

FRIENDS OF CHABOT COLLEGE

FINANCIAL STATEMENTS

June 30, 2022 and 2021

FRIENDS OF CHABOT COLLEGE

FINANCIAL STATEMENTS
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Friends of Chabot College
Hayward, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Friends of Chabot College (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 accompanying financial statements present fairly, in all material respects, the financial position of Friends of Chabot College 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 (GAAS). 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 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 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 from the date the financial statements are available to be issued.

(Continued)

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.


Crowe LLP

Sacramento, California
April 3, 2023

FRIENDS OF CHABOT COLLEGE
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 525,435	\$ 735,000
Investments (Note 3)	705,017	440,446
Receivables	75,664	7,217
Due from related party	60,685	27,795
Prepays	<u>2,403</u>	<u>1,989</u>
 Total assets	 <u>\$ 1,369,204</u>	 <u>\$ 1,212,447</u>
LIABILITIES		
Scholarships payable and accrued expenses	\$ 88,359	\$ 92,851
Funds held on behalf of others	195,597	128,716
Unearned income	<u>-</u>	<u>33,407</u>
 Total liabilities	 <u>283,956</u>	 <u>254,974</u>
NET ASSETS (Notes 4 and 5)		
Without donor restrictions	30,636	31,882
With donor restrictions	<u>1,054,612</u>	<u>925,591</u>
 Total net assets	 <u>1,085,248</u>	 <u>957,473</u>
 Total liabilities and net assets	 <u>\$ 1,369,204</u>	 <u>\$ 1,212,447</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support:			
Contributions and grants (Note 7)	\$ 460,876	\$ 339,074	\$ 799,950
Fundraising events, net of costs (Note 8)	33,194	-	33,194
In-kind contributions	195,338	-	195,338
Revenue:			
Other revenues	43,728	-	43,728
Investment loss, net	(27,422)	(36,613)	(64,035)
Net assets released from restrictions (Note 4)	<u>173,440</u>	<u>(173,440)</u>	<u>-</u>
Total revenues and support	<u>879,154</u>	<u>129,021</u>	<u>1,008,175</u>
Expenses (Note 7):			
Program services	736,293	-	736,293
Management and general	80,528	-	80,528
Fundraising	<u>63,579</u>	<u>-</u>	<u>63,579</u>
Total expenses	<u>880,400</u>	<u>-</u>	<u>880,400</u>
Change in net assets	(1,246)	129,021	127,775
Net assets, beginning of year	<u>31,882</u>	<u>925,591</u>	<u>957,473</u>
Net assets, end of year	<u>\$ 30,636</u>	<u>\$ 1,054,612</u>	<u>\$ 1,085,248</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support:			
Contributions and grants (Note 7)	\$ 305,733	\$ 200,189	\$ 505,922
Fundraising events, net of costs (Note 8)	29,562	-	29,562
In-kind contributions	163,134	-	163,134
Revenue:			
Other revenues	21,580	-	21,580
Investment income, net	9,708	33,048	42,756
Net assets released from restrictions (Note 4)	<u>207,438</u>	<u>(207,438)</u>	<u>-</u>
Total revenues and support	<u>737,155</u>	<u>25,799</u>	<u>762,954</u>
Expenses (Note 7):			
Program services	563,674	-	563,674
Management and general	95,404	-	95,404
Fundraising	<u>54,774</u>	<u>-</u>	<u>54,774</u>
Total expenses	<u>713,852</u>	<u>-</u>	<u>713,852</u>
Change in net assets	23,303	25,799	49,102
Net assets, beginning of year	<u>8,579</u>	<u>899,792</u>	<u>908,371</u>
Net assets, end of year	<u>\$ 31,882</u>	<u>\$ 925,591</u>	<u>\$ 957,473</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	2022			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses:				
Salaries and wages	\$ 59,640	\$ 23,856	\$ 35,784	\$ 119,280
Payroll taxes and benefits	32,034	12,814	19,220	64,068
Independent contractors and professional fees	-	36,941	-	36,941
	<u>91,674</u>	<u>73,611</u>	<u>55,004</u>	<u>220,289</u>
Total personnel expenses				
Other expenses:				
Grants and scholarships	594,720	-	-	594,720
Advertising and marketing	4,588	-	26	4,614
Office expense	1,323	133	239	1,695
Occupancy	8,316	-	-	8,316
Information technology	3,079	5,277	-	8,356
Conferences and meetings	-	1,263	-	1,263
Stewardship	27,491	-	-	27,491
Dues and fees	5,102	244	8,310	13,656
	<u>736,293</u>	<u>80,528</u>	<u>63,579</u>	<u>880,400</u>
Total expenses	<u>\$ 736,293</u>	<u>\$ 80,528</u>	<u>\$ 63,579</u>	<u>\$ 880,400</u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	2021			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses:				
Salaries and wages	\$ 47,047	\$ 23,318	\$ 26,273	\$ 96,638
Payroll taxes and benefits	24,709	12,543	13,563	50,815
Independent contractors and professional fees	-	48,169	-	48,169
Total personnel expenses	71,756	84,030	39,836	195,622
Other expenses:				
Grants and scholarships	461,434	-	-	461,434
Advertising and marketing	3,013	-	-	3,013
Office expense	162	5,855	183	6,200
Occupancy	3,659	2,661	1,996	8,316
Information technology	2,328	1,722	-	4,050
Conferences and meetings	764	735	12,367	13,866
Stewardship	19,393	-	-	19,393
Dues and fees	1,165	401	392	1,958
Total expenses	\$ 563,674	\$ 95,404	\$ 54,774	\$ 713,852

