

**The Foundation of the City  
College of San Francisco**

Financial Statements

June 30, 2021 and 2020



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Foundation of the City College of San Francisco  
San Francisco, California

We have audited the accompanying financial statements of The Foundation of the City College of San Francisco (a California nonprofit corporation) (the "Foundation"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation of the City College of San Francisco as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
San Francisco, California

January 27, 2022



An independent firm  
associated with Moore  
Global Network Limited

The Foundation of the City College of San Francisco  
 Statements of Financial Position  
 June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,291,051	\$ 1,628,172
Promises to give, net	1,405,534	11,761
Prepaid expenses and other assets	2,336	1,568
Investments	26,070,507	21,287,958
Property and equipment, net	240	479
Total assets	\$ 28,769,668	\$ 22,929,938
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ -	\$ 353,479
Total liabilities	-	353,479
Net assets		
Without donor restrictions	870,951	799,525
With donor restrictions	27,898,717	21,776,934
Total net assets	28,769,668	22,576,459
Total liabilities and net assets	\$ 28,769,668	\$ 22,929,938

The accompanying notes are an integral part of these financial statements.

The Foundation of the City College of San Francisco  
Statement of Activities  
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 46,957	\$ 2,517,787	\$ 2,564,744
Investment earnings, net	-	5,514,155	5,514,155
Fiscal agent fees	125,392	-	125,392
Net assets released from restrictions	<u>1,910,159</u>	<u>(1,910,159)</u>	<u>-</u>
Total support and revenue	<u>2,082,508</u>	<u>6,121,783</u>	<u>8,204,291</u>
Functional expenses			
Program services	<u>1,917,971</u>	<u>-</u>	<u>1,917,971</u>
Support services			
Management and general	76,086	-	76,086
Fundraising	<u>17,025</u>	<u>-</u>	<u>17,025</u>
Total support services	<u>93,111</u>	<u>-</u>	<u>93,111</u>
Total functional expenses	<u>2,011,082</u>	<u>-</u>	<u>2,011,082</u>
Change in net assets	71,426	6,121,783	6,193,209
Net assets, beginning of year	<u>799,525</u>	<u>21,776,934</u>	<u>22,576,459</u>
Net assets, end of year	<u>\$ 870,951</u>	<u>\$ 27,898,717</u>	<u>\$ 28,769,668</u>

The accompanying notes are an integral part of these financial statements.

The Foundation of the City College of San Francisco  
Statement of Activities  
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 67,857	\$ 880,292	\$ 948,149
Investment earnings, net	-	697,954	697,954
Fiscal agent fees	157,252	-	157,252
Net assets released from restrictions	<u>1,682,319</u>	<u>(1,682,319)</u>	<u>-</u>
Total support and revenue	<u>1,907,428</u>	<u>(104,073)</u>	<u>1,803,355</u>
Functional expenses			
Program services	<u>1,640,812</u>	<u>-</u>	<u>1,640,812</u>
Support services			
Management and general	83,706	-	83,706
Fundraising	<u>65,060</u>	<u>-</u>	<u>65,060</u>
Total support services	<u>148,766</u>	<u>-</u>	<u>148,766</u>
Total functional expenses	<u>1,789,578</u>	<u>-</u>	<u>1,789,578</u>
Change in net assets	117,850	(104,073)	13,777
Net assets, beginning of year	<u>681,675</u>	<u>21,881,007</u>	<u>22,562,682</u>
Net assets, end of year	<u>\$ 799,525</u>	<u>\$ 21,776,934</u>	<u>\$ 22,576,459</u>

The accompanying notes are an integral part of these financial statements.

The Foundation of the City College of San Francisco  
 Statements of Functional Expenses  
 For the Years Ended June 30, 2021 and 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to City College of San Francisco	\$ 1,917,971	\$ -	\$ -	\$ 1,917,971	\$ 1,640,812	\$ -	\$ -	\$ 1,640,812
Special events	-	-	-	-	-	-	46,473	46,473
Professional fees	-	43,994	-	43,994	-	49,440	-	49,440
Depreciation	-	239	-	239	-	239	-	239
Insurance	-	4,176	-	4,176	-	4,001	-	4,001
Merchant fees	-	-	3,187	3,187	-	-	3,987	3,987
Legal fees	-	-	-	-	-	710	-	710
Miscellaneous	-	-	4,163	4,163	-	-	5,930	5,930
Other consulting fees	-	18,002	-	18,002	-	20,646	-	20,646
Software license fee	-	9,675	9,675	19,350	-	8,670	8,670	17,340
	<u>\$ 1,917,971</u>	<u>\$ 76,086</u>	<u>\$ 17,025</u>	<u>\$ 2,011,082</u>	<u>\$ 1,640,812</u>	<u>\$ 83,706</u>	<u>\$ 65,060</u>	<u>\$ 1,789,578</u>

The accompanying notes are an integral part of these financial statements.

