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SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION

AUDIT REPORT

JUNE 30, 2024

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Mateo County Community Colleges Foundation
San Mateo, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of San Mateo County Community Colleges Foundation (the "Foundation"), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes to its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with generally accepted auditing standards, 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.

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.

CWDL, Certified Public Accountants

San Diego, California
June 15, 2025

FINANCIAL STATEMENTS

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 8,101,083
Prepaid expenses	5,640
Total current assets	<u>8,106,723</u>

Non-current assets:

Investments	<u>29,986,925</u>
Total non-current assets	<u>29,986,925</u>

TOTAL ASSETS

\$ 38,093,648

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 409,101
Deferred revenue	23,887
Scholarships payable	<u>1,088,668</u>
Total current liabilities	<u>1,521,656</u>

Non-current liabilities:

Liabilities to beneficiaries from split-interest agreements	<u>6,278</u>
Total non-current liabilities	<u>6,278</u>

Total liabilities

1,527,934

NET ASSETS

Net assets without donor restrictions 6,032,559

Net assets with donor restrictions 30,533,155

Total net assets

36,565,714

TOTAL LIABILITIES AND NET ASSETS

\$ 38,093,648

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 259,227	\$ 8,379,335	\$ 8,638,562
Donated services	881,171	-	881,171
Investment income, net	141,028	602,224	743,252
Net unrealized/realized gain/(loss) on investments	333,508	2,253,153	2,586,661
Net assets released from restriction	2,104,660	(2,104,660)	-
TOTAL SUPPORT AND REVENUE	3,719,594	9,130,052	12,849,646
EXPENSES			
Program services	2,644,796	-	2,644,796
Management and general	190,236	-	190,236
Fundraising	249,497	-	249,497
TOTAL EXPENSES	3,084,529	-	3,084,529
CHANGES IN NET ASSETS	635,065	9,130,052	9,765,117
NET ASSETS, BEGINNING AS REPORTED	4,512,199	22,288,398	26,800,597
RECLASSIFICATION, see Note 9	885,295	(885,295)	-
NET ASSETS, BEGINNING AS RESTATED	5,397,494	21,403,103	26,800,597
NET ASSETS, ENDING	\$ 6,032,559	\$ 30,533,155	\$ 36,565,714

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Total
Scholarships	\$ 1,440,608	\$ -	\$ -	\$ 1,440,608
Program grants	664,052	-	-	664,052
Salaries and benefits	81	163	570	814
Professional services (in-kind)	496,058	143,139	241,974	881,171
Professional consultants/legal	-	15,232	-	15,232
Audit and accounting	-	24,950	-	24,950
Bank fees	17,196	2,290	-	19,486
Other expenses	1,600	-	-	1,600
Postage	-	215	-	215
Printing	7,941	-	-	7,941
IT maintenance and support	14,680	4,121	6,953	25,754
Supplies	-	126	-	126
Travel and conferences	2,580	-	-	2,580
Total	\$ 2,644,796	\$ 190,236	\$ 249,497	\$ 3,084,529

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 9,765,117
Adjustments to reconcile change in net assets to net cash (used in)/provided by operations:	
Unrealized (gain)/loss on investment	(2,586,661)
Change in operating assets and liabilities:	
Accounts payable and accrued expenses	(96,750)
Deferred revenue	(250)
Scholarship payable	(293,402)
Liabilities to beneficiaries from split-interest agreements	(1,375)
Net Cash Provided by/(Used In) Operating Activities	<u>6,786,679</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(4,107,053)
Net proceeds from sale of investments	3,387,064
Net Cash Provided by/(Used In) Investing Activities	<u>(719,989)</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,066,690
CASH AND CASH EQUIVALENTS, BEGINNING	2,034,393
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 8,101,083</u>

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 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 – Net assets that are not subject to donor-imposed restrictions and 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, 2024, it was \$6,032,559.

With donor restrictions – 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 financial position and cash flows, the Foundation considers cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less when acquired to be cash and cash equivalents.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Investments – The Foundation reports its investments at fair value. Realized and unrealized gains and losses from investments bought, sold, and held during the year are reflected in the statement of activities as gain/(loss) on investments. All investments return, net of investment expenses, is classified as without donor restrictions unless its use is restricted by explicit donor stipulations or by law.