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 127,775	\$ 49,102
Reconciliation of change in net assets to net cash provided by operating activities:		
Unrealized gain (loss) on investments	69,582	(29,304)
Contributions restricted for long-term investment	(90,000)	(6,593)
Changes in assets and liabilities:		
Increase in receivables	(68,447)	(6,517)
(Increase) decrease in due from related party	(32,890)	114,371
Increase in prepaids	(414)	-
Increase (decrease) in funds held on behalf of others	66,881	(6,980)
(Decrease) increase in scholarships payable and accrued expenses	(4,492)	44,818
Decrease in unearned income	<u>(33,407)</u>	<u>(6,593)</u>
Net cash provided by operating activities	<u>34,588</u>	<u>152,304</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,737,138	2,000
Purchases of investments	<u>(2,071,291)</u>	<u>(268,080)</u>
Net cash used in investing activities	<u>(334,153)</u>	<u>(266,080)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	<u>90,000</u>	<u>6,593</u>
Decrease in cash and cash equivalents	(209,565)	(107,183)
Cash and cash equivalents – beginning of year	<u>735,000</u>	<u>842,183</u>
Cash and cash equivalents – end of year	<u><u>\$ 525,435</u></u>	<u><u>\$ 735,000</u></u>

See accompanying notes to financial statements.

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – ORGANIZATION

Organization: Friends of Chabot College (the "Foundation") is a not-for-profit public benefit corporation organized to provide support and for the benefit of various programs and functions of Chabot College, by providing funding and services to help students achieve their educational, vocational and personal goals. Further, the Foundation provides a link between the District and the community. Chabot College is a part of the Chabot-Las Positas College District (the "District") and provides higher education instruction in the surrounding area.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The Foundation presents its financial statements on the basis of without donor restrictions and with donor restrictions. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Net Assets: The financial statements focus on the Foundation as a whole and present balances and transactions classified based upon the existence or absence of donor-imposed restrictions. Net assets, revenue, expenses, gains, and losses have been classified into two net assets classes based on these donor-imposed restrictions. A description of each net asset class follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this category of net assets include contributions and grants, fundraising activities, other income and operating expenses without donor-imposed restrictions. Certain funds, generally set aside by Board action, function as endowments and are included in net assets without donor restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items in this net asset category are contributions and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified when such restrictions are met or when time restrictions have expired. Amounts that are received with donor restriction and for which the restriction is satisfied during the same reporting period are reported as revenues with donor restriction along with a corresponding release from restriction. The Foundation has not elected the simultaneous release option.

