



Agenda Item Details

Meeting	Jan 18, 2022 - Board of Trustees Meeting
Category	15. Action: Business and Administrative Services
Subject	15.02 Action to Accept the Annual Audited Reports for Fiscal Year Ending June 30, 2021 for the Moorpark, Oxnard, and Ventura College Foundations
Access	Public
Type	Action

Public Content

Presenter
David El Fattal

Background/Analysis

Education Code 84040.3 requires college foundations to file a copy of its audited financial statements for the previous fiscal year to the Board of Trustees of the District on or before April 1 of each year.

Moorpark, Oxnard and Ventura College Foundation audit reports, with unmodified opinions from their respective independent auditors, have been accepted by their respective foundation boards. An unmodified opinion is also called a clean opinion. It is considered the best type of audit report that an organization can receive.

Copies of audit reports and related audit communications from the foundation's respective independent auditors are available for review in the office of the Vice Chancellor, Business and Administrative Services.

Officers and ex-officio members of the college foundations will be present to comment and respond to questions concerning the annual audit.

Summary of Auditor's Results

Criteria	Moorpark College Foundation	Oxnard College Foundation	Ventura College Foundation
Financial Statements			
Type of auditor's report issued	Unmodified	Unmodified	Unmodified
Internal Control over financial reporting			
Material weaknesses identified?	No	Yes – segregation of duties*	No
Significant deficiencies identified?	None reported	Yes – staffing**	None reported

*A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. Oxnard College Foundation's independent auditors noted a material weakness – segregation of duties. The size of the Foundation's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the director be involved with the financial affairs of the Foundation in order to provide oversight and independent review functions.

**A significant deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Oxnard College Foundation's independent auditors noted a significant deficiency – staffing. Due to the small size of the entity's office staff, the persons responsible for the accounting reporting function do not possess some of the skills and knowledge necessary to prepare a full set of financial statements, including required note disclosures, in accordance with generally accepted accounting principles applicable to not for profit entities. In the prior year, the engagement partner indicated in a separate communication that this significant deficiency is made for much of the firm's small not for profit clients as it

would not be cost effective for the Foundation to employ an accountant with the knowledge and training to be able to complete financial statements including all required footnote disclosures. The costs would outweigh the benefits.

Impact of Approval

The District's reporting obligations to stakeholders like the California Community Colleges Chancellor's Office can be met in a timely manner.

Impact of Non-Approval

The District's reporting obligations to stakeholders like the California Community Colleges Chancellor's Office may be delayed or may be negatively impacted.

Fiscal Impact

None

Further Information

David El Fattal

[2021-06-30 Moorpark College Foundation FS Final. Financial Report pdf.pdf \(394 KB\)](#)

[Final 6-21 Audited Financial Statements.pdf \(1,903 KB\)](#)

[VCF FS 2020-2021.pdf \(113 KB\)](#)

Motion & Voting

(not specified)

Motion by Trustee Stan Mantooh, second by Trustee Gabriela Torres.

Final Resolution: Motion was approved.

Yes: Trustee Joshua Chancer, Trustee Gabriela Torres, Trustee Stan Mantooh, Trustee Dianne B McKay, Trustee Bernardo M Perez, Student Trustee Bryan Rodriguez

OXNARD COLLEGE FOUNDATION

FINANCIAL STATEMENTS

June 30, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	6
Notes to Financial Statements	7



SOARES, SANDALL, BERNACCHI & PETROVICH, LLP CERTIFIED PUBLIC ACCOUNTANTS

FRANK J. SOARES (1908-1991)
GEORGE E. SANDALL (1917-2019)
THOMAS W. PETROVICH (1937-2013)
DEBRA N. DETTENMAYER (1955-2014)

PARTNERS

BILLIE JO RODRIGUEZ, C.P.A. RICK C. HELDWEIN, C.P.A.
JUAN M. SOTO, C.P.A. SHARON I. ROBERTS, C.P.A.
PRAJESH (RAJ) ACHARYA, C.P.A. TATSIANA D. SHAPIRO, C.P.A.

