



Victor  
Valley  
College  
*Foundation*  
Their dreams, your passion, our mission!



**Financial Statements  
and  
Independent Auditors' Report  
For the Years Ended  
June 30, 2023 and 2022**

DRAFT  
11/01/2023



**smithmarion**

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

DRAFT  
11/07/2023

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**Board of Directors**  
**Victor Valley College Foundation, Inc.**  
Victorville, CA

## **Independent Auditors' Report**

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Victor Valley College Foundation, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Victor Valley College Foundation, Inc., as of June 30, 2023 and 2022, 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 Victor Valley College Foundation, Inc., 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 Victor Valley College Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 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 Victor Valley College Foundation, Inc.'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 Victor Valley College Foundation, Inc.'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.

Redlands, CA

**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 768,141	\$ 942,863
Short-term investments	16,613	54,782
Investment - scholarship endowment	738,645	461,766
Investment - other	61,056	59,106
Pledges and grants receivable, net	16,837	43,326
Accrued interest receivable	870	870
<b>Total Current Assets</b>	<u>1,602,162</u>	<u>1,562,713</u>
<b>Long-Term Assets</b>		
Long-term investments	3,035,514	2,895,866
Property and equipment (net)	478,610	2,321,648
<b>Total Long-Term Assets</b>	<u>3,514,124</u>	<u>5,217,514</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,116,286</u>	<u>\$ 6,780,227</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 34,479	\$ 26,573
Joseph B. Campbell Scholarship	600	600
<b>Total Current Liabilities</b>	<u>35,079</u>	<u>27,173</u>
<b>Net Assets</b>		
<b>Without Donor Restrictions</b>		
Undesignated	2,415,205	2,485,281
<b>With Donor Restrictions</b>		
Purpose restrictions	764,815	2,616,586
Perpetual in nature	1,901,187	1,651,187
<b>Total Net Assets</b>	<u>5,081,207</u>	<u>6,753,054</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,116,286</u>	<u>\$ 6,780,227</u>

**Victor Valley College Foundation, Inc.**  
(A Non-Profit Organization)  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND GAINS</b>			
Donations	\$ 91,413	\$ 3,996,612	\$ 4,088,025
In-kind donations	20,292	23,995	44,287
Event and other revenue (net)	69,927	-	69,927
Membership dues	53,686	-	53,686
Net investment return	(1,910)	133,287	131,377
<b>Subtotal Revenues and Gains</b>	<u>233,408</u>	<u>4,153,894</u>	<u>4,387,302</u>
<b>Net Assets Released from Restrictions</b>			
Net assets released from restrictions	<u>5,755,665</u>	<u>(5,755,665)</u>	<u>-</u>
<b>TOTAL REVENUES AND GAINS</b>	<u>5,989,073</u>	<u>(1,601,771)</u>	<u>4,387,302</u>
<b>EXPENSES</b>			
Program services	5,831,610	-	5,831,610
Management and general	146,357	-	146,357
Fundraising	81,182	-	81,182
<b>TOTAL EXPENSES</b>	<u>6,059,149</u>	<u>-</u>	<u>6,059,149</u>
<b>Change in Net Assets</b>	(70,076)	(1,601,771)	(1,671,847)
<b>Beginning Net Assets</b>	<u>2,485,281</u>	<u>4,267,773</u>	<u>6,753,054</u>
<b>ENDING NET ASSETS</b>	<u>\$ 2,415,205</u>	<u>\$ 2,666,002</u>	<u>\$ 5,081,207</u>

**Victor Valley College Foundation, Inc.**  
(A Non-Profit Organization)  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND GAINS</b>			
Donations	\$ 191,619	\$ 1,962,578	\$ 2,154,197
In-kind donations	13,738	23,453	37,191
Event and other revenue (net)	57,962	-	57,962
Membership dues	47,677	-	47,677
Net investment return	(23,074)	(365,190)	(388,264)
<b>Subtotal Revenues and Gains</b>	<u>287,922</u>	<u>1,620,841</u>	<u>1,908,763</u>
<b>Net Assets Released from Restrictions</b>			
Net assets released from restrictions	<u>1,870,205</u>	<u>(1,870,205)</u>	<u>-</u>
<b>TOTAL REVENUES AND GAINS</b>	<u>2,158,127</u>	<u>(249,364)</u>	<u>1,908,763</u>
<b>EXPENSES</b>			
Program services	1,922,265	-	1,922,265
Management and general	163,837	-	163,837
Fundraising	118,653	-	118,653
<b>TOTAL EXPENSES</b>	<u>2,204,755</u>	<u>-</u>	<u>2,204,755</u>
<b>Change in Net Assets</b>	(46,628)	(249,364)	(295,992)
<b>Beginning Net Assets</b>	<u>2,531,909</u>	<u>4,517,137</u>	<u>7,049,046</u>
<b>ENDING NET ASSETS</b>	<u>\$ 2,485,281</u>	<u>\$ 4,267,773</u>	<u>\$ 6,753,054</u>

