundation

Report on Summarized Comparative Information

We have previously audited the El Camino Community College District Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
October 10, 2022

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 168,242	$ 130,245
Investments, at Fair Value	12,356,168	13,490,484
Promise to Give, Net	1,979,142	1,865,531
Charitable Gift Annuities	154	969
Investments Held in Charitable Remainder Trust	1,647,440	1,888,381
Beneficial Interest in CCCS Endowment	1,591,872	1,921,024
Beneficial Interest in Charitable Trust Held by Others	78,672	97,318
Total Assets	$ 17,821,690	$ 19,393,952
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ -	$ 173
Accrued Employee-Related Expenses	29,584	28,813
Liabilities Under Charitable Remainder Trust	982,223	1,061,632
Total Liabilities	1,011,807	1,090,618
NET ASSETS		
Without Donor Restrictions	2,081,493	2,085,395
With Donor Restrictions	14,728,390	16,217,939
Total Net Assets	16,809,883	18,303,334
Total Liabilities and Net Assets	$ 17,821,690	$ 19,393,952

See accompanying Notes to Financial Statements.

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE, SUPPORT, AND GAINS				
Contributions and Grants	$ 307,122	$ 1,389,652	$ 1,696,774	$ 2,041,853
Program and Other Fees	125,438	-	125,438	5,657
Special Events	121,915	-	121,915	-
In-Kind Contributions	9,716	397,556	407,272	92,110
Donated Services and Facilities	218,199	-	218,199	211,789
Total Support	782,390	1,787,208	2,569,598	2,351,409
Other Income, Gains, and Losses:				
Investment Income	19,943	216,798	236,741	174,099
Realized/Unrealized Gain (Loss) on Investments	(122,605)	(1,602,945)	(1,725,550)	1,645,066
Change in Value of Split-interest Agreements	-	(80,766)	(80,766)	95,361
Change in Value of CCCS Endowment	-	(329,152)	(329,152)	336,327
Total Other Income, Gains, and Losses	(102,662)	(1,796,065)	(1,898,727)	2,250,853
Total Revenues Before Net Assets Released from Restrictions	679,728	(8,857)	670,871	4,602,262
Net Assets Released from Restrictions	1,480,692	(1,480,692)	-	-
Total Revenue, Support, and Gains	2,160,420	(1,489,549)	670,871	4,602,262
OPERATING EXPENSES				
Program Services	1,632,342	-	1,632,342	1,300,471
Supporting Services:				
Management and General	271,813	-	271,813	254,857
Fundraising	260,167	-	260,167	224,384
Total Operating Expenses	2,164,322	-	2,164,322	1,779,712
CHANGE IN NET ASSETS	(3,902)	(1,489,549)	(1,493,451)	2,822,550
Net Assets - Beginning of Year	2,085,395	16,217,939	18,303,334	15,480,784
NET ASSETS - END OF YEAR	$ 2,081,493	$ 14,728,390	$ 16,809,883	$ 18,303,334

See accompanying Notes to Financial Statements.

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022				
	Program Services	Management and General	Fundraising	Total	2021 Total
Salaries and Benefits	$ 126,310	$ 109,128	$ 166,929	$ 402,367	$ 361,210
Scholarships and Grants	567,742	-	-	567,742	893,190
Program Expenses	124,977	-	-	124,977	28,290
Professional Services	53,824	16,402	-	70,226	32,434
Hospitality	209,267	-	17,098	226,365	85,656
Equipment	44,841	-	-	44,841	-
Maintenance	-	16,771	-	16,771	16,155
Supplies	14,268	703	275	15,246	2,734
Printing and Postage	9,462	-	9,922	19,384	11,857
Publications and Advertising	-	-	15,810	15,810	10,275
Travel, Conferences, and Meetings	25,272	1,867	-	27,139	15,113
In-Kind Contributions	388,672	18,600	-	407,272	92,110
Donated Services and Facilities	62,525	106,313	50,133	218,971	224,740
Other Expenses	5,182	2,029	-	7,211	5,948
Total Functional Expenses	$ 1,632,342	$ 271,813	$ 260,167	$ 2,164,322	$ 1,779,712

See accompanying Notes to Financial Statements.

