

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020



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**FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
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YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foothill-De Anza Community Colleges Foundation
Los Altos Hills, California

We have audited the accompanying financial statements of Foothill-De Anza Community Colleges Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Foothill-De Anza Community Colleges Foundation

Opinion

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, 2021, and the changes in 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 6, 2021

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,979,549	\$ 1,889,758
Accounts Receivable	386,375	26,001
Grants Receivable	550,000	550,000
Total Current Assets	2,915,924	2,465,759
NONCURRENT ASSETS		
Investments	55,676,631	42,467,086
Total Noncurrent Assets	55,676,631	42,467,086
Total Assets	\$ 58,592,555	\$ 44,932,845
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 38,361	\$ 5,943
Accounts Payable - Due to District	524,847	602,464
Accrued Liabilities - Due to District	285,640	207,070
Total Current Liabilities	848,848	815,477
NET ASSETS		
Without Donor Restrictions	14,416,977	9,223,355
With Donor Restrictions	43,326,731	34,894,013
Total Net Assets	57,743,708	44,117,368
Total Liabilities and Net Assets	\$ 58,592,556	\$ 44,932,845

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE				
Support and Revenue:				
Contributions	\$ 550,592	\$ 3,472,385	\$ 4,022,977	\$ 2,786,460
Contributions - Other Special Programs	-	772,996	772,996	592,056
Grants - Other Special Programs	-	-	-	1,100,000
Special Events	25,991	-	25,991	42,835
Program Service Fees	351,471	-	351,471	294,593
Donated Facilities	76,534	-	76,534	75,965
Administrative Fee	108,819	-	108,819	107,422
Total Support	<u>1,113,407</u>	<u>4,245,381</u>	<u>5,358,788</u>	<u>4,999,331</u>
Other Income:				
Interest and Dividends, Net of Expenses	343,647	369,303	712,950	1,066,347
Realized Gain on Investments	189,697	200,707	390,404	390,404
Unrealized Gain (Loss) on Investments	5,365,556	6,387,450	11,753,006	(1,024,653)
Total Other Income	<u>5,898,900</u>	<u>6,957,460</u>	<u>12,856,360</u>	<u>432,098</u>
Total Revenues Before Net Assets	7,012,307	11,202,841	18,215,148	5,431,429
Net Assets Released from Donor Restrictions	<u>2,770,123</u>	<u>(2,770,123)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>9,782,430</u>	<u>8,432,718</u>	<u>18,215,148</u>	<u>5,431,429</u>
OPERATING EXPENSES				
Program Services:				
Student and Colleges Support	2,460,671	-	2,460,671	3,004,065
Other Special Programs	1,471,641	-	1,471,641	1,827,205
Management and General	343,678	-	343,678	316,539
Fundraising	312,818	-	312,818	302,827
Total Expenses	<u>4,588,808</u>	<u>-</u>	<u>4,588,808</u>	<u>5,450,636</u>
CHANGE IN NET ASSETS	5,193,622	8,432,718	13,626,340	(19,207)
Net Assets - Beginning of Year	<u>9,223,355</u>	<u>34,894,013</u>	<u>44,117,368</u>	<u>44,136,575</u>
NET ASSETS - END OF YEAR	<u>\$ 14,416,977</u>	<u>\$ 43,326,731</u>	<u>\$ 57,743,708</u>	<u>\$ 44,117,368</u>