**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Statement of Functional Expenses

For the Year Ended June 30, 2023

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Accounting	\$ -	\$ 10,157	\$ 350	\$ 10,507
Admission/entry fees	5,887	-	480	6,367
Advertising	-	8,717	200	8,917
Awards and recognition	5,062	117	4,025	9,204
Bad debt	-	-	5,472	5,472
Bank and broker charges	524	1,932	-	2,456
Catering	15,702	-	23,752	39,454
Commissions	-	-	4,300	4,300
Contributions and donations	100	-	200	300
Depreciation	-	3,037	-	3,037
Dues and subscriptions	11,532	35,494	2,958	49,984
Education and training	300	7,239	-	7,539
Equipment and supplies	142,273	12,612	1,699	156,584
Event entertainment	-	-	11,535	11,535
Facilities and decorations	9,273	636	14,381	24,290
Grants awarded	2,989,502	-	447	2,989,949
Hospitality	12,683	1,359	1,556	15,598
Insurance	-	-	1,799	1,799
Land transfer	1,845,000	-	-	1,845,000
Licenses and fees	3,143	11,632	800	15,575
Meals	4,081	772	1,082	5,935
Office staffing	2,949	17,723	-	20,672
Office expense	4,183	8,853	1,269	14,305
Other expenses	-	167	-	167
Outside labor	2,475	5,964	15,617	24,056
Postage	61	1,274	114	1,449
Printing	4,597	1,113	7,908	13,618
Professional fees	-	12,534	-	12,534
Refund	605	68	-	673
Repairs and maintenance	2,572	-	-	2,572
Scholarships	739,528	-	50,500	790,028
Taxes	-	615	4,041	4,656
Telephone	-	4,125	-	4,125
Travel	29,578	217	990	30,785
Total expenses by function	<u>5,831,610</u>	<u>146,357</u>	<u>155,475</u>	<u>6,133,442</u>
Less: direct fundraising expenses	-	-	(74,293)	(74,293)
Total expenses included in the expense section on the statement of activities	<u>\$ 5,831,610</u>	<u>\$ 146,357</u>	<u>\$ 81,182</u>	<u>\$ 6,059,149</u>

See notes to financial statements



**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Statement of Functional Expenses

For the Year Ended June 30, 2022

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Accounting	\$ -	\$ 10,107	\$ 350	\$ 10,457
Admission/entry fees	2,985	-	190	3,175
Advertising	-	930	310	1,240
Awards and recognition	7,470	15	6,390	13,875
Bad debt	4,054	-	22,750	26,804
Bank and broker charges	1,832	3,015	17	4,864
Catering	3,305	-	22,778	26,083
Commissions	-	-	4,200	4,200
Contributions and donations	-	350	587	937
Depreciation	-	6,385	-	6,385
Dues and subscriptions	200	34,696	6,731	41,627
Education and training	3,089	4,011	-	7,100
Equipment and supplies	173,985	9,882	3,595	187,462
Event entertainment	1,124	-	10,000	11,124
Facilities and decorations	10,450	-	24,037	34,487
Grants awarded	1,005,792	-	53,169	1,058,961
Hospitality	4,828	1,440	4,239	10,507
Insurance	-	612	1,799	2,411
Licenses and fees	1,597	4,099	800	6,496
Meals	1,367	606	731	2,704
Office staffing	6,381	16,526	-	22,907
Office expense	1,609	5,658	4,090	11,357
Other expense	-	32,681	-	32,681
Outside labor	8,880	2,400	33,428	44,708
Postage	281	1,538	-	1,819
Printing	4,132	596	6,566	11,294
Professional fees	-	22,290	-	22,290
Refund	75	-	-	75
Repairs and maintenance	3,750	-	-	3,750
Scholarships	659,430	1,100	5,000	665,530
Taxes	-	-	7,933	7,933
Telephone	-	3,750	-	3,750
Travel	15,649	1,150	965	17,764
Total expenses by function	<u>1,922,265</u>	<u>163,837</u>	<u>220,655</u>	<u>2,306,757</u>
Less: direct fundraising expenses	-	-	(102,002)	(102,002)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,922,265</u>	<u>\$ 163,837</u>	<u>\$ 118,653</u>	<u>\$ 2,204,755</u>