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (1,493,451)	$ 2,822,550
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Discount on Promise to Give	(113,611)	(54,336)
Realized and Unrealized Loss (Gain) on Investments	1,725,550	(1,645,066)
Contributions Restricted to Endowment	(206,144)	(232,058)
Change in Value of Split-Interest Agreements	162,347	74,820
Change in Beneficial Interest in CCCS Endowment	329,152	(336,327)
Change in Beneficial Interests in Assets Held by Others	18,646	(17,340)
Changes in Operating Assets and Liabilities:		
Accounts Payable and Accrued Expenses	(173)	(1,585)
Accrued Employee Related Expenses	771	12,950
Net Cash Provided by Operating Activities	423,087	623,608
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	5,300,466	2,181,847
Purchases of Investments	(5,891,700)	(3,040,305)
Net Cash Used in Investing Activities	(591,234)	(858,458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted to Endowment	206,144	232,058
Net Cash Provided by Financing Activities	206,144	232,058
NET CHANGE IN CASH AND CASH EQUIVALENTS	37,997	(2,792)
Cash and Cash Equivalents - Beginning of Year	130,245	133,037
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 168,242	$ 130,245

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The El Camino Community College District Foundation (the Foundation) is a California, nonprofit public benefit corporation founded on April 28, 1983, and organized to assist in the achievement and maintenance of a superior program of public education and community participation within the El Camino Community College District (the College) by receiving contributions from the general public, raising funds, and making donations to educational, arts, cultural, athletic, and other programs of the College.

Basis of Presentation of Financial Statements

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP).

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information does not include sufficient detail to constitute a full comparison of operations year over year and should be read in conjunction with the audited financial statements for the fiscal year ended June 30, 2021 from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of the mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the board of directors. Although fair values of investments are subject to fluctuations on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Investments

Investments in marketable securities with readily determinable fair values are presented at their fair values in the statement of financial position. The amount of expenses netted with revenues was $54,900 and $41,164 for the years ended June 30, 2022 and 2021, respectively. 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.

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.

Contributions are written off when deemed uncollectible. Conditional promises to give are not included as support until the conditions are substantially met. The Foundation currently does not have any conditional promises to give.

Assets Held Under Split-Interest Agreements

Charitable Gift Annuities – The Foundation is the beneficiary of several split-interest agreements related to charitable gift annuities held by an unrelated third-party administrator. The Foundation recognizes the estimated future benefits as contributions revenue and the related receivable recognized at present value in the period received. Adjustments to the receivable to reflect amortization of the discount on the lifetime annuity payments to the donor(s), as well as net appreciation or depreciation on the investments, are recognized in the statement of activities as Investment Iincome.

Charitable Remainder Trust – The Foundation has been designated as the trustee of an irrevocable charitable remainder trust. The trust agreement requires the Foundation to make annual payments to the trust donor based on a stipulated payment rate of 5% applied to the fair value of the trust assets, as determined annually, not to exceed the annual earnings of the trust. Upon the death of the donor, the remaining trust assets will be distributed by the Foundation to itself and to the second named beneficiaries, as stipulated in the trust agreement.

The Foundation records the assets held in this trust at their fair value based on quoted market values. A corresponding liability, liabilities under charitable remainder trusts, has been recorded to reflect the present value of required lifetime payments and remaining obligation to the named beneficiaries using discount rates commensurate with the risks involved, which were in existence at the date of gift which was 2.5% for each of the years ended June 30, 2022 and 2021. Valuations are calculated annually by management by updating life expectancy of the income beneficiaries and investment values.

Liabilities under split-interest agreements represent the present value of the investments held in charitable remainder trusts owed to outside remainder beneficiaries at the settlement of the trust. These liabilities are calculated as a percentage of the present value of the investments held in charitable remainder trusts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Held Under Split-Interest Agreements (Continued)

Charitable Remainder Trust (continued) – The difference between the fair value of the assets received and liabilities under charitable remainder trusts and under split-interest agreements is recognized as contribution revenue in the year the agreement is signed. Realized and unrealized gains and losses, interest and dividend income from the investments and changes in actuarial assumptions and accretions of the liabilities are recorded as changes to split-interest agreement in the accompanying consolidated statements of financial position.

