



*Report of Independent Auditors and  
Financial Statements*

**San Mateo County Community Colleges  
Foundation**

*June 30, 2023 and 2022*

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## **Report of Independent Auditors**

The Board of Directors  
San Mateo County Community Colleges Foundation

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

#### ***Opinion***

We have audited the financial statements of San Mateo County Community Colleges Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, 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 the Foundation as of June 30, 2023 and 2022, and the results of its operations 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 (U.S. 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 within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.



San Francisco, California  
July 23, 2024

## **Financial Statements**

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**San Mateo County Community Colleges Foundation**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,034,393	\$ 1,550,165
Prepaid expenses	<u>5,640</u>	<u>42,825</u>
Total current assets	<u>2,040,033</u>	<u>1,592,990</u>
<b>NONCURRENT ASSETS</b>		
Investments	<u>26,680,275</u>	<u>24,380,492</u>
Total non-current assets	<u>26,680,275</u>	<u>24,380,492</u>
Total assets	<u>\$ 28,720,308</u>	<u>\$ 25,973,482</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 513,504	\$ 293,497
Deferred revenue	24,137	36,500
Scholarships payable	<u>1,382,070</u>	<u>1,021,544</u>
Total current liabilities	<u>1,919,711</u>	<u>1,351,541</u>
<b>NET ASSETS</b>		
Without donor restrictions	4,512,199	5,165,548
With donor restrictions	<u>22,288,398</u>	<u>19,456,393</u>
Total net assets	<u>26,800,597</u>	<u>24,621,941</u>
Total liabilities and net assets	<u>\$ 28,720,308</u>	<u>\$ 25,973,482</u>

**San Mateo County Community Colleges Foundation**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS (LOSSES), AND OTHER SUPPORT</b>						
Contributions and grants	\$ 1,379,391	\$ 2,229,923	\$ 3,609,314	\$ 89,741	\$ 2,155,117	\$ 2,244,858
Donated services and facilities	901,464	-	901,464	978,458	-	978,458
Investment income, net	56,974	542,880	599,854	11,013	612,687	623,700
Net unrealized/realized (losses) gains on investments	127,787	1,629,852	1,757,639	(411,124)	(4,198,966)	(4,610,090)
Net assets released from restrictions	1,570,650	(1,570,650)	-	1,628,129	(1,628,129)	-
<b>Total revenues, gains (losses), and other support</b>	<b>4,036,266</b>	<b>2,832,005</b>	<b>6,868,271</b>	<b>2,296,217</b>	<b>(3,059,291)</b>	<b>(763,074)</b>
<b>EXPENSES</b>						
Program services	3,105,468	-	3,105,468	1,932,515	-	1,932,515
General and administrative	449,031	-	449,031	405,679	-	405,679
Fundraising	1,135,116	-	1,135,116	873,662	-	873,662
<b>Total expenses</b>	<b>4,689,615</b>	<b>-</b>	<b>4,689,615</b>	<b>3,211,856</b>	<b>-</b>	<b>3,211,856</b>
<b>CHANGES IN NET ASSETS</b>	<b>(653,349)</b>	<b>2,832,005</b>	<b>2,178,656</b>	<b>(915,639)</b>	<b>(3,059,291)</b>	<b>(3,974,930)</b>
<b>NET ASSETS, beginning of year</b>	<b>5,165,548</b>	<b>19,456,393</b>	<b>24,621,941</b>	<b>6,081,187</b>	<b>22,515,684</b>	<b>28,596,871</b>
<b>NET ASSETS, end of year</b>	<b>\$ 4,512,199</b>	<b>\$ 22,288,398</b>	<b>\$ 26,800,597</b>	<b>\$ 5,165,548</b>	<b>\$ 19,456,393</b>	<b>\$ 24,621,941</b>