**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,671,847)	\$ (295,992)
<i>Adjustment to reconcile changes in net assets to net cash provided by operating activities:</i>		
<i>Non-cash Items:</i>		
Realized and unrealized (gain) loss on investments	(395,191)	424,476
Depreciation	3,037	6,385
<i>(Increase) decrease in:</i>		
Pledges and grants receivables	26,489	10,144
<i>Increase (decrease) in:</i>		
Accounts payable	7,906	4,420
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(2,029,606)</u>	<u>149,433</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(430,493)	(589,680)
Proceeds from sale of investments	445,376	608,694
Proceeds from transfer of land	1,845,000	-
Purchase of equipment	(4,999)	(4,500)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,854,884</u>	<u>14,514</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	(174,722)	163,947
<b>Beginning Cash</b>	942,863	778,916
<b>ENDING CASH</b>	<u>\$ 768,141</u>	<u>\$ 942,863</u>
<b>Supplemental Data</b>		
In-kind revenues	\$ 44,287	\$ 37,191
In-kind expenses	\$ 44,287	\$ 37,191
Property taxes paid	\$ 4,656	\$ 7,933

## **Note 1 - Summary of Significant Accounting Policies**

### **Nature of Activities**

Victor Valley College Foundation, Inc., (the "Foundation") is a not-for-profit organization whose purpose is to support the operations and the students of Victor Valley Community College. The Foundation elicits donations for scholarships to needy and deserving college students. The Foundation also develops resources and makes grants to support college educational programs.

### **Basis of Accounting**

The Foundation maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

### **Basis of Presentation**

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The following provides an explanation of net assets categories included in the accompanying financial statements:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

### **Pledges and Grants Receivable**

Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectable amounts through reduction in revenues related to those uncollectable amounts.

### **Property and Equipment**

Property and equipment are reported at cost if purchased or at fair value at the date of donation. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is over one year. Depreciable property and equipment are depreciated to 10% of its cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Office equipment	5-10 years
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**Investments**

Investments are recorded at cost at the time of purchase, or if donated, at fair value on the date of donation. Thereafter investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Contributions**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**In-Kind Contributions**

Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. In-kind contributions of items that the Foundation ultimately puts to use are recorded as expenses, or, if they qualify, are capitalized as fixed assets.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Income Taxes**

The Foundation is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Recently Adopted Accounting Standards**

The Foundation adopted ASC 842, Leases, effective July 1, 2019. This standard requires lessees to recognize on the statement of financial position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the Foundation elected to use practical expedients, including but not limited to, not reassessing past lease and easement accounting, and not recording assets or liabilities for leases with terms of one year or less.

Upon adoption, the Foundation did not have any leases to be recognized as ROU assets or lease liabilities as of June 30, 2023. ASC 842 did not have a significant effect on our accounting for lessee contracts classified as finance leases or on our accounting for leases for which we are the lessor.

**Disclosure About Fair Value of Assets and Liabilities**

The Foundation adopted the standard for Fair Value Measurements. The Accounting principle for fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

The Foundation defines fair value 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. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards three levels of inputs that may be used to measure fair value:

- Level 1:** Observable prices in active markets for identical assets or liabilities.
- Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 768,141
Short-term investments	16,613
Other investments	799,701
Pledges and grants receivable	<u>16,837</u>
Financial assets available for general expenditure within one year, net	<u>\$ 1,601,292</u>

Our endowment funds consist of donor-restricted endowments income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

**Note 3 - Pledges and Grant Receivables**

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

	<u>06/30/23</u>	<u>6/30/22</u>
Pledges and grant receivables	\$ 18,644	\$ 46,106
Allowance for uncollectible receivables	<u>(1,807)</u>	<u>(2,780)</u>
Pledges and grant receivables, net	<u>\$ 16,837</u>	<u>\$ 43,326</u>

**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

**Note 4 - Investments**

At June 30, 2023 and 2022, investments consisted of the following:

	<u>6/30/23</u>	<u>6/30/22</u>
Long-term investments	\$ 3,035,514	\$ 2,895,866
Short-term investments	<u>16,613</u>	<u>54,782</u>
Total investments	<u>\$ 3,052,127</u>	<u>\$ 2,950,648</u>