CONSULTANTS

BERNARD D. BERNACCHI, C.P.A. KENNETH R. MERIDETH, C.P.A.
RICK B. SMITH, C.P.A.

Board of Directors
Oxnard College Foundation
Oxnard, California

Independent Auditors' Report

We have audited the accompanying financial statements of Oxnard College Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended, and 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
Oxnard College Foundation
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oxnard College Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Soares, Sandall, Bernacchi & Petrovich, LLP

SOARES, SANDALL, BERNACCHI & PETROVICH LLP
Certified Public Accountants

October 22, 2021

OXNARD COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 874,057	\$ 718,661
Accounts receivable, net	34,498	270
Other current assets	177	6,489
TOTAL CURRENT ASSETS	908,732	725,420
LONG-TERM INVESTMENTS	9,588,116	7,293,833
FCCC ENDOWMENT	323,159	266,283
BENEFICIAL INTEREST IN FCCC ENDOWMENT	176,000	171,111
TOTAL ASSETS	\$ 10,996,007	\$ 8,456,647
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 25,487	\$ 23,830
Scholarships payable	256,859	192,650
Deferred revenue	22,805	-
TOTAL CURRENT LIABILITIES	305,151	216,480
OTHER LIABILITIES		
Scholarships payable - long-term	45,330	139,852
TOTAL LIABILITIES	350,481	356,332
NET ASSETS		
Net assets without donor restrictions	6,528,787	4,429,134
Net assets with donor restrictions	4,116,739	3,671,181
TOTAL NET ASSETS	10,645,526	8,100,315
TOTAL LIABILITIES AND NET ASSETS	\$ 10,996,007	\$ 8,456,647

See accompanying notes to financial statements and independent auditors' report.

OXNARD COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 Years Ended June 30, 2021 and 2020

Page One

	2021		
	Net Assets		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUE AND OTHER SUPPORT			
Gifts, grants, and bequests	\$ 79,288	\$ 235,488	\$ 314,776
Title III programs	-	100,000	100,000
Title V programs	-	200,000	200,000
Increase in beneficial interest in			
FCCC endowment	-	61,764	61,764
Investment income, net	1,675,248	819,062	2,494,310
Community market income	22,080	-	22,080
Unclaimed scholarship income	80,452	-	80,452
Special events, net	(2,481)	-	(2,481)
TOTAL REVENUE	1,854,587	1,416,314	3,270,901
NET ASSETS RELEASED FROM RESTRICTIONS	970,756	(970,756)	-
TOTAL REVENUE AND OTHER SUPPORT	2,825,343	445,558	3,270,901
EXPENSES			
Program:			
Scholarships	358,694	-	358,694
College contract	136,211	-	136,211
Oxnard College programs	25,080	-	25,080
Community Outreach Fund	16,866	-	16,866
TOTAL PROGRAM EXPENSES	536,851	-	536,851
Community market	60,168	-	60,168
Administrative:			
Professional fees	28,850	-	28,850
Payroll and related expenses	78,683	-	78,683
Office expense	3,429	-	3,429
Miscellaneous	11,580	-	11,580
Conferences and meetings	2,674	-	2,674
Insurance	3,455	-	3,455
TOTAL ADMINISTRATIVE EXPENSES	128,671	-	128,671
TOTAL EXPENSES	725,690	-	725,690
CHANGE IN NET ASSETS	2,099,653	445,558	2,545,211
NET ASSETS AT BEGINNING OF YEAR	4,429,134	3,671,181	8,100,315
NET ASSETS AT END OF YEAR	\$ 6,528,787	\$ 4,116,739	\$ 10,645,526

See accompanying notes to financial statements and independent auditors' report.