**San Mateo County Community Colleges Foundation**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2023 and 2022**

	2023				2022			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Scholarships	\$ 1,959,590	\$ -	\$ -	\$ 1,959,590	\$ 1,122,359	\$ -	\$ -	\$ 1,122,359
Program grants and other	797,354	-	-	797,354	488,837	-	-	488,837
Development	-	-	307,762	307,762	-	-	320,599	320,599
Salaries and benefits	41,746	83,493	292,225	417,464	56,071	55,139	98,196	209,406
Professional services (in-kind)	249,068	106,743	533,717	889,528	258,800	254,495	453,228	966,523
Rent (in-kind)	-	11,936	-	11,936	-	17,181	-	17,181
Professional Consultants/Legal	-	87,521	-	87,521	-	-	-	-
Audit and accounting	-	21,383	-	21,383	6,448	14,674	-	21,122
Investment management fee	57,710	7,687	-	65,397	-	-	-	-
Marketing	-	-	1,412	1,412	-	-	1,639	1,639
Miscellaneous	-	20,291	-	20,291	-	10,335	-	10,335
Postage	-	2,996	-	2,996	-	2,198	-	2,198
Printing	-	10,407	-	10,407	-	22,004	-	22,004
IT Maintenance & Support	-	62,388	-	62,388	-	600	-	600
Supplies	-	2,913	-	2,913	-	1,788	-	1,788
Travel and conferences	-	31,273	-	31,273	-	27,265	-	27,265
	<u>\$ 3,105,468</u>	<u>\$ 449,031</u>	<u>\$ 1,135,116</u>	<u>\$ 4,689,615</u>	<u>\$ 1,932,515</u>	<u>\$ 405,679</u>	<u>\$ 873,662</u>	<u>\$ 3,211,856</u>



**San Mateo County Community Colleges Foundation**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,178,656	\$ (3,974,930)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Net unrealized/realized losses (gains) on investments	(1,757,639)	4,610,090
Contributions restricted for long-term investments	(77,980)	(183,028)
Changes in operating assets and liabilities		
Prepaid expenses	37,185	(21,398)
Accounts payable and accrued expenses	220,007	(153,752)
Deferred revenue	(12,363)	(40,400)
Salaries payable	360,526	679,346
	<u>948,392</u>	<u>915,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Contributions restricted for long-term investments	77,980	183,028
Purchase of investments	(542,144)	(722,940)
Sales of Investments	-	829,143
	<u>(464,164)</u>	<u>289,231</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	484,228	1,205,159
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,550,165</u>	<u>345,006</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,034,393</u>	<u>\$ 1,550,165</u>

# San Mateo County Community Colleges Foundation

## Notes to Financial Statements

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### NOTE 1 – FOUNDATION

San Mateo County Community Colleges Foundation (the Foundation) is a not-for-profit California corporation organized in 1966. The Foundation operates exclusively for charitable and educational purposes. Its primary activity is in assisting students attending the San Mateo County Community College District (the District) beyond the secondary or high school level. The Foundation's main source of revenues are contributions, grants, and bequests from the public.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation** – 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 (GAAP) as defined in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

**Use of estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Net asset classifications** – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Without donor restrictions* – Include resources for which there are no donor restrictions. Such amounts are available to support the Foundation's operations and programs. Funds without donor restrictions may be designated for specific purposes by action of the Board of Directors (the Board). As of June 30, 2023 and 2022, \$4,655,872 and \$5,125,555, respectively, was designated by the Board of the Foundation for a Board-designated endowment.

*With donor restrictions* – Is defined as that portion of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed 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 decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restriction on net assets (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.

**Cash and cash equivalents** – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

# San Mateo County Community Colleges Foundation

## Notes to Financial Statements

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**Investments** – The Foundation values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the statements of activities and changes in net assets as gain (loss) on investments.

All investment return, net of investment expenses, is classified as without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

**Beneficial interest in charitable remainder trusts** – The Foundation administers various charitable gift annuities. A charitable gift annuity provides for payment of a fixed amount over a specified period to the designated annuity beneficiary. Assets held under charitable gift annuities are recorded at fair value and is included in investments in the accompanying statements of financial position. On an annual basis, the Foundation revalues the annuity contract reserve to make distributions to the annuitants based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates ranging from 6.6% to 7.4% and applicable mortality rates.

**Revenue recognition** – Contributions are recognized when donors provide gifts of assets, including documented pledges and grants to the Foundation that are, in substance, unconditional. Conditional pledges and grants receivable are recognized when the conditions on which they depend are substantially met. Unconditional pledges and grants receivable due in future years are recorded at their net realizable value.

Program and event revenue are recognized when the event has occurred. Program and event revenue represent events hosted by the Foundation. There are no contract assets or contract liabilities related to this revenue stream.

The Foundation recognizes the value of donated facilities and materials at fair value at the time of donation. The Foundation recognizes the fair value of donated services if the services meet the recognition criteria, which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated.