Net assets that are subject to donor-imposed restrictions which require them to be maintained permanently by the Foundation are also considered net assets with donor restrictions. Items in this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity and only the income be made available for purposes without donor restrictions or with donor restrictions (primarily gifts for endowments that will fund perpetual endowments).

Cash Equivalents: The Foundation considers cash and cash equivalents to include cash in commercial checking accounts and demand deposits in money market funds that are used for operational purposes with original maturity dates of three month or less.

Investments: Investments are carried at fair value. Net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Investment income is accrued as earned.

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when the commitment is communicated to the Foundation. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period as the events occur.

As of June 30, 2022 and 2021, the Foundation had received documented conditional pledges of \$0 and \$1,550, respectively, which are not reflected in the accompanying financial statements.

Concentration of Credit Risk: The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2022 and 2021, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents, including amounts held within the investment portfolio, was \$525,435 and \$735,000, respectively, and the unreconciled bank balance was \$525,785 and \$733,020, respectively. The bank balance amount was fully insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation. At June 30, 2022 and 2021, \$195,597 and \$128,716 of the cash balance is held on behalf of others for certain activities.

Scholarship Obligations: The Foundation awards scholarships to students at Chabot College that meet certain eligibility requirements. Scholarship awards generally vary from \$250-\$3,000 per student. To qualify for scholarship disbursements, students must be enrolled at the college, be in good academic standing and meet certain eligibility requirements as determined by the scholarship donor. Awards are recorded in the financial statements at the time of award announcement in May/June of each fiscal year and funds are disbursed in September/October of each fall semester after continuing enrollment at Chabot or a transfer institution is verified. Unearned scholarship awards may be revoked if the recipient does not meet continued eligibility requirements. If this occurs, the scholarship funds revert back to that fund and are awarded to another scholarship recipient during the following award cycle.

Reclassifications: Certain reclassifications have been made to conform to the current year presentation. The reclassifications have no effect on the previously reported net assets or change in net assets.

Tax Status: The Foundation has been granted tax-exempt status by the Internal Revenue Service pursuant to code section 501(c)(3) and also by the California revenue and tax code section 23701e.

The Foundation has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Foundation uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. Management does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the years ended June 30, 2022 and 2021, the Foundation did not recognize any interest or penalties. The Foundation files exempt organization returns in the U.S. federal and 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.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Functional Allocation of Expenses: The costs of providing the various activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon employee service hours and program utilization.

Newly Adopted Accounting Pronouncements: In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statements of activities and changes in net assets disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The Foundation adopted the new guidance effective July 1, 2021. There was no significant impact as a result of the implementation.

NOTE 3 – INVESTMENTS

Investments consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Silicon Valley Community Foundation	\$ -	\$ 398,308
Cash and short-term investments	123,745	-
Mutual funds - equities	477,794	-
Mutual funds - fixed income	68,775	-
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	<u>34,703</u>	<u>42,138</u>
Total investments	<u>\$ 705,017</u>	<u>\$ 440,446</u>

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3 – INVESTMENTS (Continued)

Investment return for the years ended June 30, consisted of the following:

	<u>2022</u>	<u>2021</u>
Return on investments:		
Interest and dividends	\$ 5,547	\$ 13,452
Net realized (loss) gain on investments	(13,517)	11,575
Net unrealized (loss) gain on investments	<u>(56,065)</u>	<u>17,729</u>
 Net return on investments	 <u>\$ (64,035)</u>	 <u>\$ 42,756</u>

The Foundation maintained an investment account with Silicon Valley Community Foundation (SVCF). SVCF is organized and operated exclusively for charitable, educational, scientific and religious purposes with a 501(c)(3) tax-exempt status. SVCF has formed an investment program (the "Nonprofit Investment Program") whereby SVCF may pool its investments with the funds of other charitable organizations for the purposes of investment in accordance with SVCF's investment guidelines. The purpose of the SVCF Nonprofit Investment Program is to allow other charitable organizations to take advantage of economies of scale and diversification made available to SVCF, all in an effort to promote greater efficiency in the operations and to further the charitable objectives of the participating charities, as well as those of SVCF. During the year ended June 30, 2022, the Foundation liquidated its investment with SVCF due to the closure of SVCF's Nonprofit Investment Program. In February 2022, the SVCF funds were reinvested with Fremont Bank and LPL Financial under the management of a Financial Advisor.