OXNARD COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 Years Ended June 30, 2021 and 2020

Page Two

	2020		
	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Gifts, grants, and bequests	\$ 282,316	\$ 248,722	\$ 531,038
Title V programs	-	100,000	100,000
Increase in beneficial interest in FCCC endowment	-	(11,295)	(11,295)
Investment income, net	17,146	10,346	27,492
Community market income	570,724	-	570,724
Unclaimed scholarship income	56,035	-	56,035
Special events, net	(853)	-	(853)
TOTAL REVENUE	925,368	347,773	1,273,141
NET ASSETS RELEASED FROM RESTRICTIONS			
	197,898	(197,898)	-
TOTAL REVENUE AND OTHER SUPPORT	1,123,266	149,875	1,273,141
EXPENSES			
Program:			
Scholarships	332,629	-	332,629
College contract	179,855	-	179,855
Oxnard College programs	501,383	-	501,383
Community Outreach Fund	37,852	-	37,852
TOTAL PROGRAM EXPENSES	1,051,719	-	1,051,719
Community market	156,203	-	156,203
Administrative:			
Professional fees	22,760	-	22,760
Payroll and related expenses	67,444	-	67,444
Office expense	3,536	-	3,536
Miscellaneous	11,634	-	11,634
Conferences and meetings	6,392	-	6,392
Insurance	4,380	-	4,380
TOTAL ADMINISTRATIVE EXPENSES	116,146	-	116,146
TOTAL EXPENSES	1,324,068	-	1,324,068
CHANGE IN NET ASSETS	(200,802)	149,875	(50,927)
NET ASSETS AT BEGINNING OF YEAR	4,629,936	3,521,306	8,151,242
NET ASSETS AT END OF YEAR	\$ 4,429,134	\$ 3,671,181	\$ 8,100,315

See accompanying notes to financial statements and independent auditors' report.

OXNARD COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,545,211	\$ (50,927)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Beneficial interest in FCCC Endowment	(4,889)	-
Biolab/Campus Improvements	-	(264,753)
Net realized and unrealized (gains) and losses on investments	(2,416,724)	63,873
(Increase)/decrease in:		
Accounts receivable	(34,228)	74,205
Project Acabado grant receivable	-	100,000
FCCC Endowment	(56,876)	11,296
Other current assets	6,312	1,121
Increase/(decrease) in:		
Accounts payable	1,657	(4,719)
Scholarships payable	(30,313)	(48,207)
Deferred revenue	22,805	(51,040)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	32,955	(169,151)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	3,430,060	1,351,707
Purchase of investments	(3,307,619)	(1,543,120)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	122,441	(191,413)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions for long-term purposes	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	155,396	(360,564)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	718,661	1,079,225
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 874,057	\$ 718,661
SUPPLEMENTAL DISCLOSURES TO CASH FLOW INFORMATION		
Cash used to pay interest	\$ -	\$ -
Cash used to pay taxes	\$ -	\$ -

See accompanying notes to financial statements and independent auditors' report.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization. The Oxnard College Foundation (Foundation) is a charitable non-profit organization incorporated in 1983 under the laws of the State of California. The Foundation is under the control of a Board of Directors comprised of ten to twenty members and is administered by a President. The Foundation was formed to promote the general welfare of Oxnard College. The Foundation is exempt from income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a nonprofit organization, not a private foundation, as defined in Section 509(a)(3) of the Internal Revenue Code.

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

Financial Statement Presentation. The Foundation's financial statements are presented in accordance with *Statement on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services committee of the AICPA, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Revenue Recognition. The Foundation recognizes contributions and donations when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Cash and Cash Equivalents. For the purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash, certificates of deposits and money market deposits in the investment portfolio are considered long term investments.

Concentration of Credit Risk. The Foundation maintains cash balance at various financial institutions. Accounts at each institution are insured by the Federal Insurance Corporation. From time to time the balances of these accounts exceed the federally insured limits.

Scholarship Payable and Long-Term Scholarships. The Foundation records scholarships at the time they are awarded. Scholarships awarded, but not due until the next fiscal year are recorded as long-term scholarships payable.