Beneficial Interests in Charitable Trusts Held by Others

The Foundation has been named as an irrevocable beneficiary of multiple charitable trusts held by and administered by independent trustees. These trusts were created independently by the donor and administered by outside agents designated by the donor. Therefore, the Foundation does not have possession nor control over the assets of the trust. At the date the Foundation received notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in charitable trust held by others is recorded in the statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Therefore, the beneficial interest in trust is reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

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 or grantor restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for board-designated expenditures.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions (Continued) – Contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. The Foundation 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. The amount of revenue recorded for direct benefit to donors was $121,915 for the year ended June 30, 2022. There was no special events revenue recorded for the year ended June 30, 2021

Donated Assets, Services, and Facilities

The College provides personnel services and office space to the Foundation. In addition, the Foundation benefits from contributions of time and service of individuals in an effort to advance the programs and services of the Foundation. Since the College meets the criteria for an affiliate organization, the Foundation is required to recognize the direct personnel costs incurred by the affiliate at the fair market value of services provided. Donated services received from an affiliate during the fiscal years ended June 30, 2022 and 2021 totaled $199,599 and $193,789, respectively. Donated office space during the fiscal years ended June 30, 2022 and 2021 totaled $18,600 and $18,000, respectively.

The Foundation also receives contributions of goods and services which are recognized at estimated fair market value as of the date of donation. Donated goods received during the fiscal years ended June 30, 2022 and 2021 totaled $407,272 and $92,110, respectively. All donated goods and services were used for programmatic activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural and functional classification detail of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and payroll taxes, professional services, supplies and equipment, printing and postage, travel, conferences, and meetings, other administrative expenses, and donated salaries, benefits, and payroll taxes, and donated facilities, which are allocated on the basis of estimates of time and effort.

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 (IRS) 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, 2022, 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.

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.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

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:

	2022	2021
Total Financial Assets	$ 17,821,690	$ 19,393,952
Less:		
Donor-Restricted Assets:		
Funds Subject to Time Restrictions	(2,928,797)	(4,151,067)
Endowments	(11,799,439)	(12,065,903)
Assets Held Under Split Interest Agreements, Net	(743,889)	(924,067)
Board-Designated Assets:		
Challenge Grant Program	(654,138)	(749,834)
Reserve	(1,062,574)	(1,014,817)
Total Financial Assets Available for General Expenditures	$ 632,853	$ 488,264

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. All funds are unencumbered by restrictions and are available for general use.

NOTE 3 NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions were as follows as of June 30:

	2022	2021
Board-Designated Assets:		
Challenge Grant Program	$ 654,138	$ 749,834
Reserve	1,062,574	1,014,817
Total Board-Designated	1,716,712	1,764,651
Undesignated	364,781	320,744
Total Net Assets Without Donor Restrictions	$ 2,081,493	$ 2,085,395

NOTE 3 NET ASSETS (CONTINUED)

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

	2022	2021
Subject to Expenditure for Specific Purpose:		
Distributable Portion of Endowments	$ 1,188,674	$ 2,407,628
Other Scholarships and Programs	1,740,123	1,743,439
Subject to the Passage of Time:		
Assets Held Under Split Interest Agreements, Net	154	969
Subject to Spending Policy and Appropriation:		
Named Endowments	10,207,567	10,144,879
CCCS Endowment	1,591,872	1,921,024
Net Assets with Donor Restrictions	$ 14,728,390	$ 16,217,939

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

	2022	2021
Satisfaction of Purpose Restrictions		
Grants, Program and Operating Support	$ 1,244,761	$ 1,067,498
Stewardship Fees	235,931	371,103
Total Net Assets Released from Donor Restriction	$ 1,480,692	$ 1,438,601

NOTE 4 FAIR VALUE MEASUREMENT

The Foundation applies Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to measurements involving significant unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – inputs are unobservable for the asset.