The Foundation of the City College of San Francisco  
 Statements of Cash Flows  
 For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 6,193,209	\$ 13,777
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	239	239
Realized and unrealized gains on investments, net	(5,154,776)	(354,418)
Donated stock	(4,699)	(2,061)
Changes in operating assets and liabilities		
Promises to give, net	(1,393,773)	128,747
Prepaid expenses and other assets	(768)	17,945
Accounts payable	<u>(353,479)</u>	<u>3,479</u>
Net cash used in operating activities	<u>(714,047)</u>	<u>(192,292)</u>
Cash flows from investing activities		
Proceeds from sale of marketable securities	2,537,404	8,546,010
Purchase of marketable securities	<u>(2,160,478)</u>	<u>(9,045,944)</u>
Net cash provided by (used in) investing activities	<u>376,926</u>	<u>(499,934)</u>
Net decrease in cash and cash equivalents	(337,121)	(692,226)
Cash and cash equivalents, beginning of year	<u>1,628,172</u>	<u>2,320,398</u>
Cash and cash equivalents, end of year	<u>\$ 1,291,051</u>	<u>\$ 1,628,172</u>

The accompanying notes are an integral part of these financial statements.



The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

1. ORGANIZATION

The Foundation of the City College of San Francisco (the "Foundation") is a nonprofit organization founded in 1969 for the purpose of providing support to the San Francisco Community College District's (the "District") programs and services. The programs of the Foundation provide administration for scholarships and internships for students, educational equipment for classrooms, new educational programs, and capital improvements throughout the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America ("GAAP") specific to non-profit organizations. The Foundation reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor 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, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions also include the portion of donor-restricted endowment funds that are not required to be maintained in perpetuity, but are restricted until such funds are appropriated for expenditure by the Foundation. 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.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Contributions are recognized at fair value when the donor/grantor makes an unconditional promise to give to the Foundation. Contributions that are restricted by the donor/grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets. Investment income (e.g. interest and dividends and realized and unrealized gains) with donor-imposed restrictions that are met in the same year as earned are also reported as net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and/or the right of release/ return no longer exists.

Cash and cash equivalents

The Foundation considers all highly liquid investments with original maturity of three months or less to be cash equivalents. Cash on deposit usually exceeds federally insured limits. The Foundation believes that it mitigates this risk by maintaining deposits with major financial institutions.

Promises to give, net

Unconditional promise to give are reported at fair value and recorded in the period pledged or received. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected.

Receivables are reviewed by management for collectability and an allowance for doubtful accounts is established when needed. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. Management believes that all of its accounts are collectible; accordingly, no allowance for doubtful accounts is recorded at June 30, 2021 and 2020.

Property and equipment

Property and equipment in excess of \$1,000 and with an estimated useful life in excess of one year are capitalized at cost; donated assets are capitalized at the fair market value at date of receipt. Depreciation is computed using the straight-line method with estimated useful lives varying between five and ten years. Repairs and maintenance are charged to expense as incurred. Property and equipment at June 30, 2021 and 2020 consisted of computer equipment. Depreciation expense amounted to \$239 for the years ended June 30, 2021 and 2020.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind services

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. No such contributed services were received during the years ended June 30, 2021 and 2020.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities and foreign equity assets are reported at their fair values in the statements of financial position. Marketable securities that are held principally for the purpose of selling them in the near term are classified as trading securities and are carried at fair value, with unrealized gains or losses credited or charged to current earnings. Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each statement of financial position date.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price methodology). The Foundation uses a framework for measuring fair value that includes a hierarchy used to classify inputs used in measuring fair value. The hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels which are either observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect an entity's view of market assumptions in the absence of observable market information.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are defined as follows:

- *Level 1* - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. These generally provide the most reliable evidence and are used to measure fair value whenever available. The Foundation's Level 1 assets include exchange traded equities, fixed income and money market fund. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 2* - Fair value is based upon significant inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable for substantially the full term of the asset or liability through corroboration with observable market data as of the reporting date. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, model-derived valuations whose inputs are observable or whose significant value drivers are observable and other observable inputs.
- *Level 3* - Fair value is based on significant unobservable inputs which reflect the entity's or third party pricing service assumptions about the assumptions market participants would use in pricing an asset or liability. Valuations are estimated based on non-binding broker prices or internally developed valuation models or methodologies, discounted cash flow models and other similar techniques.

Functional allocation of expenses

Expenses are charged to programs and supporting services on the basis of management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Income tax status

The Foundation is a not-for-profit organization, exempt from federal income tax under Section 501(c)(3) of the United States of America Internal Revenue Code (the "Code"), and contributions to it are tax deductible as prescribed by the Code. The Foundation is also exempt from California income tax under Section 23701d of Revenue and Taxation Code.

The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the Code.

The Foundation has evaluated its current tax positions and concluded that as of June 30, 2021 and 2020, the Foundation does not have any uncertain tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the estimated value of promises to give, functional allocation of expense, temporarily restricted net assets and fair market value of investments. Accordingly, actual results could differ from those estimates.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Foundation has evaluated subsequent events through January 27, 2022, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Foundation's financial statements.

3. LIQUIDITY AND FUNDS AVAILABLE

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following is a quantitative disclosure which describes assets available within one year of June 30, 2021 to fund general expenditures and other obligations when they become due:

Financial assets:			
Cash and cash equivalents		\$	1,291,051
Promise to give, net			1,405,534
Investments			<u>26,070,507</u>
			<u>28,767,092</u>
Less: amounts unavailable for general expenditures within one year:			
Net assets with donor restrictions			<u>(27,898,717)</u>
			<u>(27,898,717)</u>
		<u>\$</u>	<u>868,375</u>

4. INVESTMENTS

Investments consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 7,476,651	\$ 7,718,174	\$ 5,835,092	\$ 6,252,776
Domestic equities	6,096,636	11,111,705	7,063,146	9,145,021
Foreign equities	5,514,234	7,222,540	5,931,075	5,878,313
Money market fund	<u>18,088</u>	<u>18,088</u>	<u>11,848</u>	<u>11,848</u>
	<u>\$ 19,105,609</u>	<u>\$ 26,070,507</u>	<u>\$ 18,841,161</u>	<u>\$ 21,287,958</u>

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

4. INVESTMENTS (continued)

Investment earnings, net with donor restrictions consist of the following:

	2021	2020
Interest and dividend income	\$ 399,085	\$ 379,048
Net realized and unrealized gains	5,154,776	354,418
Investment management fees	(39,706)	(35,512)
	\$ 5,514,155	\$ 697,954

Net realized gains for the years ended June 30, 2021 and 2020 amounted to \$636,675 and \$713,451, respectively.

5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Fixed income	\$ 7,718,174	\$ -	\$ -	\$ 7,718,174
Domestic equities	11,111,705	-	-	11,111,705
Foreign equities	7,222,540	-	-	7,222,540
Money market fund	18,088	-	-	18,088
	\$ 26,070,507	\$ -	\$ -	\$ 26,070,507

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Fixed income	\$ 6,252,776	\$ -	\$ -	\$ 6,252,776
Domestic equities	9,145,021	-	-	9,145,021
Foreign equities	5,878,313	-	-	5,878,313
Money market fund	11,848	-	-	11,848
	\$ 21,287,958	\$ -	\$ -	\$ 21,287,958

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

6. PROMISES TO GIVE

Promises to give consist of the following:

	2021	2020
Amounts due in less than one year	\$ 609,465	\$ 11,761
Amounts due in one to five years	820,690	-
Less discounts to net present value	(24,621)	-
	<u>\$ 1,405,534</u>	<u>\$ 11,761</u>