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Donations and Fundraising	\$ 3,736,692	\$ 3,240,778
Cash Received from Grants	-	550,000
Cash Received from Program Service Revenue	351,471	294,593
Cash Paid for Student Scholarships and Campus Programs	(1,334,342)	(1,746,676)
Cash Paid to Employees for Salaries and Benefits	(2,453,425)	(2,713,713)
Cash Paid for Operating Expenses and Fundraising	(582,317)	(668,713)
Net Cash Used by Operating Activities	(281,921)	(1,043,731)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,499,665)	(1,184,120)
Sale of Investments	1,433,530	1,361,045
Reinvested Interest and Dividends, Net of Expenses	712,950	1,066,347
Net Cash Provided (Used) by Investing Activities	(353,185)	1,243,272
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received from Endowed and Quasi-Endowed Donations	724,898	163,957
Net Cash Provided by Financing Activities	724,898	163,957
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,792	363,498
Cash and Cash Equivalents - Beginning of Year	1,889,758	1,526,260
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,979,550	\$ 1,889,758
Cash and Cash Equivalents - Without Donor Restrictions	\$ 921,254	\$ 247,232
Cash and Cash Equivalents - With Donor Restrictions	1,058,295	1,642,526
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,979,549	\$ 1,889,758
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 13,626,340	\$ (19,207)
Adjustment to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Change in Value on Investments	(12,856,360)	(432,098)
Endowed and Quasi-Endowed Donations	(724,898)	(163,957)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(360,374)	(16,616)
Grants Receivable	-	(550,000)
Prepaid Expense	-	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	32,418	(39,206)
Accounts Payable - Due to District	(77,617)	134,712
Accrued Liabilities - Due to District	78,570	42,641
Net Cash Used by Operating Activities	\$ (281,921)	\$ (1,043,731)

See accompanying Notes to Financial Statements.

**FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020**

	2021						2020 Total
	Student and Colleges Support	Special Programs	Total Program Services	Management and General	Fundraising	Total	
Donated Facilities	\$ 30,614	\$ -	\$ 30,614	\$ 15,307	\$ 30,614	\$ 76,535	\$ 75,965
Scholarships and Grants	1,005,269	103,061	1,108,330	-	-	1,108,330	1,321,097
Salaries and Wages - Foundation Operations	297,612	-	297,612	192,774	192,774	683,160	635,410
Benefits - Foundation Operations	135,316	-	135,316	81,283	81,283	297,882	263,589
Salaries and Wages - Program	344,582	831,354	1,175,936	-	-	1,175,936	1,445,569
Benefits - Program	100,305	274,712	375,017	-	-	375,017	411,786
Advertising and Promotion	4,015	17,302	21,317	-	-	21,317	28,272
Supplies	140,890	3,406	144,296	71	-	144,367	163,460
Taxes and Licenses	1,210	-	1,210	160	-	1,370	4,032
Occupancy	3,889	5,982	9,871	-	-	9,871	26,439
Travel	-	911	911	43	-	954	15,324
Professional Services - Other	51,008	147,462	198,470	18,393	4,445	221,308	337,126
Equipment	26,143	828	26,971	-	-	26,971	83,033
Printing	3,332	502	3,834	2,913	-	6,747	9,310
Shipping and Delivery	795	271	1,066	1,561	-	2,627	2,031
Books, Publications, and Instructional Material	17,847	19,595	37,442	245	-	37,687	17,672
Professional Development	9,159	-	9,159	-	-	9,159	20
Other Campus Program Support	184,901	41,111	226,012	-	-	226,012	425,579
Membership Dues and Subscriptions	160	6,884	7,044	7,375	-	14,419	14,716
Administration Fee	92,562	16,258	108,820	-	-	108,820	107,422
Fundraising - Foundation Operations	-	-	-	-	1,573	1,573	11,884
Other Expenses	11,062	2,002	13,064	23,553	2,129	38,746	50,900
Total Functional Expenses	\$ 2,460,671	\$ 1,471,641	\$ 3,932,312	\$ 343,678	\$ 312,818	\$ 4,588,808	\$ 5,450,636

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Foothill-De Anza Community Colleges Foundation (the Foundation) was incorporated in the state of California in 1997 as a nonprofit public benefit corporation. The Foundation was organized to operate for the advancement of education, to provide financial support to students and various programs of Foothill-DeAnza Community College District (the District), and to provide a link between the District and the community.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all cash available for immediate use. Cash and cash equivalents consist of cash in interest bearing bank accounts and money market funds. Cash held temporarily in the long-term investment portfolio (until suitable investments are identified) is excluded from cash and cash equivalents. Cash held temporarily in the long-term investment portfolio (until suitable investments are identified) is excluded from cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investment income (interest and dividends) is included in the change in net assets from operations unless the income or loss is restricted by donor or law.