Prepaid expenses – Prepaid expenses are recorded at the carrying amount(s) as of financial position date. Prepaid expenses are made in advance of when the economic benefit of the cost will be realized, and which will be expensed in future periods with the passage of time or when a triggering event occurs.

Accounts payable and accrued expenses – Accounts payable are amounts owed to vendors or suppliers for services incurred for which payment will be made in a timely manner and in full, from current financial resources.

Deferred revenue – Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the Foundation prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statements of financial position and revenue is recognized.

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 result from 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, 2024, the amount totaled \$881,171.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Functional allocation of expenses – 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.

Beneficial interest in charitable gift annuities – 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 are 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.

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 on June 30, 2024, were approximately \$7,760,000.

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 on June 30, 2024, were approximately \$29,494,000.

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 year ended June 30, 2024.

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.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

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 input used as of June 30, 2024.

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
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 – FAIR VALUE MEASUREMENTS, continued

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of June 30, 2024, based upon the three-level hierarchy:

	2024			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 29,980,647	\$ 29,980,647	\$ -	\$ -
Beneficial interest in charitable gift annuities	6,278	-	-	6,278
	<u>\$ 29,986,925</u>	<u>\$ 29,980,647</u>	<u>\$ -</u>	<u>\$ 6,278</u>

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 year ended June 30, 2024:

	2024				
	Balance July 1, 2023	Unrealized/realized gain/(loss)	Interest or Dividend	Distributions and fees	Balance June 30, 2024
Beneficial interest in charitable gift annuities	\$ 7,653	\$ 654	\$ 187	\$ 2,216	\$ 6,278

NOTE 4 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundation's financial assets as of June 30, 2024, 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.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2024.

Financial assets	
Cash and cash equivalents	\$ 8,101,083
Investments - non-endowed	2,735,161
Total financial assets, at year-end	<u>10,836,244</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,836,244</u>

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.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024, net assets with donor restrictions, in the amount of \$30,533,155 is 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 year ending June 30, 2024, net assets released from donor restrictions were for the following purposes:

Purpose restriction accomplished	
Scholarships and program grants	\$ 2,104,660
Total restriction released	<u>\$ 2,104,660</u>

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

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 (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 net assets with donor restrictions is non-endowed, purpose-restricted funds holding assets 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.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – ENDOWMENT, continued

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.

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 year ended June 30, 2024 and, was \$415,557 calculated and recorded during fiscal year 2025 and 2024, respectively.

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	\$ 6,032,559	\$ -	\$ 6,032,559
Donor-restricted funds	-	30,533,155	30,533,155
	<u>\$ 6,032,559</u>	<u>\$ 30,533,155</u>	<u>\$ 36,565,714</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets balance, July 1, 2023	\$ 4,655,872	\$ 15,284,990	\$ 19,940,862
Beginning balance adjustment	741,622	6,118,113	6,859,735
Investment income	141,028	602,224	743,252
Realized/Unrealized gain/(loss) on investment	333,508	2,253,153	2,586,661
Contributions	-	8,638,562	8,638,562
Transfers and expenses	160,529	(2,363,887)	(2,203,358)
Net assets balance, June 30, 2024	<u>\$ 6,032,559</u>	<u>\$ 30,533,155</u>	<u>\$ 36,565,714</u>

*For endowment presentation consistency with the core financials, “Purpose Restriction and Perpetual in Nature” are consolidated to “With Donor Restrictions.” Management completed extensive working during the fiscal year to analyze restrictions and endowments.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – ENDOWMENT, continued

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, 2024, the Foundation had five underwater endowments in the amount of \$58,750.

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.

NOTE 8 – RECLASSIFICATION

The Foundation's management team completed an analysis of endowments. As a result, a reclassification was made on the amount of \$885,295. This was a categorization transfer from with donor restrictions to without donor restrictions.

NOTE 9 – SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through June 15, 2025 which is the date the financial statements were available to be issued. In July of 2024 the Foundation received \$415,557 for investment management fees for fiscal year 2024. In August of 2024, \$6.4M of contribution held in the Wells Fargo checking account was transferred to the Foundations investment account and structured as an endowment.