The Foundation's scholarship committee meets each year to select students who will receive scholarship awards. For the years ended June 30, 2021 and 2020, students who will receive a scholarship were selected in April 2021 and April 2020, respectively.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Endowment Funds / Investment Policy. Laws and regulations allow the governing board to appropriate so much of an endowment fund as is prudent considering the following relevant factors: the duration and preservation of the endowment fund, the purpose of the Foundation and the endowment fund, general and economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, the Foundation's other resources, and investment policy. The Foundation's investment goal is to ensure that capital is preserved, and simultaneously ensure that the Foundation's mission of helping students and the college is fulfilled. Thus, the Foundation maintains investments in a mixture of money market account and equity stock so the Foundation can access the funds as they are needed for scholarship disbursements. In this way, the Foundation can maximize returns with these types of investments, without rendering necessary funding illiquid. The Foundation's spending policy dictates that the income, gains, and principle of the investments can be used as the Board of Directors sees fit.

When reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift or grant amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted the applicable law to permit spending from underwater funds in accordance with the prudent measures required. The Foundation does not have any underwater endowment funds at June 30, 2021 or 2020.

In-kind Transactions. In accordance with generally accepted accounting principles, the Foundation records in-kind goods and services at their fair value in the period received. The Foundation records donated services if they meet one of two criteria: First, the Foundation records donated services if they create or enhance non-financial assets; second, the Foundation records donated services if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation did not record any donated services for the years ended June 30, 2021 and 2020.

Community Market. The Foundation operates a swap meet called the Community Market to raise funds to promote the general welfare of the College. The parking lot space used for this activity is donated by the College to the Foundation. Every weekend these spaces are rented to vendors who pay rent to the Foundation. The space rental generates a substantial amount for the Foundation each year. Should the Community Market cease to take place, there would be significant financial effect on the Foundation.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the 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. Significant estimates used in preparing these financial statements include the discount factor applied to calculate the FCCC beneficial interest asset for the years ended June 30, 2021 and 2020 and the allocation of certain expenses by functional category.

Comparative Information. Certain amounts in June 30, 2020, financial statements have been reclassified for comparison purposes to conform to the June 30, 2021, presentation.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes. The Foundation is exempt from taxes under Internal Revenue Code Section 501(c)(3) and State of California Revenue and Taxation Code Section 23701d. The Foundation is subject to tax on any unrelated business income.

Accounting for Uncertain Tax Positions. Income tax benefits or expenses are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by tax authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and State of California. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at June 30, 2021 and 2020.

The Foundation's policy is to classify income tax related interest and penalties as interest expense on the financial statements. The Foundation recognized no income tax related penalties for the year ended June 30, 2021 and 2020, respectively.

The Foundation's prior three years tax returns remain subject to examination by the Internal Revenue Service and the California Franchise Tax Board.

Advertising. The Foundation expenses advertising costs as incurred.

Subsequent Events. Subsequent events have been evaluated through October 22, 2021, which is the date the financial statements were available to be issued. The Foundation did not experience material subsequent events requiring financial statement disclosure.

Recent Accounting Pronouncements Not Yet Effective: In February 2016, Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") 2016-02, Leases (Topic 842), which requires lessees to recognize lease liabilities and corresponding right-of-use assets for those leases classified as operating leases under previous U.S. GAAP to increase transparency and comparability. Under the new standard, enhanced disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from the leases. The new standard requires to use a modified retrospective approach including a number of optional practical expedients and will be effective for fiscal years beginning after December 15, 2021, (July 1, 2021 for the Foundation).. The Foundation is evaluating the impact of adopting this guidance to the financial statements.

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-07 (Topic 958) on not-for-profits that received contributed nonfinancial assets. This new standard addresses presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, building, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. This new standard is effective beginning after June 15, 2021, for nonpublic entities (July 1, 2021, for the Foundation), with early adoption permitted subject to certain limitations. The Foundation is evaluating the impact that the adoption of this standard may have on its financial position and result from activities.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

This ASU requires not-for-profits to 1) Present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. 2) Disclose a disaggregation of the amount of contributed nonfinancial assets. 3) Provide qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period. 4) Provide the not-for-profit policy about monetizing rather than utilizing the contributed nonfinancial assets. 5) A description of any donor-imposed restrictions associated with the contributed nonfinancial assets. 6) A description of the valuation techniques and inputs used to arrive at fair value measure, in accordance with the requirements of Topic 820. 7) The principal market (or most advantageous market) used to arrive at a fair value measure.