The Foundation has delegated certain functions and responsibilities to professional investment experts. The Foundation's current investment manager is Kaspick and Company. The investment manager purchases, sells or holds the specific securities to achieve the Foundation's investment objectives.

Investments are segregated into two portfolios. One portfolio is for endowment and specific purpose resources. The other portfolio is for funds without donor restrictions.

Grants Receivable

Grants receivable represent grants awarded, but not received.

Promises to Give

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Bad Debts

The Foundation computes an allowance for uncollectible receivables based on estimated losses related to specific accounts and is recorded through a provision for bad debts charged to expenses. At June 30, 2021 and 2020, there were no allowance for uncollectible receivables as management has deemed all amounts as collectable.

Accounts Payable and Due to District

Accounts payable consists of amounts due to vendors, but not yet disbursed during the fiscal year. Due to District consists of amounts due to the District for reimbursements, but not yet disbursed during the fiscal year.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets 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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions and Contribution Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period the contribution or unconditional promise is received. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Contribution Recognition (Continued)

The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions. When a donor's restriction is met within the same year as the donation, the donation is reported as net assets without donor restrictions.

Revenue and Revenue Recognition

Program service fees consists of ticket sales for the Physics Show and fees for contracts for professional learning training through the Family Engagement Institute and the Krause Center for Innovation. Because all of its performance obligations relate to contracts with a duration of less than one year, the Foundation has elected to apply the optional exemption provided in ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Program service fees are recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed.

Administrative Fees

In accordance with the assessment fee policies, administrative fees are assessed for bequests, trust and planned gifts, gifts, and grants. This fee is recognized as income without donor restrictions.

Donated Assets, Services, and Facilities

The Foundation records the value of donated assets, services and facilities when there is an objective basis available to measure their value. Donated services are recorded in the accompanying statements at market value when a specialized skill is provided that would have otherwise been purchased or paid. Donated facilities are reflected as support in the accompanying statements at their estimated values at date of donation and fair market value of facilities for the year. Donated assets are capitalized at the stated donated value and depreciated in accordance with Foundation policies, unless they are passed through to the College.

In-Kind Donations

The Foundation receives donations of noncash items, such as equipment, from various businesses and foundations. Donated items with a value of less than \$5,000 are recorded at the donor's estimated value.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, based upon management's estimates, certain costs have been allocated among the programs, support services, and fundraising activities. Salaries and wages are separated between foundation operations and program services. Foundation operations reflect the administration of running the foundation. The cost of the program related employees reflect the support services of the various campus programs and grants.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications

Certain reclassifications to the summarized comparative information have been made to conform to the current year presentation. The reclassifications has no effect on the previously reported net assets or change in net assets.

Use of Estimates

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

Income Taxes

The Foundation is a nonprofit foundation exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

The Foundation has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Foundation's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Foundation files informational returns in the U.S. federal jurisdiction, and the state of California.

**FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2020.

Subsequent Events

The Foundation has evaluated subsequent events through December 6, 2021, which is the date these financial statements were available to be issued. There were no subsequent events requiring disclosure as of June 30, 2021.

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 statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 921,254	\$ 247,232
Accounts Receivable	-	26,001
Short-Term Investments	<u>13,495,722</u>	<u>8,950,122</u>
Total	<u>\$ 14,416,976</u>	<u>\$ 9,223,355</u>

As part of the liquidity management plan, the Foundation invests cash in excess of daily requirements in mutual funds.

The quasi-endowment and endowment funds consist of donor-restricted endowments and funds designated by the board as 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.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial Instruments and Credit Risk

Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation occasionally has a need to maintain cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Investments

Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values.

