

**SAN JOSÉ/EVERGREEN
COMMUNITY COLLEGE DISTRICT FOUNDATION
(A NONPROFIT ORGANIZATION)**

San José, California

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
TABLE OF CONTENTS
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS.....	4
STATEMENTS OF FUNCTIONAL EXPENSES.....	6
STATEMENTS OF CASH FLOWS.....	7
NOTES TO FINANCIAL STATEMENTS.....	8

FINAL DRAFT

Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
San José/Evergreen Community College District Foundation
San José, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of San José/Evergreen Community College District Foundation (the "Foundation"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San José/Evergreen Community College District Foundation as of June 30, 2023 and 2022, and the changes to 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. 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 San José/Evergreen Community College District Foundation and to meet our other ethical responsibilities 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 the Foundation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

- 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'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's ability to continue as a going concern for a reasonable period.

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.

San Diego, California

September 1, 2023

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,177,905	\$ 2,784,256
Accounts receivable	47,131	19,360
Prepaid insurance	-	408
Interest in endowment funds held by others	19,800	19,531
Total Assets	\$ 3,244,836	\$ 2,823,555
LIABILITIES		
Accounts Payable	\$ 403,716	\$ 225,892
Payroll and payroll taxes payable	37,571	1,949
Scholarships payable	2,300	2,300
Funds held for others	67,756	67,708
Total Liabilities	511,343	297,849
NET ASSETS		
Net assets without donor restrictions		
Board designated	105,394	105,394
Net assets without restrictions	(434,152)	(1,186,249)
Net assets without donor restrictions	(328,758)	(1,080,855)
Net assets with donor restrictions	3,062,251	3,606,561
Total Net Assets	2,733,493	2,525,706
Total Liabilities and Net Assets	\$ 3,244,836	\$ 2,823,555

The notes to financial statements are an integral part of this statement.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

Year Ended June 30, 2023	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 857,313	\$ 783,260	\$ 1,640,573
Interest and dividend income	1,587	534	2,121
Other income	83,129	-	83,129
In-kind donation	12,150	-	12,150
Net assets released from restriction	1,328,104	(1,328,104)	-
Total Support and Revenue	\$ 2,282,283	\$ (544,310)	\$ 1,737,973
EXPENSES			
Program Services			
Grants and scholarships	\$ 1,390,140	\$ -	\$ 1,390,140
Management and general	122,619	-	122,619
Fundraising	17,427	-	17,427
Total Expenses	1,530,186	-	1,530,186
Change in Net Assets	752,097	(544,310)	207,787
Net Assets - Beginning of Year	(1,080,855)	3,606,561	2,525,706
Net Assets - End of Year	\$ (328,758)	\$ 3,062,251	\$ 2,733,493

The notes to financial statements are an integral part of this statement.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

Year Ended June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 94,727	\$ 754,368	\$ 849,095
Interest and dividend income	150	157	307
Change in investment in community fund	(5,239)	(1,018)	(6,257)
Other income	80,087	-	80,087
In-kind donation	4,000	-	4,000
Net assets released from restriction	797,849	(797,849)	-
Total Support and Revenue	\$ 971,574	\$ (44,342)	\$ 927,232
EXPENSES			
Program Services			
Grants and scholarships	\$ 899,404	\$ -	\$ 899,404
Management and general	250,415	-	250,415
Fundraising	47,082	-	47,082
Total Expenses	1,196,901	-	1,196,901
Change in Net Assets	(225,326)	(44,342)	(269,668)
Net Assets - Beginning of Year	(855,529)	3,650,903	2,795,374
Net Assets - End of Year	\$ (1,080,855)	\$ 3,606,561	\$ 2,525,706

The notes to financial statements are an integral part of this statement.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Year Ended June 30, 2023	Grants and Scholarships	Management and General	Fundraising	Total
Scholarships	\$ 199,477	\$ -	\$ -	\$ 199,477
Salaries and payroll taxes	-	122,619	17,427	140,046
College department trust expenses	1,128,559	-	-	1,128,559
College assistance	67	-	-	67
In-kind expense	12,150	-	-	12,150
Other expenses	49,887	-	-	49,887
Total	\$ 1,390,140	\$ 122,619	\$ 17,427	\$ 1,530,186