Long-term promises to give are discounted using an interest rate of 3% based on the risks involved and the expected time of receipt.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose and/or time:		
Orfalea Family Children Center	\$ 5,240,533	\$ 4,119,794
Alice Woo	1,348,491	1,059,429
Meyers Culinary	937,731	757,007
Library - Cleasby	647,113	508,547
Humiston Library	589,923	463,602
New Chinatown Campus and Program	517,321	406,095
Basic Skill Lunch	120,000	397,005
Yvonne Stoupr Memorial Scholarship	327,169	254,629
Koret Scholar	170,250	100,250
City College of San Francisco Culinary Arts and Hospitality	154,661	159,636
Gilbert Boyd Scholarship Fund	182,923	143,756
Foundation Promise Scholarship	36,880	-
Koret Repurpose Grant	95,600	95,600
Koret Enhanced Web Project	62,450	62,450
Hass Bridge to Success	44,982	108,050
Chenming Hu Multimedia V	81,392	63,963
Friends of the CCSF Library	51,928	42,482
Hass Trustee Training	2,752	2,752
Other	<u>2,695,383</u>	<u>1,327,960</u>
	<u>13,307,482</u>	<u>10,073,007</u>
Subject to spending policy and appropriation (including amounts held in perpetuity of \$7,175,735 as of June 30, 2021 and 2020)		
Osher Foundation	8,284,722	6,770,269
Yvonne Stoupe Memorial Scholarship	2,146,505	1,670,579
Dunn and Clark Scholarships for Culinary Arts & Hospitality	1,381,876	1,080,889
Dunn and Clark Scholarships for Nursing	1,381,876	1,080,889
Sidney & Margaret Ancker Scholarship	272,170	214,093
Evelyn N. Kerkhof Scholarship	144,937	113,903
Audrey Zimmerman Scholarship	83,950	65,996
Dan Allen Scholarship	84,003	65,378
Carl & Brigitta Beetz Scholarship	67,892	57,165
Math Department Faculty Scholarship	64,899	51,106
Robert Liu French Faculty Development Fund	64,603	50,279
CompuCredit Aspire A Mas Scholarship	55,328	43,578
Other	<u>558,474</u>	<u>439,803</u>
	<u>14,591,235</u>	<u>11,703,927</u>
	<u>\$ 27,898,717</u>	<u>\$ 21,776,934</u>



The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

	<u>2021</u>	<u>2020</u>
Orfalea Family Children Center	\$ -	\$ 350,000
Osher Foundation	340,500	342,500
General Fund	175,334	212,570
Foundation Promise Scholarship/ Basic Skill Lunch	276,387	352,088
Koret - Student Success Tech	456,324	-
City College of San Francisco Football Team	15,798	62,648
Koret Enhanced Web Project	-	25,494
Haas Bridge to Success	-	15,331
Haas Trustee Training	223,848	34,967
Friend of the CCSF Library	3,390	5,867
City College of San Francisco Culinary Arts and Hospitality	6,400	9,004
Education Access TV	151,390	111,027
Other	<u>260,788</u>	<u>160,823</u>
	<u>\$ 1,910,159</u>	<u>\$ 1,682,319</u>

8. ENDOWMENT

The Foundation's endowment consists of forty-five funds, including donor-restricted funds established for a variety of purposes. Net assets associated with this endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Foundation's Board of Directors have interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2021 and 2020

8. ENDOWMENT (continued)

Interpretation of relevant law (continued)

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Board of Directors requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to preserve the purchasing power of the Endowment Fund and at the same time provide a regular and growing distribution of funds for the use of the Foundation, consistent with the terms of the Endowment Fund Distribution Policy and the terms governing each of the individual endowment funds. A balanced approach is to be taken between risk, preservation of capital, income and growth.

Strategies employed for achieving objectives

To satisfy its investment policy 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 return objectives within prudent risk constraints.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
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8. ENDOWMENT (continued)