The Foundation also invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC.

Fair Value Measurements

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis, 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 or identical instruments traded in active exchange markets. Level 1 investments include mutual funds, exchange-traded funds, exchange-traded closed-end funds, interval funds, and cash accounts.

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. Level 3 investments include the investment in FCCC/Osher.

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3 – INVESTMENTS (Continued)

Assets and liabilities measured at fair value at June 30, 2022 and 2021, on a recurring basis are summarized below:

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Cash and short-term investments	\$ 123,745	\$ -	\$ -	\$ -	\$ 123,745
Mutual funds - equities	477,794	-	-	-	477,794
Mutual funds - fixed income	68,775	-	-	-	68,775
Investment with FCCC	-	-	34,703	-	34,703
	<u>\$ 670,314</u>	<u>\$ -</u>	<u>\$ 34,703</u>	<u>\$ -</u>	<u>\$ 705,017</u>
<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Silicon Valley Community Foundation	\$ -	\$ -	\$ -	\$ 398,308	\$ 398,308
Investment with FCCC	-	-	42,138	-	42,138
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,138</u>	<u>\$ 398,308</u>	<u>\$ 440,446</u>

**Investment in SVCF* – The fair value of the investments held by SVCF were based upon the net asset values (“NAVs”) of the assets at June 30, 2021. The fair value of the funds held by SCVF was based upon the Foundation’s proportionate share of the SCVF pooled investment portfolio.

**Investment in FCCC/Osher* – The fair value of the investments held by FCCC are based upon that organization’s own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances (Level 3), of the assets at June 30, 2022 and 2021. The fair value of the funds held by FCCC is based upon the Foundation’s proportionate share of the FCCC/Osher pooled investment portfolio.

NOTE 4 – NET ASSETS

Net assets with donor restrictions were as follows for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Scholarships and awards	\$ 489,010	\$ 480,026
Endowment:		
Restricted in perpetuity	455,753	295,753
Accumulated unspent earnings for scholarships and awards	109,849	149,812
Total endowment	<u>565,602</u>	<u>445,565</u>
	<u>\$ 1,054,612</u>	<u>\$ 925,591</u>

For the years ended June 30, 2022 and 2021, \$173,440 and \$207,438, respectively, were released from restriction due to the satisfaction of donor restrictions.

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 5 – ENDOWMENT FUNDS

The Foundation's endowment consists of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of absence of donor-imposed restrictions.

The Board of Directors of the Foundation treats all donor-restricted endowment funds as net assets with donor restrictions. These endowment funds are invested in pool with all other investments of the Foundation. The returns on the endowment funds invested have been included in net assets with donor restriction interest and investment income on the statement of activities and changes in net assets. The Foundation operations under a version of UPMIFA enacted by the State of California. The Board of Directors 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 restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows 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 objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool.

The following schedule summarizes the balance and activity in the Endowment Funds by net asset class for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Donor-restricted	<u>\$ 565,602</u>	<u>\$ 445,565</u>

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 5 – ENDOWMENT FUNDS (Continued)

Activity by net asset class:

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
Balance, July 1, 2020	\$ -	\$ 411,973	\$ 411,973
Change in fair value of investments and investment income	-	33,548	33,548
Contributions	-	6,593	6,593
Transfer in of matching funds	-	6,593	6,593
Expenditure for scholarships	-	(13,142)	(13,142)
	<u>-</u>	<u>(13,142)</u>	<u>(13,142)</u>
Balance, June 30, 2021	<u>-</u>	<u>445,565</u>	<u>445,565</u>
Change in fair value of investments and investment income	-	(36,613)	(36,613)
Contributions	-	90,000	90,000
Transfer in of matching funds	-	70,000	70,000
Expenditure for scholarships	-	(3,350)	(3,350)
	<u>-</u>	<u>(3,350)</u>	<u>(3,350)</u>
Balance, June 30, 2022	<u>\$ -</u>	<u>\$ 565,602</u>	<u>\$ 565,602</u>

Funds with Deficiencies: From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of June 30, 2022 and 2021.