As part of the Master Agreement between the Foundation and the District, certain employees of the District perform services for the Foundation that meet the recognition criteria. The value of these services is allocated in the accompanying statements of functional expenses. As of June 30, 2023 and 2022, the amounts totaled \$889,528 and \$961,277, respectively.

As of June 30, 2023 and 2022, the Foundation received donated rent valued at \$11,936 and \$17,181 and restricted donated materials valued at \$0 and \$5,245, respectively.

**Functional allocation of expenses** – The costs have been allocated among the program and supporting services benefited based upon management's estimate of time and effort recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage, or other relevant bases.

**Advertising** – The costs of advertising are charged to expense as incurred. Advertising expenses totaled \$10,407 and \$25,665 for the years ended June 30, 2023 and 2022, respectively.

# San Mateo County Community Colleges Foundation

## Notes to Financial Statements

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**Concentration of risk** – Financial instruments potentially subjecting the Foundation to concentrations of credit risk consist primarily of bank demand deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per financial institution. Uninsured balances at June 30, 2023 and 2022, were approximately \$1,784,000 and \$1,271,000, respectively.

Balances in the Foundation's investment accounts are insured by the Securities Investor Protection Corporation (SIPC) limit of \$500,000 per financial institution. Uninsured balances at June 30, 2023 and 2022, were approximately \$26,167,000 and \$23,867,000, respectively.

**Income tax status** – The Foundation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Foundation qualifies for charitable contribution deduction under section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Foundation paid no taxes on unrelated business income in the years ended June 30, 2023 and 2022.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Foundation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Foundation's tax returns remain open for federal income tax examination for three years from the date of filing.

### NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements, which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

**Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

**Level 2** – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

## San Mateo County Community Colleges Foundation Notes to Financial Statements

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**Level 3** – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk, using the best information available in the circumstances, which may include using the reporting entity's own data).

### *Techniques and Inputs*

Level 1 assets include:

- Investments in mutual funds for which quoted prices for identical assets are readily available.

Level 3 assets include:

- Beneficial interest in charitable remainder trusts held or controlled by a third-party trustee for which quoted prices are not readily available. The fair values are estimated using an income approach by calculating the present value of the future distributions expected to be received over the term of the agreements based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity-specific estimates of cash flows).

There have been no changes in the techniques and inputs used as of June 30, 2023 and 2022.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of an input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While 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 estimate of fair value at the reporting date.

# San Mateo County Community Colleges Foundation

## Notes to Financial Statements

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of June 30, 2023 and 2022, based upon the three-level hierarchy:

	2023			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 26,667,111	\$ 26,667,111	\$ -	\$ -
Beneficial interest in charitable remainder trusts	13,164	-	-	13,164
<b>Total</b>	<b>\$ 26,680,275</b>	<b>\$ 26,667,111</b>	<b>\$ -</b>	<b>\$ 13,164</b>

  

	2022			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 24,367,328	\$ 24,367,328	\$ -	\$ -
Beneficial interest in charitable remainder trusts	13,164	-	-	13,164
<b>Total</b>	<b>\$ 24,380,492</b>	<b>\$ 24,367,328</b>	<b>\$ -</b>	<b>\$ 13,164</b>

The following table presents a reconciliation of the statements of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2023 and 2022:

	2023				Balance June 30, 2023
	Balance June 30, 2022	Unrealized Losses	Purchases	Sales	
Beneficial interest in charitable remainder trusts	\$ 13,164	\$ -	\$ -	\$ -	\$ 13,164

  

	2022				Balance June 30, 2022
	Balance June 30, 2021	Unrealized Losses	Purchases	Sales	
Beneficial interest in charitable remainder trusts	\$ 13,164	\$ -	\$ -	\$ -	\$ 13,164

### NOTE 4 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundation's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

**San Mateo County Community Colleges Foundation**  
**Notes to Financial Statements**

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Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2023 and 2022:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 2,034,393	\$ 1,550,165
Investments - non-endowed	2,463,568	2,284,201
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,497,961	\$ 3,834,366

As part of the Foundation’s liquidity management plan, it structures its financial assets to be available as obligations come due. Cash and cash equivalents are held in interest-bearing bank accounts. Investments are held in highly liquid mutual funds.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2023 and 2022, net assets with donor restrictions - purpose restricted, in the amounts of \$22,288,398 and \$19,316,138, respectively, are restricted for scholarships and program grants.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the years ended June 30, 2023 and 2022, net assets released from donor restrictions were for the following purposes:

	2023	2021
Purpose restriction accomplished		
Scholarships and program grants	\$ 1,296,764	\$ 1,313,719
Endowment investment management and custodial fee	273,886	314,410
Total restriction released	\$ 1,570,650	\$ 1,628,129

**NOTE 6 – ENDOWMENT**

The State of California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. Net asset classifications of donor-restricted endowment funds subject to an enacted version of UPMIFA have been accounted for appropriately in these financial statements.