Year Ended June 30, 2022	Grants and Scholarships	Management and General	Fundraising	Total
Scholarships	\$ 222,958	\$ -	\$ -	\$ 222,958
Salaries and payroll taxes	-	250,415	47,082	297,497
College department trust expenses	574,731	-	-	574,731
College assistance	66	-	-	66
In-kind expense	4,000	-	-	4,000
Other expenses	97,649	-	-	97,649
Total	\$ 899,404	\$ 250,415	\$ 47,082	\$ 1,196,901

The notes to financial statements are an integral part of this statement.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 207,787	\$ (269,668)
Change in investment in community fund	-	1,633,055
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in:		
Accounts receivable	(27,771)	(205)
Accounts payable	177,824	138,587
Payroll and payroll taxes payable	35,622	-
Interest in endowment funds held by others	(269)	3,865
Prepaid Insurance	408	30
Amounts held in trust for others	48	1,372
Net Cash Provided by Operating Activities	<u>393,649</u>	<u>1,507,036</u>
Cash and Cash Equivalents - Beginning of Year	2,784,256	1,277,220
Cash and Cash Equivalents - End of Year	<u>\$ 3,177,905</u>	<u>\$ 2,784,256</u>

The notes to financial statements are an integral part of this statement.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES

Organization: San José/Evergreen Community College District Foundation (the "Foundation") was incorporated in the State of California in June 1982 as a nonprofit public benefit corporation. The purpose of the Foundation is to provide supportive services and specialized programs for the general benefit of San José/Evergreen Community College District (the "District"), including San José City College and Evergreen Valley Community College (the "Colleges"). The Foundation performs fundraising activities, provides scholarships to students, invests funds, and accounts for financial transactions for campus organizations.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

All donor-restricted contributions are recorded as increases in net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Possible expirations of net assets with donor restriction are (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Revenue Recognition: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restrictions are reclassified as net assets without donor restrictions, reported in the statement of activities as "net assets released from restrictions."

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give (contributions receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Donated materials and equipment are recorded as contributions based on the estimated fair value at the date of donation. Donated services are recorded as contributions at their estimated fair value only in those instances where the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

In Kind Donations: During the year, many individuals donate significant amounts of time and services to the Foundation in an effort to advance the programs and objectives of the Foundation. These services have not been recorded in the financial statements because the criteria for recognition of such volunteer effort have not been satisfied.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents

The Treasurer of the County of Santa Clara invests funds held on behalf of the Foundation with similar funds from other entities. Interest earned from such investments is allocated quarterly to the Foundation based upon its average daily balance. Cash and investments held in the County Treasury are, in substance, demand deposits and, therefore, are considered to be cash equivalents for purposes of the statements of cash flows.

Fair Value of Investments: Investments are valued at fair value in the Statements of Financial Position and unrealized and realized gains and losses are included in the Statements of Activities.

Endowment Funds: The Foundation accounts for its endowments in accordance with Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the State of California, and Enhanced Disclosures for All Endowment Funds (Codification Topic 958-205). The Foundation's endowment currently consists of nine (9) individual funds established for the purpose of supporting education at the District. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted 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 net assets with donor restriction (a) the original value of gifts donated to the net assets with donor restriction endowment, (b) the original value of subsequent gifts to the net assets with donor restriction endowment, and (c) accumulations to the net assets with donor restriction 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 that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

The Foundation follows its adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital.

Net Assets: The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Underwater Endowment Funds: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The Foundation considers its endowments to be underwater if their fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. The Foundation has no underwater endowment funds at June 30, 2023 and 2022.

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions, in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The Foundation conducts various events throughout the year for fundraising purposes.

Functional Allocation of Expenses: The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and activities benefited.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Tax Status: The United States Treasury Department determined that the Foundation is a nonprofit tax- exempt corporation as defined by Internal Revenue Code Section 501(c)(3). A similar determination was made by the California Franchise Tax Board under Section 237 of the State Revenue and Taxation code. In 2003, the Foundation Board of Directors approved the 501(h)-lobby election of the Internal Revenue Code. Such status provides the Foundation with the ability to participate in the public policy process through lobbying and advocacy campaigns but limits the Foundation's expenses for this purpose to a maximum of 20% of the first \$500,000 of annual expenditures. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the years ended June 30, 2023 and June 30, 2022, the Foundation did not incur any interest or penalties.