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of assets held under split interest agreements, net, which are managed and administered by an unrelated third party, are based on the fair value of underlying assets and the present value of annuity payments discounted, using factors published by the IRS. These are considered Level 3 investments.

The fair value of the beneficial interest in CCCS Endowment, which is held by an unrelated third party, is based on the fair value of fund investments, as reported by the third party. The fair value of the beneficial interest in charitable trust held by others is based on the fair value of fund investments held in an irrevocable charitable trust, as reported by the investment manager. These are considered Level 2 investments.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2022:

		Fair Value Measurements at Report Date Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Equities	$ 4,803,466	$ 1,831,051	$ 2,972,415	$ -
Exchange-Traded Funds	3,160,503	3,160,503	-	-
Bonds	4,003,001	823,877	3,179,124	-
Subtotal	11,966,970	$ 5,815,431	$ 6,151,539	$ -
Cash Held in Investments	389,198			
Total Investments	$ 12,356,168			
Assets Held Under Split Interest Agreements, Net	$ 1,647,594	$ 528,960	$ 1,118,480	$ 154
Beneficial Interests in:				
Beneficial Interest in CCCS Endowment	$ 1,591,872	$ -	$ 1,591,872	$ -
Beneficial Interest in Charitable Trust Held by Others	78,672	-	78,672	-
Total	$ 1,670,544	$ -	$ 1,670,544	$ -

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2021:

		Fair Value Measurements at Report Date Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Equities	$ 5,241,625	$ 2,175,648	$ 3,065,977	$ -
Exchange-Traded Funds	3,744,983	3,744,983	-	-
Bonds	4,182,796	821,300	3,361,496	-
Subtotal	13,169,404	$ 6,741,931	$ 6,427,473	$ -
Cash Held in Investments	321,080			
Total Investments	$ 13,490,484			
Assets Held Under Split Interest Agreements, Net	$ 1,889,350	$ 714,479	$ 1,173,902	$ 969
Beneficial Interests in:				
Beneficial Interest in CCCS Endowment	$ 1,921,024	$ -	$ 1,921,024	$ -
Beneficial Interest in Charitable Trust Held by Others	97,318	-	97,318	-
Total	$ 2,018,342	$ -	$ 2,018,342	$ -

The changes in Level 3 assets are summarized as follows for the fiscal year ended June 30:

	2022	2021
Assets Held Under Split Interest Agreements, Net:		
Beginning Balance	$ 969	$ 171,150
Contributions	-	-
Change in Value	(815)	(291)
Distributions	-	(169,890)
Total Investment	$ 154	$ 969

NOTE 5 ASSETS HELD UNDER SPLIT INTEREST AGREEMENT

The Foundation is the beneficiary of several split-interest agreements related to charitable gift annuities held by an unrelated third-party administrator. The Foundation recognizes the estimated future benefits as contributions revenue and the related receivable recognized at present value in the period received. Adjustments to the receivable to reflect amortization of the discount on the lifetime annuity payments to the donor(s), as well as net appreciation or depreciation on the investments, are recognized in the statement of activities as investment income.

As of June 30, 2022, the Foundation was the beneficiary of one split-interest agreement. The fair value of the funds was $2,389 and the present value of lifetime annuity payments to the donors was $2,235. Contributions receivable from split interest agreements as of June 30, 2022 was $154.

NOTE 6 PROMISES TO GIVE

In April 2013, the Foundation received a promise to give of $2,000,000 toward a named endowment for the purpose of establishing the Noble Endowment (see Note 7 on endowments). In late 2014, it became clear under the terms of the promise to give, the funds were to be transferred to the Foundation upon death of the donor. As such, the Foundation recorded an unconditional promise to give. During the fiscal year ended June 30, 2014, the Foundation received a check in the amount of $20,858 towards the pledge. After recording the payment, the value of the undiscounted promise to give was $1,979,142. The Foundation recorded the pledge and adjusted it to its net present value by recording a discount, based upon an estimated life expectancy of five years from time of the pledge, and at an interest rate of 3%.