NOTE 4 INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and Cash Equivalents	\$ 123,108	\$ 123,108	\$ 71,441	\$ 71,441
Fixed Income Mutual Funds	13,766,593	13,830,512	10,063,508	10,426,242
Fixed Income Mutual Funds -				
Foreign Hedge Funds	2,716,320	2,792,341	2,220,461	2,291,696
Equity Mutual Funds	25,888,425	37,271,846	22,293,522	23,512,746
Realty Mutual Funds	1,417,129	1,658,824	6,948,914	6,164,961
Total	<u>\$ 43,911,575</u>	<u>\$ 55,676,631</u>	<u>\$ 41,597,846</u>	<u>\$ 42,467,086</u>

Levels 1 through 3 have been assigned to the fair value measurement of investments. Cash and cash equivalents and certificates of deposit do not have a level assigned to them. The fair value of measurement is determined as follows:

Level 1 – quoted prices in an active market for identical assets.

Level 2 – quoted prices for similar assets and market-corroborated inputs.

Level 3 – the organization's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 4 INVESTMENTS (CONTINUED)

	2021			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 123,108	\$ -	\$ -	\$ 123,108
Fixed Income Mutual Funds	-	13,830,512	-	13,830,512
Fixed Income Mutual Funds - Foreign Hedge Funds	-	2,792,341	-	2,792,341
Equity Mutual Funds	-	37,271,846	-	37,271,846
Realty Mutual Funds	-	1,658,824	-	1,658,824
Total	<u>\$ 123,108</u>	<u>\$ 55,553,523</u>	<u>\$ -</u>	<u>\$ 55,676,631</u>

	2020			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 71,441	\$ -	\$ -	\$ 71,441
Fixed Income Mutual Funds	-	10,426,242	-	10,426,242
Fixed Income Mutual Funds - Foreign Hedge Funds	-	2,291,696	-	2,291,696
Equity Mutual Funds	-	23,512,746	-	23,512,746
Realty Mutual Funds	-	6,164,961	-	6,164,961
Total	<u>\$ 71,441</u>	<u>\$ 42,395,645</u>	<u>\$ -</u>	<u>\$ 42,467,086</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2021	2020
Interest Earned from Bank Accounts	\$ 23,064	\$ 32,628
Interest and Dividends from Investments	865,996	1,195,960
Realized Gain on Investments	390,404	390,404
Unrealized Gain (Loss) on Investments	11,753,006	(1,024,653)
Total Investment Income	<u>13,032,470</u>	<u>594,339</u>
Investment Expenses	(176,110)	(162,241)
Total Investment Income, Net of Expenses	<u>\$ 12,856,360</u>	<u>\$ 432,098</u>

NOTE 5 FUNCTIONAL EXPENSES

The financial statements certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 6 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the fiscal years ended June 30:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Scholarships	\$ 1,108,330	\$ 1,321,097
Support for Colleges	381,305	431,481
Special Programs:		
Krause Center for Innovation	765,044	642,274
Family Engagement Institute	490,624	776,629
Other Special Programs	24,820	152,888
Total Net Assets Released from Donor Restrictions	<u>\$ 2,770,123</u>	<u>\$ 3,324,369</u>

NOTE 7 NET ASSETS

Net assets without donor restrictions and with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions:		
Undesignated	\$ 13,577,831	\$ 8,294,773
Operating Reserve Fund	839,146	928,582
Total Net Assets Without Donor Restrictions	<u>14,416,977</u>	<u>9,223,355</u>
Net Assets With Donor Restrictions:		
Subject to Expenditure for Specific Purpose:		
Scholarships	3,914,476	2,393,121
Support for Colleges	7,150,975	7,064,787
Special Programs:		
Krause Center for Innovation	1,458,337	1,192,735
Family Engagement Institute	11,809	502,433
Grants Receivable for Family Engagement Institute	550,000	550,000
Other Special Programs	79,511	25,052
Subject to Spending Policy and Appropriation:		
Investment in Perpetuity (Including Amounts Above Original Gift Amount), the Income from which is Expendable to Support:		
Net Earnings for Scholarships	8,082,405	2,303,077
Quasi Endowment Corpus for Scholarships	2,513,739	2,501,539
Endowed Corpus for Scholarships	19,117,801	18,361,269
Total Net Assets With Donor Restrictions	<u>42,879,053</u>	<u>34,894,013</u>
Total Net Assets	<u>\$ 57,296,030</u>	<u>\$ 44,117,368</u>