**Note 5 - Fair Value Measurements**

Fair value measurements for assets reported at fair value on a recurring basis at June 30, 2023, were based on:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments	\$ 16,613	\$ 16,613	\$ -	\$ -
Total short-term investments	<u>\$ 16,613</u>	<u>\$ 16,613</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term investments				
Equity securities	\$ 1,502,130	\$ 1,502,130	\$ -	\$ -
Debt securities	<u>1,533,384</u>	<u>1,533,384</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$ 3,035,514</u>	<u>\$ 3,035,514</u>	<u>\$ -</u>	<u>\$ -</u>

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**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Fair value measurements for assets reported at fair value on a recurring basis at June 30, 2022, were based on:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level3)</u>
Short-term investments	\$ 54,782	\$ 54,782	\$ -	\$ -
Total short-term investments	<u>\$ 54,782</u>	<u>\$ 54,782</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term investments				
Equity securities	\$ 1,366,998	\$ 1,366,998	\$ -	\$ -
Debt securities	<u>1,528,868</u>	<u>1,528,868</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$ 2,895,866</u>	<u>\$ 2,895,866</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 6 - Concentration of Credit Risk**

From time to time, the Foundation maintains bank balances in excess of the federally insured limits. This risk is mitigated by utilizing only highly rated financial institutions. Bank accounts with California Business Bank are fully insured under Title 5, Division 2, Part 1, Chapter 4, Article 2, of the Government Code of the State of California. The Foundation at June 30, 2023 and 2022, had no uninsured bank balances.

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**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

**Note 7 - Property and Equipment**

Property and equipment as of June 30, 2023, consisted of the following:

	<u>6/30/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/23</u>
<b>Property and Equipment</b>				
<i>Non-depreciable assets</i>				
Land	\$ 1,845,000	\$ -	\$ (1,845,000)	\$ -
Donated assets	464,500	4,999	-	469,499
<i>Depreciable assets</i>				
Equipment	61,397	-	-	61,397
Total property and equipment	<u>2,370,897</u>	<u>4,999</u>	<u>(1,845,000)</u>	<u>530,896</u>
<b>Accumulated Depreciation</b>	(49,249)	(3,037)	-	(52,286)
<b>Property and Equipment (Net)</b>	<u>\$ 2,321,648</u>	<u>\$ 1,962</u>	<u>\$ (1,845,000)</u>	<u>\$ 478,610</u>

Depreciation expense for the year ended June 30, 2023, was: \$ (3,037)

Property and equipment as of June 30, 2022, consisted of the following:

	<u>6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/22</u>
<b>Property and Equipment</b>				
<i>Non-depreciable assets</i>				
Land	\$ 1,845,000	\$ -	\$ -	\$ 1,845,000
Donated assets	460,000	4,500	-	464,500
<i>Depreciable assets</i>				
Equipment	61,397	-	-	61,397
Total property and equipment	<u>2,366,397</u>	<u>4,500</u>	<u>-</u>	<u>2,370,897</u>
<b>Accumulated Depreciation</b>	(42,864)	(6,385)	-	(49,249)
<b>Property and Equipment (Net)</b>	<u>\$ 2,323,533</u>	<u>\$ (1,885)</u>	<u>\$ -</u>	<u>\$ 2,321,648</u>

Depreciation expense for the year ended June 30, 2022, was: \$ (6,385)**Section Intentionally Left Blank**



**Note 8 - Endowment Funds**

Victor Valley College Foundation, Inc.'s Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA), as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. Accordingly, the Foundation retains in perpetuity a) the original value of the gifts donated to permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and 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. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, 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 various funds, 2) the purposes of the donor-restricted endowment funds, 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, and 7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* Victor Valley College Foundation, Inc.'s investment policy stipulates that a prudent portion of monies are to be placed in interest-bearing accounts, to maximize the potential earnings on the gifts. The general rule for acceptable investments for the aggregated endowment funds (federal and non-federal) are savings accounts or in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located. This typically includes "savings accounts" such as a federally insured bank savings account, a comparable interest-bearing account offered by a bank, or a Money Market fund. "Low-risk securities" includes Certificates of Deposit, mutual funds, stocks, or bonds.

*Spending Policy.* Income from the endowment may be spent for costs necessary to operate the Foundation, including general operating and maintenance costs, costs to administer and manage the endowment fund, and costs associated with buying and selling securities, such as stockbroker commissions and fees to "load" mutual funds. Income from the endowment cannot be spent for a school or department of divinity or any religious worship or sectarian activity, an activity that is inconsistent with a State plan for desegregation applicable to the grantee, or an activity that is inconsistent with a State plan applicable to the grantee.