Matching Funds: The Foundation has a grant agreement that requires matching funds from amounts without donor restriction, in an amount equal to the grant received, to be transferred to donor-restricted endowment upon acceptance of the grant funds. During the years ended June 30, 2022 and 2021, \$70,000 and \$6,593 was transferred into net assets with donor restriction related to this match, respectively. The amount transferred during 2022 was transferred from a donor restricted fund that specifically noted it could be used to achieve the matching requirement of this grant agreement. Unearned income of \$33,407 as of June 30, 2021 related to funds received in advance of the Foundation making the required match.

Return Objectives and Risk Parameters: The Foundation has invested its endowment assets with Fremont Bank and LPL Financial. The funds are invested in a manner that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Specifically, performance in achieving benchmarks are based on policy indices such as the MSCI ACWI Index, 90-Day T-Bill and Barclays Capital U.S. Aggregate. LPL Financial's goal, over each five-year period, is to earn a rate of return that exceeds the benchmark return after investment management fees have been deducted.

Spending Policies of the Endowments: The Foundation allocates the investment income generated by the endowment each year based on the purpose of the endowment fund as specified by the donor. If the donor does not specify a purpose for their endowment, the income is used for general support.

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 6 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 525,435	\$ 735,000
Investments	705,017	440,446
Receivables	75,664	7,217
Due from related party	<u>60,685</u>	<u>27,795</u>
Total financial assets	<u>1,366,801</u>	<u>1,210,458</u>
Less amounts not available to be used for general expenditures:		
Funds held on behalf of others	195,597	128,716
Net assets with donor restrictions	1,054,612	925,591
Spending of donor restricted amounts within one year available for general expenditures	<u>(300,000)</u>	<u>(332,500)</u>
Total amounts not available to be used for general expenditures	<u>950,209</u>	<u>721,807</u>
Total financial assets available to meet cash needs for general expenditures	<u>\$ 416,592</u>	<u>\$ 488,651</u>

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation has donor restricted net assets of \$300,000 at June 30, 2022 and \$332,500 at June 30, 2021, limited to specified purposes that management asserts will qualify as general expenditures within one year in the normal course of operations. Therefore, these purpose restricted assets are considered available. The Foundation's endowed assets held in perpetuity are considered not available for general expenditures over the next year except for appropriated amounts released for scholarships.

NOTE 7 – RELATED ORGANIZATIONS

The Foundation is considered an auxiliary organization with a specific relationship to Chabot College and the Chabot-Las Positas College District. This relationship is reflected in a master agreement between the entities. The Foundation's Statements of Activities and Change in Net Assets include in-kind contributions by Chabot College totaling \$195,338 and \$163,134 recorded as contributions and grants revenue for the years ended June 30, 2022 and June 30, 2021, respectively. This consisted of a portion of the salaries, benefits and payroll taxes for the foundation employees as well as occupancy costs and other operating costs.

(Continued)

FRIENDS OF CHABOT COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 7 – RELATED ORGANIZATIONS (Continued)

A breakdown of the amounts is as follows:

	<u>2022</u>	<u>2021</u>
Salaries, wages, payroll taxes and benefits	\$ 183,348	\$ 147,053
Occupancy	8,526	8,316
Office expense	2,600	4,576
Fundraising	<u>864</u>	<u>3,189</u>
	<u>\$ 195,338</u>	<u>\$ 163,134</u>

Related party receivables due from Chabot College are \$60,685 and \$27,795 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 8 – FUNDRAISING EVENTS

In fiscal years 2022 and 2021, the Foundation held one fundraising event, a Fall gala and a naming opportunity fundraiser. Results of the fundraising events generated revenues of \$36,863 and \$30,187, and total fundraising costs of \$28,399 and \$17,195, for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through the date the accompanying Financial Statements were available to be issued, which was April 3, 2023. Other than the matter mentioned below, no subsequent events have been identified that are required to be accounted for or disclosed.