

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

Financial Statements

June 30, 2022 and 2021



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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

### **Opinion**

We have audited the accompanying financial statements of The Foundation of the City College of San Francisco (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 The Foundation of the City College of San Francisco 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 audits 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 The Foundation of the City College of San Francisco and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 The Foundation of the City College of San Francisco's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## 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, including omissions, 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 generally accepted auditing standards, 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 The Foundation of the City College of San Francisco'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 The Foundation of the City College of San Francisco'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.



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

January 20, 2023

The Foundation of the City College of San Francisco  
 Statements of Financial Position  
 June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,001,767	\$ 1,291,051
Promises to give, net	1,410,414	1,405,534
Prepaid expenses and other assets	-	2,336
Investments	22,346,886	26,070,507
Property and equipment, net	361	240
Total assets	\$ 25,759,428	\$ 28,769,668
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,372	\$ -
Total liabilities	3,372	-
Net assets		
Without donor restrictions	921,205	870,951
With donor restrictions	24,834,851	27,898,717
Total net assets	25,756,056	28,769,668
Total liabilities and net assets	\$ 25,759,428	\$ 28,769,668

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 64,678	\$ 1,797,140	\$ 1,861,818
Investment earnings (losses), net	-	(3,835,988)	(3,835,988)
Fiscal agent fees	86,845	-	86,845
Net assets released from restrictions	<u>1,025,018</u>	<u>(1,025,018)</u>	<u>-</u>
Total support and revenue	<u>1,176,541</u>	<u>(3,063,866)</u>	<u>(1,887,325)</u>
Functional expenses			
Program services	<u>1,032,025</u>	<u>-</u>	<u>1,032,025</u>
Support services			
Management and general	81,949	-	81,949
Fundraising	<u>12,313</u>	<u>-</u>	<u>12,313</u>
Total support services	<u>94,262</u>	<u>-</u>	<u>94,262</u>
Total functional expenses	<u>1,126,287</u>	<u>-</u>	<u>1,126,287</u>
Change in net assets	50,254	(3,063,866)	(3,013,612)
Net assets, beginning of year	<u>870,951</u>	<u>27,898,717</u>	<u>28,769,668</u>
Net assets, end of year	<u>\$ 921,205</u>	<u>\$ 24,834,851</u>	<u>\$ 25,756,056</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, 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 (losses), 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  
 Statements of Functional Expenses  
 For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to City College of San Francisco	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025	\$ 1,917,971	\$ -	\$ -	\$ 1,917,971
Professional fees	-	46,152	-	46,152	-	43,994	-	43,994
Depreciation	-	240	-	240	-	239	-	239
Insurance	-	2,641	-	2,641	-	4,176	-	4,176
Merchant fees	-	-	2,691	2,691	-	-	3,187	3,187
Miscellaneous	-	7,585	-	7,585	-	-	4,163	4,163
Other consulting fees	-	15,709	-	15,709	-	18,002	-	18,002
Software license fee	-	9,622	9,622	19,244	-	9,675	9,675	19,350
	<u>\$ 1,032,025</u>	<u>\$ 81,949</u>	<u>\$ 12,313</u>	<u>\$ 1,126,287</u>	<u>\$ 1,917,971</u>	<u>\$ 76,086</u>	<u>\$ 17,025</u>	<u>\$ 2,011,082</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, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (3,013,612)	\$ 6,193,209
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	240	239
Realized and unrealized (gains) losses on investments, net	4,323,400	(5,154,776)
Donated stock	(533,634)	(4,699)
Changes in operating assets and liabilities		
Promises to give, net	(4,880)	(1,393,773)
Prepaid expenses and other assets	2,336	(768)
Accounts payable	<u>3,372</u>	<u>(353,479)</u>
Net cash provided by (used in) operating activities	<u>777,222</u>	<u>(714,047)</u>
Cash flows from investing activities		
Proceeds from sale of marketable securities	2,172,787	2,537,404
Purchase of marketable securities	(2,238,932)	(2,160,478)
Purchase of property and equipment	<u>(361)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(66,506)</u>	<u>376,926</u>
Net increase (decrease) in cash and cash equivalents	710,716	(337,121)
Cash and cash equivalents, beginning of year	<u>1,291,051</u>	<u>1,628,172</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,001,767</u></u>	<u><u>\$ 1,291,051</u></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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021.