Income tax returns for the Foundation are filed in U.S. Federal and State of California jurisdictions. Tax returns remain subject to examination by the U.S. Federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

Change in Accounting Principle: In February 2016, the Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which is effective January 1, 2022, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On June 30, 2023, the Foundation had no leases requiring recognition under ASC Topic 842.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash at June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash in banks	\$ 3,172,918	\$ 2,779,361
Cash in County Treasury	4,987	4,895
	<u>\$ 3,177,905</u>	<u>\$ 2,784,256</u>

The Foundation limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2023, the bank balance of the Foundation's cash on hand and in banks was \$3,172,918, the amount in excess of Federal Depository Insurance Corporation coverage was approximately \$2,779,361. At June 30, 2022, the carrying amount and bank balances of the Foundation's cash on hand and in banks was \$3,172,366, the amount in excess of Federal Depository Insurance Corporation coverage was approximately \$2,922,366.

The Foundation is a voluntary participant in the County Treasurer Cash Portfolio (Cash in County) that is regulated by California Government code under the oversight of the Treasurer of the County of Santa Clara, California. The fair value of the Foundation's investment pool is reported in the accompanying financial statements at amounts based upon the Foundation's pro-rata share of the fair value provided by the Treasurer of the County of Santa Clara for the entire County Cash portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasurer of the County of Santa Clara, which is recorded on the amortized cost basis. At June 30, 2023 and 2022, there was no significant difference between the fair market value and the carrying amount.

In accordance with applicable state laws, the Santa Clara County Treasurer may invest in derivative securities. However, at June 30, 2023, the Santa Clara County Treasurer indicated that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 – INVESTMENTS

The Foundation invests in a pooled investment fund (Investment Fund) managed by the Silicon Valley Community Foundation (Community Foundation). Income, gains and losses are allocated on a weighted average unit basis. The objective of the Foundation's investment in the community fund is to grow and diversify the Foundation's investments. The investment managers engaged by the Community Foundation are required to follow specific guidelines set forth by the Community Foundation with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of investments is based on information provided by external investment managers. See also Note 5 for additional information on the fair value of these investments.

The Foundation invested an initial \$1,000,000 in the Community Foundation during the year ended June 30, 2012. The change in fair value of the investment in Community Foundation consists of interest, dividends and realized and unrealized gains (losses) and is recorded net of investment fees. During the years ended June 30, 2023 and 2022, a change in investment in Community Foundation of \$(6,257) and \$64,541, respectively, is recorded in the statement of activities net of investment fees of \$4,263, and \$13,808, respectively.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	\$ 3,177,905	\$ 2,784,256
Accounts receivable	47,131	19,360
Prepaid insurance	-	408
Interest in endowment funds held by others	19,800	19,531
Total financial assets, at year-end	<u>\$ 3,244,836</u>	<u>\$ 2,823,555</u>
Restrictions for specific purposes:		
Board designated	\$ 105,394	\$ 105,394
Donor designated	3,062,251	3,606,561
Total contractual or donor-imposed restrictions	<u>3,167,645</u>	<u>3,711,955</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 77,191</u>	<u>\$ (888,400)</u>

San Jose/Evergreen Community College District is committed to contributing sufficient funds to enable the Foundation to eliminate deficit unrestricted spending, both for the current year and on an ongoing basis.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 - CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal years ended June 30, 2023 and 2022, the Foundation received the following nonfinancial assets:

Description	2023	2022	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Wulitzer Piano	\$ 1,350	\$ -	EVC Music Department	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Unistellar Evscope Kit	\$ 1,800	\$ -	EVC Astronomy & Physics Lab	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Vehicle	\$ 9,000	\$ 4,000	EVC Auto Tech Department	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates from Kelly Blue Book.
Total	<u>\$ 12,150</u>	<u>\$ 4,000</u>			

NOTE 6 – FAIR VALUE MEASUREMENTS

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 – Quoted market prices for identical instruments traded in active exchange markets.