Each year, the promise to give is 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. During the fiscal year ended, the Foundation was notified that the donor had passed away and the funds would be transferred to the Foundation in accordance with the pledge agreement. As such, the Foundation recognized the remaining pledge discount of $113,611 to contribution income for the year ended June 30, 2022.

The unconditional promise to give is estimated to be collected within one year. The promise to give appears in the statement of financial position as follows:

	2022	2021
Promise to Give	$ 1,979,142	$ 1,979,142
Less:		
Discount to Net Present Value at 3%	-	(113,611)
Total Promise to Give	$ 1,979,142	$ 1,865,531

NOTE 7 ENDOWMENTS

The Foundation's board of directors is charged with the responsibility for management of the endowed assets. To assist in carrying out this duty, the Foundation has adopted an investment policy that prioritizes preservation of capital, long-term growth, and adherence to the prudent person investment philosophy. To enact this policy, the Foundation's investment strategy emphasizes total return, assuming a level of risk consistent with reasonable and prudent investment practices for such funds. Additionally, the endowment spending policy is in compliance with the regulation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted by the state of California in 2009, to ensure the prudent management of endowed funds in the disbursement of current earnings in support of the College, and to meet future needs established by the donor. The Foundation has established a target annual spending policy of 5.5% of the most recent 36-month average market value of the endowed fund.

NOTE 7 ENDOWMENTS (CONTINUED)

The Foundation classifies net assets with donor restrictions in perpetuity as (a) the value of endowed gifts as of the date of the original donation, and (b) subsequent gifts to a named endowment fund, less distributions that draw the fund balance below its previously endowed balance when the Foundation deems it prudent to make such distributions. Earnings on endowed funds are classified as net assets with donor restrictions subject to the passage of time or appropriation until such time as the board of directors adopts a resolution for appropriation.

The Foundation's endowed funds, by net asset classification, are as follows as of June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Named Endowments	$ -	$ 10,207,567	$ 10,207,567
CCCS Endowments	-	1,654,569	1,654,569
Total	$ -	$ 11,862,136	$ 11,862,136

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Named Endowments	$ -	$ 10,144,879	$ 10,144,879
CCCS Endowments	-	1,955,111	1,955,111
Total	$ -	$ 12,099,990	$ 12,099,990

Named Endowments

The Foundation will establish a named endowment fund at the request of a donor for a minimum initial gift of $25,000 that will be held in perpetuity. Following the creation of the fund, scholarships, grants, and/or awards will be disbursed from the earnings on the endowed funds and in keeping with the donor's designations. As of June 30, 2022, the Foundation held sixty (60) separate named endowments totaling $10,207,567. Included in that amount is $1,931,547 held in the Ella Rose Madden Endowment Fund, the income from which is to be used for cancer education in the training of persons in the care and special needs of cancer patients. Also included in the total named endowments amount is $1,979,412 that was committed on April 30, 2013 for the purpose of establishing the Noble Endowment, to support an endowed chair in the business department of the College.

NOTE 7 ENDOWMENTS (CONTINUED)

Changes in endowment net assets are as follows for the fiscal years ended June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 10,144,879	$ 10,144,879
Contributions	-	319,755	319,755
Investment Return:			
Investment Income, Net of Expenses	-	(177,658)	(177,658)
Appropriated for Expenditure	-	(79,409)	(79,409)
Endowment Net Assets - End of Year	$ -	$ 10,207,567	$ 10,207,567

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 8,809,234	$ 8,809,234
Contributions	-	286,394	286,394
Investment Return:			
Investment Income, Net of Expenses	-	1,152,919	1,152,919
Appropriated for Expenditure	-	(103,668)	(103,668)
Endowment Net Assets - End of Year	$ -	$ 10,144,879	$ 10,144,879

California Community Colleges Scholarship (CCCS) Endowment

In May 2008, the California Community Colleges Scholarship Endowment (the CCCS Endowment) was launched via a gift of $25 million from the Bernard Osher Foundation (the Osher Foundation) to the Foundation for California Community Colleges (the FCCC). The FCCC and California's community colleges were challenged with raising an additional $50 million through June 2011, for which the Osher Foundation agreed to provide a 50% match of up to $25 million. The purpose of the CCCS Endowment is to provide scholarships for students in California's community college system.