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021 consisted of computer equipment. Depreciation expense amounted to \$240 and \$239, respectively, for the years ended June 30, 2022 and 2021.

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, 2022 and 2021.

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:

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *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.
- *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 of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Foundation has evaluated its current tax positions and concluded that as of June 30, 2022 and 2021, 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.

Subsequent events

The Foundation has evaluated subsequent events through January 20, 2023, 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, 2022 to fund general expenditures and other obligations when they become due:

Financial assets:	
Cash and cash equivalents	\$ 2,001,767
Promise to give, net	1,410,414
Investments	<u>22,346,886</u>
	<u>25,759,067</u>
Less: amounts unavailable for general expenditures within one year:	
Net assets with donor restrictions	<u>(24,834,851)</u>
	<u>(24,834,851)</u>
	<u>\$ 924,216</u>

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2022 and 2021

4. INVESTMENTS

Investments consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 8,667,116	\$ 7,696,083	\$ 7,476,651	\$ 7,718,174
Domestic equities	5,856,177	8,821,952	6,096,636	11,111,705
Foreign equities	5,748,571	5,828,851	5,514,234	7,222,540
Money market fund	-	-	18,088	18,088
	<u>\$ 20,271,864</u>	<u>\$ 22,346,886</u>	<u>\$ 19,105,609</u>	<u>\$ 26,070,507</u>

Investment earnings (losses), net consist of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 533,880	\$ 399,085
Net realized and unrealized gains (losses)	(4,323,400)	5,154,776
Investment management fees	(46,468)	(39,706)
	<u>\$ (3,835,988)</u>	<u>\$ 5,514,155</u>

Net realized gains for the years ended June 30, 2022 and 2021 amounted to \$566,475 and \$636,675, 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Fixed income	\$ 7,696,083	\$ -	\$ -	\$ 7,696,083
Domestic equities	8,821,952	-	-	8,821,952
Foreign equities	<u>5,828,851</u>	-	-	<u>5,828,851</u>
	<u>\$ 22,346,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,346,886</u>

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2022 and 2021

5. FAIR VALUE MEASUREMENTS (continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
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	<u>18,088</u>	<u>-</u>	<u>-</u>	<u>18,088</u>
	<u>\$ 26,070,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,070,507</u>

6. PROMISES TO GIVE

Promises to give consist of the following:

	<u>2022</u>	<u>2021</u>
Amounts due in less than one year	\$ 614,345	\$ 609,465
Amounts due in one to five years	820,690	820,690
Less discounts to net present value	<u>(24,621)</u>	<u>(24,621)</u>
	<u>\$ 1,410,414</u>	<u>\$ 1,405,534</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, 2022 and 2021

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose and/or time:		
Orfalea Family Children Center	\$ 4,417,170	\$ 5,240,533
Alice Woo	1,141,374	1,348,491
Meyers Culinary	788,861	937,731
Education Access TV	620,849	-
Library - Cleasby	547,719	647,113
Humiston Library	499,313	589,923
New Chinatown Campus and Program	437,871	517,321
Basic Skill Lunch	135,535	120,000
Yvonne Stoupr Memorial Scholarship	278,552	327,169
Koret Scholar	155,250	170,250
City College of San Francisco Culinary Arts and Hospitality	157,321	154,661
Gilbert Boyd Scholarship Fund	154,826	182,923
Koret Repurpose Grant	95,600	95,600
Koret Enhanced Web Project	62,450	62,450
Hass Bridge to Success	44,982	44,982
Chenming Hu Multimedia V	68,890	81,392
Friends of the CCSF Library	43,295	51,928
Hass Trustee Training	2,752	2,752
Other, including time restricted contributions receivable	<u>3,052,814</u>	<u>2,732,263</u>
	<u>12,705,424</u>	<u>13,307,482</u>
Subject to spending policy and appropriation (including amounts held in perpetuity of \$7,175,735 as of June 30, 2022 and 2021)		
Osher Foundation	6,778,281	8,284,722
Yvonne Stoupe Memorial Scholarship	1,827,533	2,146,505
Dunn and Clark Scholarships for Culinary Arts & Hospitality	1,170,646	1,381,876
Dunn and Clark Scholarships for Nursing	1,170,835	1,381,876
Sidney & Margaret Ancker Scholarship	230,251	272,170
Evelyn N. Kerkhof Scholarship	122,680	144,937
Audrey Zimmerman Scholarship	71,050	83,950
Dan Allen Scholarship	71,250	84,003
Carl & Brigitta Beetz Scholarship	57,457	67,892
Math Department Faculty Scholarship	54,866	64,899
Robert Liu French Faculty Development Fund	55,003	64,603
CompuCredit Aspire A Mas Scholarship	46,766	55,328
Other	<u>472,809</u>	<u>558,474</u>
	<u>12,129,427</u>	<u>14,591,235</u>
	<u>\$ 24,834,851</u>	<u>\$ 27,898,717</u>