NOTE 2 – FAIR VALUE MEASUREMENTS

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 consists of unadjusted quoted prices in active markets for identical assets and has the highest priority, and Level 3 inputs have the lowest priority.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements, the fair value of corporate stock, US Government securities, corporate bonds, and Mutual Funds are based on quoted net asset values of the shares held by the Foundation at the year end.

Level 3 Fair Value Measurements, the beneficial interest in FCCC endowment and scholarship liabilities are not actively traded and significant other observable inputs are not available. The fair value of beneficial interest in FCCC endowment is equal to the present value of payments received using a discount factor of 5% which is the spending policy of the FCCC Oscher scholarships. The fair value of the scholarship liability equals the total scholarships awarded.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

There have been no changes in the methodologies used at June 30, 2021 and 2020.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the quoted net asset value of shares held by the Foundation at year-end. Mutual funds held by the Plan are open-end mutual funds that are registered with the Security and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Interest-bearing cash: Includes investment in a money market account and is valued at carrying value which approximates fair value due to the short maturity of this instrument.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – FAIR VALUE MEASUREMENTS - Continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Foundation’s assets at fair value as of June 30, 2021 and 2020.

		2021	2021
	Fair Value	Quoted Prices in Active Markets for identical Assets (Level One)	Significant Unobservable inputs (Level Three)
Money market accounts	\$ 1,253,039	\$ 1,253,039	\$ -
Stocks	8,335,077	8,335,077	-
FCCC Endowment	323,159	323,159	-
Beneficial Interest in FCCC Endowment	176,000	-	176,000
Scholarship payable	(302,189)	-	(302,189)
	<u>\$ 9,785,086</u>	<u>\$ 9,911,275</u>	<u>\$ (126,189)</u>
		2020	2020
	Fair Value	Quoted Prices in Active Markets for identical Assets (Level One)	Significant Unobservable inputs (Level Three)
Money market accounts	\$ 1,648,761	\$ 1,648,761	\$ -
Stocks	5,645,072	5,645,072	-
FCCC Endowment	266,283	266,283	-
Beneficial Interest in FCCC Endowment	171,111	-	171,111
Scholarship payable	(332,502)	-	(332,502)
	<u>\$ 7,398,725</u>	<u>\$ 7,560,116</u>	<u>\$ (161,391)</u>

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 2 – FAIR VALUE MEASUREMENTS – Continued

Fair Value Measurement Using Significant Unobservable Input (Level 3)

	Asset : Beneficial Interest in FCCC Endowment	Liability - Scholarships payable
<u>June 30, 2021</u>		
Beginning balance	\$ 171,111	\$ (332,502)
Increase in beneficial interest	4,889	
Decrease in scholarship liability		30,313
Ending Balance	<u>\$ 176,000</u>	<u>\$ (302,189)</u>
<u>June 30, 2020</u>		
Beginning balance	\$ 171,111	\$ (380,709)
Increase in beneficial interest	-	
Increase in scholarship liability		48,207
Ending Balance	<u>\$ 171,111</u>	<u>\$ (332,502)</u>

The carrying amounts of financial instruments, including cash, accounts receivable, accounts payable and other liabilities approximated fair value as of June 30, 2021 and 2020.