# San Mateo County Community Colleges Foundation

## Notes to Financial Statements

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**Interpretation of relevant law** – The Foundation’s Board has interpreted the State of California’s enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as net assets with donor restrictions - perpetual in nature: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions - perpetual in nature, is classified as net assets with donor restrictions - purpose restrictions, until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

**Spending policy** – In accordance with the State of California’s enacted version of UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the 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.
7. The investment policies of the Foundation.

**Return objective and risk parameters** – The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to scholarships and programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested with the primary investment objective to preserve the inflation-adjusted value of the Fund throughout time and to provide a stable flow of cash to support the purposes of the Foundation.

**Strategies employed for achieving objectives** – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). To satisfy its long-term rate-of-return objectives, the Foundation relies on an investment strategy with an emphasis on high quality, investment-grade companies that are financially sound and that exhibit favorable prospects for earnings growth.



## San Mateo County Community Colleges Foundation Notes to Financial Statements

The Foundation charges an annual endowment management fee to help offset the cost of administration and stewardship of funds received. This fee is set by the Foundation's Board of Directors and is currently 1.5% based upon the rolling prior 12-quarter average of each fund's market value as of June 30 and applied on July 1 of each year. The total amount of management fees charged by the Foundation for the years ended June 30, 2023 and 2022, was \$273,866 and \$314,410, respectively.

	2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restriction	Perpetual in Nature	
Board-designated funds	\$ 4,655,872	\$ -	\$ -	\$ 4,655,872
Donor-restricted endowment funds	-	4,907,238	10,166,462	15,073,700
	\$ 4,655,872	\$ 4,907,238	\$ 10,166,462	\$ 19,729,572
	2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restriction	Perpetual in Nature	
Board-designated funds	\$ 5,125,555	\$ -	\$ -	\$ 5,125,555
Donor-restricted endowment funds	-	4,907,238	10,166,462	15,073,700
	\$ 5,125,555	\$ 4,907,238	\$ 10,166,462	\$ 20,199,255

# San Mateo County Community Colleges Foundation

## Notes to Financial Statements

	2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restriction	Perpetual in Nature	
Net assets balances, June 30, 2022	\$ 5,125,555	\$ 4,907,238	\$ 10,166,462	\$ 20,199,255
Investment income	-	233,396	-	233,396
Net losses (realized and unrealized)	-	775,433	-	775,433
Contributions	-	-	77,980	77,980
Transfers and expenses	(734,226)	(655,785)	44,809	(1,345,202)
Appropriation for endowment expenditures	264,543	(264,543)	-	-
	<u>\$ 4,655,872</u>	<u>\$ 4,995,739</u>	<u>\$ 10,289,251</u>	<u>\$ 19,940,862</u>
	2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restriction	Perpetual in Nature	
Net assets balances, June 30, 2021	\$ 5,905,631	\$ 8,035,078	\$ 9,983,434	\$ 23,924,143
Investment income	151,241	461,447	-	612,688
Net gains (realized and unrealized)	(1,036,507)	(3,162,459)	-	(4,198,966)
Contributions	-	-	183,028	183,028
Transfers and expenses	-	(321,638)	-	(321,638)
Appropriation for endowment expenditures	105,190	(105,190)	-	-
	<u>\$ 5,125,555</u>	<u>\$ 4,907,238</u>	<u>\$ 10,166,462</u>	<u>\$ 20,199,255</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). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023 and 2022, the Foundation had no underwater endowments.

### NOTE 7 – RELATED PARTIES

The Foundation's board members participate in fundraising and other events, as well as make contributions. The Foundation requires all board members to read and sign a conflict-of-interest policy annually.

**San Mateo County Community Colleges Foundation**  
**Notes to Financial Statements**

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**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position including estimates inherent in the process of preparing financial statements. The Foundation's financial statements do not recognize subsequent events that provide additional evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date before the financial statements were available to be issued.

The Foundation has evaluated subsequent events through July 23, 2024, which is the date the financial statements were available to be issued.