The Foundation of the City College of San Francisco  
Notes to Financial Statements  
June 30, 2022 and 2021

7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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

	<u>2022</u>	<u>2021</u>
Osher Foundation	\$ 338,000	\$ 340,500
General Fund	165,450	175,334
Foundation Promise Scholarship/ Basic Skill Lunch	145,000	276,387
Basic Skill Lunch	73,880	-
Koret - Student Success Tech	-	456,324
City College of San Francisco Football Team	70,774	15,798
Dunn and Clark Nursing Scholarship	46,486	-
High School students scholarships	22,000	-
Haas Trustee Training	-	223,848
Math and science scholarship fund	36,127	-
City College of San Francisco Culinary Arts and Hospitality	-	6,400
Education Access TV	1,488	151,390
Other	<u>125,813</u>	<u>264,178</u>
	<u>\$ 1,025,018</u>	<u>\$ 1,910,159</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, 2022 and 2021

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, 2022 and 2021.

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.

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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, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Osher Foundation	\$ -	\$ 6,778,281	\$ 6,778,281
Yvonne Stoupe Memorial Scholarship	-	1,827,533	1,827,533
Dunn and Clark Scholarship for Nursing	-	1,170,646	1,170,646
Dunn and Clark Scholarship for Culinary Arts & Hospitality	-	1,170,835	1,170,835
Sidney & Margaret Ancker Scholarship	-	230,251	230,251
Evelyn N. Kerkhof Scholarship	-	122,680	122,680
Audrey Zimmerman Scholarship	-	71,050	71,050
Dan Allen Scholarship	-	71,520	71,520
Carl & Brigitta Beetz Scholarship	-	57,457	57,457
Math Department Faculty Scholarship	-	54,866	54,866
Robert Liu French Faculty Development Fund	-	55,003	55,003
CompuCredit Aspire A Mas Scholarship	-	46,766	46,766
Other	-	472,539	472,539
	\$ -	\$ 12,129,427	\$ 12,129,427

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8. ENDOWMENT (continued)

Endowment composition (continued)

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

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
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
	<u>\$ -</u>	<u>\$ 14,591,235</u>	<u>\$ 14,591,235</u>

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

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 14,591,235</u>	<u>\$ 14,591,235</u>
Investment return (loss)			
Investment loss	<u>-</u>	<u>(2,166,326)</u>	<u>(2,166,326)</u>
Total investment return	-	(2,166,326)	(2,166,326)
Appropriation of net assets	<u>-</u>	<u>(295,482)</u>	<u>(295,482)</u>
	<u>-</u>	<u>(2,461,808)</u>	<u>(2,461,808)</u>
Balance, June 30, 2022	<u>\$ -</u>	<u>\$ 12,129,427</u>	<u>\$ 12,129,427</u>

The Foundation of the City College of San Francisco  
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8. ENDOWMENT (continued)

Endowment composition (continued)

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	\$ -	\$ 11,703,927	\$ 11,703,927
Investment return			
Investment income	-	3,334,293	3,334,293
Total investment return	-	3,334,293	3,334,293
Appropriation of net assets	-	(446,985)	(446,985)
	-	2,887,308	2,887,308
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 14,591,235</u>	<u>\$ 14,591,235</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 \$1,032,025 and \$1,917,971 to the District in the years ended June 30, 2022 and 2021, respectively.

The Foundation received \$- and \$9,650 in contributions from board members for the years ended June 30, 2022 and 2021, 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.