Spending policy

The Foundation has a policy of appropriating for distribution each year an amount of 4% of a twelve quarter moving average of the fund's market value to the extent that capital gains, dividends and interest are enough to cover that distribution. The Board of Directors may request all, a portion, or none of the appropriation be distributed in accordance with the endowment fund's purpose as defined by the endowment agreement or applicable board resolution. Any portion of the distribution not appropriated by the Board shall be kept in the endowment fund, be governed by the endowment investment policy, and be available for future distribution in accordance with the distribution policy.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Osher Foundation	\$ -	\$ 8,284,722	\$ 8,284,722
Yvonne Stoupe Memorial Scholarship	-	2,146,505	2,146,505
Dunn and Clark Scholarship for Nursing	-	1,381,876	1,381,876
Dunn and Clark Scholarship for Culinary Arts & Hospitality	-	1,381,876	1,381,876
Sidney & Margaret Ancker Scholarship	-	272,170	272,170
Evelyn N. Kerkhof Scholarship	-	144,937	144,937
Audrey Zimmerman Scholarship	-	83,950	83,950
Dan Allen Scholarship	-	84,003	84,003
Carl & Brigitta Beetz Scholarship	-	67,892	67,892
Math Department Faculty Scholarship	-	64,899	64,899
Robert Liu French Faculty Development Fund	-	64,603	64,603
CompuCredit Aspire A Mas Scholarship	-	55,328	55,328
Other	-	558,474	558,474
	\$ -	\$ 14,591,235	\$ 14,591,235

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8. ENDOWMENT (continued)

Endowment composition (continued)

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Osher Foundation	\$ -	\$ 6,770,269	\$ 6,770,269
Yvonne Stoupe Memorial Scholarship	-	1,670,579	1,670,579
Dunn and Clark Scholarship for Nursing	-	1,080,889	1,080,889
Dunn and Clark Scholarship for Culinary Arts & Hospitality	-	1,080,889	1,080,889
Sidney & Margaret Ancker Scholarship	-	214,093	214,093
Evelyn N. Kerkhof Scholarship	-	113,903	113,903
Audrey Zimmerman Scholarship	-	65,996	65,996
Dan Allen Scholarship	-	65,378	65,378
Carl & Brigitta Beetz Scholarship	-	57,165	57,165
Math Department Faculty Scholarship	-	51,106	51,106
Robert Liu French Faculty Development Fund	-	50,279	50,279
CompuCredit Aspire A Mas Scholarship	-	43,578	43,578
Other	-	439,803	439,803
	<u>\$ -</u>	<u>\$ 11,703,927</u>	<u>\$ 11,703,927</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 11,703,927</u>	<u>\$ 11,703,927</u>
Investment return			
Investment income	<u>-</u>	<u>3,334,293</u>	<u>3,334,293</u>
Total investment return	-	3,334,293	3,334,293
Appropriation of net assets	<u>-</u>	<u>(446,985)</u>	<u>(446,985)</u>
	<u>-</u>	<u>2,887,308</u>	<u>2,887,308</u>
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 14,591,235</u>	<u>\$ 14,591,235</u>

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Notes to Financial Statements  
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8. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2019	\$ -	\$ 11,591,700	\$ 11,591,700
Investment return			
Investment income	-	484,945	484,945
Total investment return	-	484,945	484,945
Appropriation of net assets	-	(372,718)	(372,718)
	-	112,227	112,227
Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 11,703,927</u>	<u>\$ 11,703,927</u>

9. CONCENTRATIONS

The Foundation has identified its financial instruments which are potentially subject to market risk. These financial instruments consist principally of cash, investments and receivables. Investments are diversified in order to limit market risk exposure. Receivables represent unsecured amounts due from various individuals. Concentration of credit risk is limited due to the large number of accounts comprising the balance.

10. RELATED PARTY TRANSACTIONS

The Foundation disbursed total grants of \$1,917,971 and \$1,640,812 to the District in the years ended June 30, 2021 and 2020, respectively.

The Foundation received \$9,650 and \$31,051 in contributions from board members for the years ended June 30, 2021 and 2020, respectively.

11. COMMITMENTS AND CONTINGENCIES

In the ordinary course of conducting its business, the Foundation may be subjected to loss contingencies arising from general business matters or lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on the Foundation's financial position or results of future operations.

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12. RISK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization characterized a novel strain of coronavirus (COVID-19) as a pandemic. In addition, several states in the U.S., including California, where the Foundation is located, have declared a state of emergency. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations.

COVID-19 could adversely affect the economies and financial markets of many countries, namely the United States, resulting in an economic downturn that could affect Foundation in a variety of ways. The Foundation cannot anticipate all of the ways in which COVID-19 could adversely impact Foundation's operations. Although the Foundation is continuing to monitor and assess the effects of the COVID-19 pandemic on the Foundation's operations, the ultimate impact of the COVID-19 outbreak, the CARES Act and other governmental initiatives is highly uncertain and subject to change.