Level 2 – Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 – FAIR VALUE MEASUREMENTS, continued

The fair value of the investment in community foundation assets, managed by the Silicon Valley Community Foundation, is determined to be the participants' net asset value (NAV). The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in alternative investments, such as venture capital funds, are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach.

Pursuant to U.S. GAAP, management has considered redemption restrictions to assess classification of fair value inputs. As a result, investment fund assets with redemption periods of 90 days or less are considered Level 2 fair value measurements and assets with redemption periods of greater than 90 days are considered a Level 3 fair value measurement. Withdrawals from the investment in community foundation are allowable at any time by written request with 10 days prior notice. Full redemption of a fund would be remitted in two parts, 80% upon receipt of written request and the remaining balance the following month.

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

The Foundation had no recurring liabilities at June 30, 2023 or 2022, which were required to be disclosed using the fair value hierarchy.

The Foundation had no non-recurring assets at June 30, 2023 or 2022, which were required to be disclosed using the fair value hierarchy.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – ENDOWMENT NET ASSETS

Board-designated endowment funds – The Board of the Foundation has designated endowment funds for the Encourage Retention/Transfer Fund, Single Household Fund, Foundation Scholarship Fund and Bridge to the Future. Board designated funds of \$105,394 is included in net assets without donor restrictions as of June 30, 2023 and 2022, respectively.

Changes in endowment net assets for the fiscal year ended June 30, 2023, consisted of the following:

	<u>Net Assets With Donor Restrictions</u>
Endowment Net Assets - Beginning of Year	\$ 3,606,561
Contributions	783,260
Investment Income	534
Amounts appropriated for expenditure/transfer	<u>(1,328,104)</u>
Endowment Net Assets - End of Year	<u>\$ 3,062,251</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2023, consisted of the following:

	<u>Net Assets With Donor Restrictions</u>
Donor-restricted funds	<u>\$ 3,062,251</u>
Total	<u>\$ 3,062,251</u>

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – ENDOWMENT NET ASSETS, continued

Changes in endowment net assets for the fiscal year ended June 30, 2022, consisted of the following:

	<u>Net Assets With Donor Restrictions</u>
Endowment Net Assets - Beginning of Year	\$ 3,650,903
Contributions	754,368
Investment Income	157
Change in fair market value of investments	(1,018)
Amounts appropriated for expenditure/transfer	<u>(797,849)</u>
Endowment Net Assets - End of Year	<u>\$ 3,606,561</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2022, consisted of the following:

	<u>Net Assets With Donor Restrictions</u>
Donor-restricted funds	<u>\$ 3,606,561</u>
Total	<u>\$ 3,606,561</u>

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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no individual endowment funds with such deficiencies as of June 30, 2023 or 2022.

NOTE 8 – RELATED PARTY TRANSACTIONS

The District provides office space to the Foundation. During the years ended June 30, 2023 and 2022, the Foundation remitted \$4,000 a year to the District for occupancy costs. The Foundation holds agency funds for District activities. The amount of funds held for others as of June 30, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Evergreen Valley Community College - Associated Student Body	\$ 58,344	\$ 58,303
San José City College - Associated Student Body	9,412	9,405
	<u>\$ 67,756</u>	<u>\$ 67,708</u>

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 - FOUNDATION MANAGEMENT MILESTONES

San Jose/Evergreen Community College District Foundation has achieved several recent administrative milestones. No audit findings were noted in reference to the 2021-22 fiscal year audit of the Foundation's financials. Additionally, the Foundation has made significant strides towards reducing operating costs and increasing donor revenue. Foundation administration made cuts to budgeted expenditures of \$274 thousand, resulting in a 59% decrease to operating costs. Finally, initial budgetary projections reflected anticipated negative net assets without donor restrictions of approximately \$(1.4) million at June 30, 2023. However, the final balance closed at \$(329) thousand, an improvement of over \$1 million.

NOTE 10 – SUBSEQUENT EVENTS

The Foundation has reviewed all events occurring from June 30, 2023 through **September 2, 2023**, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.