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 8 ENDOWMENTS

The Foundation's endowments consist of endowments established for scholarship and campus program purposes (the Foundation Endowment). The Foundation Endowment includes both donor-restricted endowment funds and donor-restricted quasi-endowment funds to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriations for expenditure by the Manor in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 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 organization
- 7) The investment policies of the organization

Endowment Net Asset Composition by Type of Fund

Endowment net asset composition by type of fund is as follows:

	<u>2021</u>	<u>2020</u>
Endowment Scholarships - With Donor Restrictions	\$ 27,033,655	\$ 20,485,595
Quasi Endowment Scholarships - With Donor Restrictions	2,680,290	2,680,290
Total	<u>\$ 29,713,945</u>	<u>\$ 23,165,885</u>

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

NOTE 8 ENDOWMENTS (CONTINUED)

Changes in Foundation Endowment Net Assets

Changes in foundation endowment net assets are as follows:

	2021	2020
Endowment Net Assets - With Donor Restrictions -		
Beginning of Year	\$ 23,165,885	\$ 23,379,528
Contributions	724,898	163,957
Investment Return:		
Investment Income, Net of Expenses	369,303	557,390
Net Appreciation (Realized and Unrealized)	6,588,157	(326,065)
Total Investment Return	6,957,460	231,325
Other Changes:		
Scholarship Distributions Pursuant to Distribution Policy	(719,179)	(501,121)
Appropriation of Endowment Assets Pursuant to		
Spending-Rate Policy	(415,119)	(107,804)
Total Other Changes	(1,134,298)	(608,925)
Endowment Net Assets - With Donor Restrictions -		
End of Year	\$ 29,713,945	\$ 23,165,885

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no funds with deficiencies of this nature as of June 30, 2021 and 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The overall performance objective for the portfolio is to exceed the educational inflation rate (measured by the Higher Education Price Index) by minimum of 4% annually, net of management fees. Based on this expectation, it is anticipated that the portfolio will grow at a rate of 6% to 8% per year before additions and distributions.

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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
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NOTE 8 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Current Endowment Policy sets the payout for endowed funds within a range of 0-8% of the principal based on the applicable market value of the investment pool. The applicable market value is defined as the average of the consolidated investment pool's market values for the 12 trailing quarters ending on June 30 of the fiscal year just closed. These funds have been established for a variety of purposes including, scholarships, program needs, program operating expenses, and other college related needs. This policy was established to consider the long-term returns on the investments in the endowment, the annual needs of the recipients or endowment funds, and the protection of endowment corpus.

Quasi Endowments

Quasi-endowment funds are funds functioning as an endowment that are established by the institution from either donor or institutional funds, and will be retained and invested rather than expended. The quasi endowment must retain the purpose and intent as specified by the donor or course of the original funds, and earnings may be expended only for those purposes. Since quasi endowments are established by the institution rather than an external sources, the principal may be expended as stipulated by the donor.

NOTE 9 RELATED PARTIES

The primary purpose of the Foundation is to assist the institutional development and encourage community support to the Colleges. The Foundation receives gifts, property and funds to be used for the benefit of the Colleges, its programs, and any person or organization having an official relationship with the Colleges.

The Foundation was organized as auxiliary organization under California Education Code and has a signed master agreement with the District. Working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The Foundation provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as distributions, student programs, and scholarship expense. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services. The current master agreement dated August 11, 1998.

The donated facilities for the fiscal years ended June 30, 2021 and 2020 were valued at \$76,353 and \$75,965, respectively, and are reflected in the financial statements as donated facilities.

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