Based on the terms of the agreement between the Osher Foundation and the FCCC, as well as the agreement between the FCCC and the Foundation, all of the funds contributed to the CCCS Endowment, regardless of source, are irrevocable gifts to the FCCC. The Foundation has an irrevocable beneficial interest in the balance of funds contributed for the benefit of students at El Camino College and the accumulated earnings, which does not include any funds contributed by the Osher Foundation.

As of June 30, 2022 and 2021, the Foundation's beneficial interest in the CCCS Endowment totaled $1,591,872 and $1,921,024, respectively. When coupled with funds distributed but not yet disbursed, the Foundation's net assets attributable to the CCCS Endowment are $1,654,569 and $1,955,111 as of June 30, 2022 and 2021, respectively.

NOTE 7 ENDOWMENTS (CONTINUED)

In relation to the CCCS Endowment, this interpretation extends to the earnings on the fund, less distributions for scholarships made in conformance with the aforementioned agreements as determined by the FCCC. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the value of endowed gifts as of the date of the donation, and (b) net earnings less allowable distributions. Scholarship distributions made from the fund are classified as net assets with donor restrictions subject to the passage of time or appropriation upon receipt of notification from the FCCC as to the amount and date of scheduled distributions.

The changes in the Foundation's beneficial interest in the CCCS Endowment balance by net asset classification were as follows:

	2022	2021
CCCS Endowment - Beginning of Year	$ 1,921,024	$ 1,584,697
Contributions	-	-
Investment Income, Net of Expenses	47,093	27,780
Distributions	(79,600)	(82,800)
Realized/ Unrealized Gain (Loss) on Investments, Net	(296,645)	391,347
CCCS Endowment - End of Year	$ 1,591,872	$ 1,921,024

NOTE 8 CHARITABLE REMAINDER UNITRUST (CRUT)

During 2019, the Foundation was named as the Trustee of an irrevocable charitable remainder unitrust (CRUT). The trust agreement requires the Foundation to make annual payments to the trust donor based on a stipulated payment rate of 5%, applied to the fair value of the trust assets, as determined annually, not to exceed the annual earnings of the trust. Upon the death of the donor, the Foundation will distribute the remaining trust assets, 50% to itself and 50% to the second named beneficiary. A liability has been recognized for the estimated present value of the annuity obligation and the assets are recorded at their gross market value with the Foundation as the named trustee. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Social Security Administration life expectancy guidelines and actuarial tables. Accordingly, the Foundation has recorded a liability for the projected future benefits to be paid to the donor and the estimated present value of the distribution expected to be paid to the second named beneficiary.

NOTE 9 FUNCTIONAL EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural and functional classification detail of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and payroll taxes, professional services, supplies and equipment, printing and postage, travel, conferences, and meetings, other administrative expenses, and donated salaries, benefits, and payroll taxes, and donated facilities, which are allocated on the basis of estimates of time and effort.

NOTE 10 RELATED PARTIES

El Camino Community College District

As described in Note 1, the Foundation's purpose is to support the College's students and programs; therefore, transactions between the Foundation and the College, College personnel, students at the College, and programs of the College, are expected. Per the Foundation's Bylaws, certain College personnel serve as Ex-Officio members of the Foundation's board of directors by virtue of their position at the College.

In exchange for the support that the Foundation provides to the campus programs, the College contributes to the Foundation some portion of salaries and related expenses incurred and paid by the College on behalf of the Foundation. For the fiscal years ended June 30, 2022 and 2021, the College contributed $199,599 and $193,789, respectively, to the Foundation for personnel-related costs. For the fiscal years ended June 30, 2022 and 2021, the College contributed $18,600 and $18,000, respectively, in contributed use of facilities.

NOTE 11 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 October 10, 2022 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.