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**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

	<b>Purpose Restricted</b>	<b>Perpetual in Nature</b>	<b>Total</b>
<b>June 30, 2023:</b>			
Endowment net assets, beginning of year	\$ 799,596	\$ 1,651,187	\$ 2,450,783
Contributions	-	250,000	250,000
Transfer of funds	-	-	-
Addition donated assets	4,999	-	4,999
Investment return:	-	-	-
Investment income	-	-	-
Net appreciation (depreciation) of investment	133,287	-	133,287
Total investment return	133,287	-	133,287
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 937,882</u>	<u>\$ 1,901,187</u>	<u>\$ 2,839,069</u>
<b>June 30, 2022:</b>			
Endowment net assets, beginning of year	\$ 1,160,286	\$ 1,530,645	\$ 2,690,931
Contributions	-	120,542	120,542
Transfer of funds	-	-	-
Addition donated assets	4,500	-	4,500
Investment return:	-	-	-
Investment income	-	-	-
Net appreciation (depreciation) of investment	(365,190)	-	(365,190)
Total investment return	(365,190)	-	(365,190)
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 799,596</u>	<u>\$ 1,651,187</u>	<u>\$ 2,450,783</u>

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**Note 9 - Restrictions on Net Assets**

The detail of purpose restricted and perpetual in nature net assets as of June 30, 2023, is as follows:

Purpose restricted net assets at June 30, 2023, are available for the following purposes:

Available for future periods	\$ 472,385
Available for scholarships	159,143
Investment return on permanently restricted net assets not yet appropriated for expenditure	<u>133,287</u>
	<u>\$ 764,815</u>

Perpetual in nature, net assets consisted of the following at June 30, 2023:

Endowment funds	\$ 1,901,187
	<u>\$ 1,901,187</u>

Net assets released from restrictions as of June 30, 2023:

Funds available for the year	\$ 1,960,307
Purchase of equipment and supplies	142,273
Scholarships provided	739,528
Grants awarded	<u>2,913,557</u>
	<u>\$ 5,755,665</u>

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**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

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The detail of purpose restricted and perpetual in nature net assets as of June 30, 2022, is as follows:

Purpose restricted net assets at June 30, 2022, are available for the following purposes:

Available for future periods	\$ 2,785,461
Available for scholarships	196,315
Investment return on permanently restricted net assets not yet appropriated for expenditure	<u>(365,190)</u>
	<u>\$ 2,616,586</u>

Perpetual in nature, net assets consisted of the following at June 30, 2022:

Endowment funds	\$ <u>1,651,187</u>
	<u>\$ 1,651,187</u>

Net assets released from restrictions as of June 30, 2022:

Funds available for the year	\$ 83,058
Purchase of equipment and supplies	173,985
Scholarships provided	659,430
Grants awarded	<u>953,732</u>
	<u>\$ 1,870,205</u>

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**Victor Valley College Foundation, Inc.**

(A Non-Profit Organization)

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

**Note 10 - Funds Raised on Behalf of Victor Valley College**

The amount of grants, contracts, and community education funds raised on behalf of Victor Valley College that did not go directly through the Foundation's books and went straight to Victor Valley College is \$3,346,274 and \$1,252,000 for the fiscal years ended June 30, 2023 and June 30, 2022, respectively.

During the year ended June 30, 2021, Victor Valley College received a five-year grant from the U.S. Department of Education to improve institutional stability and opportunities for Hispanic and low-income students. As a part of the grant agreement the Foundation has made the commitment to raise non-federal funds of \$120,000 annually for the endowment. The income from this endowment will be used to support Victor Valley College in perpetuity.

**Note 11 - Event and Other Revenue**

The following identifies the gross event revenue and direct event expenses:

	<u>6/30/23</u>	<u>6/30/22</u>
Event revenue		
Less: direct expenses	\$ 144,220	\$ 159,964
Event revenue (net)	74,293	102,002
	<u>\$ 69,927</u>	<u>\$ 57,962</u>

**Note 12 - In-Kind Contributions**

The Foundation received the following in-kind contributions for the year:

	<u>6/30/23</u>	<u>6/30/22</u>
Donated office equipment	\$ -	\$ 607
Donated equipment/supplies	31,478	31,756
Donated hospitality	-	327
Donated printing	310	-
Donated advertising	7,500	-
Donated vehicles	4,999	4,500
	<u>\$ 44,287</u>	<u>\$ 37,190</u>

**Note 13 - Subsequent Events**

Management has evaluated activity of the Foundation through , the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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