NOTE 3 – INVESTMENTS

Long-term investments are stated at fair market value and consist of money market funds and publicly traded equities. Long-term investments are held in Fidelity Investments under the management of Bernzott Capital Advisors. Fair market values and unrealized appreciation (depreciation) at June 30, 2021 and 2020, are summarized as follows:

	2021		
	Cost	Fair Market Value	Unrealized Appreciation
Money market accounts	\$ 1,253,039	\$ 1,253,039	\$ -
Publicly traded stocks	6,098,062	8,335,077	2,237,015
TOTAL INVESTMENTS	<u>\$ 7,351,101</u>	<u>\$ 9,588,116</u>	<u>\$ 2,237,015</u>
	2020		
	Cost	Fair Market Value	Unrealized Appreciation
Money market accounts	\$ 1,648,761	\$ 1,648,761	\$ -
Publicly traded stocks	4,087,994	5,645,072	1,557,078
TOTAL INVESTMENTS	<u>\$ 5,736,755</u>	<u>\$ 7,293,833</u>	<u>\$ 1,557,078</u>

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 3 – INVESTMENTS - Continued

Long-term investments are held in two investment pools. Pool without donor restrictions is for amounts designated by the Board of Directors for long-term investments, general expenditures, and the net appreciation of those endowments. Pool with donor restrictions is for donor restricted endowments and the unappropriated net appreciation of those endowments.

The following schedule summarizes the investment return, net, and its classification in the statement of activities for the years ended June 30, 2021 and 2020:

	2021		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Interest and dividends	\$ 65,177	\$ 31,996	\$ 97,173
Realized and unrealized gains	1,623,355	793,369	2,416,724
Investment Fees	(13,284)	(6,303)	(19,587)
TOTAL	\$ 1,675,248	\$ 819,062	\$ 2,494,310
	2020		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Interest and dividends	\$ 79,437	\$ 36,668	\$ 116,105
Realized and unrealized losses	(45,114)	(18,759)	(63,873)
Investment Fees	(17,177)	(7,563)	(24,740)
TOTAL	\$ 17,146	\$ 10,346	\$ 27,492

Funds invested in long term investments are comprised of the following at June 30, 2021:

	2021
Title V Scholarship Funds - El Buen Hijo	\$ 753,363
Title V-Progresso Investment AC	247,350
Title V Scholarship Funds - Other	4,616,928
Title III - Acabado Project	1,256,330
OCF Reserve Funds	2,714,145
	\$ 9,588,116

NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has a policy of matching all donations, up to \$25,000 per year, per scholarship, out of funds from the Community Market and at times designated funds for matching endowments. The Foundation’s scholarship matching policy allows donors to receive matching funds for one-time OC Student Scholarship Fund and Annual Scholarship Naming Fund with a \$25,000 limit as long as funds continue to be available from the Foundation.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS - Continued

Donations to the Endowment Scholarships are eligible for a matching contribution, up to \$5,000 maximum, unless voted on by the Board of Directors. The net asset without donor restrictions balance is allocated as follows:

	2021	2020
Other assets without donor restrictions	\$ 2,714,078	\$ 1,733,487
Board designated		
FCCC Endowment	283,159	226,283
Title V Contribution	2,853,386	2,014,556
Title III Contribution	678,164	454,808
Total Board designated	3,814,709	2,695,647
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 6,528,787	\$ 4,429,134

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are given a purpose restriction by the donor and are available for the following:

	2021	2020
Scholarships - Title V	\$ 2,708,826	\$ 1,992,483
Scholarships - Title III	578,166	454,852
Scholarships - Other	848,551	1,717,041
Programs	(18,804)	(493,195)
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 4,116,739	\$ 3,671,181

NOTE 6 – COMPOSITION OF ENDOWMENT NET ASSETS

Endowment Net Asset Composition by Type of Fund as of June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,116,739	\$ 4,116,739
Board-designated endowment funds	3,814,709	-	3,814,709
TOTAL FUNDS	\$ 3,814,709	\$ 4,116,739	\$ 7,931,448

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – COMPOSITION OF ENDOWMENT NET ASSETS - Continued

	2020		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$3,671,181	\$ 3,671,181
Board-designated endowment funds	2,695,647	-	2,695,647
TOTAL FUNDS	\$ 2,695,647	\$ 3,671,181	\$ 6,366,828

Changes in Endowment Net Assets as of June 30, 2021 and 2020:

	2021		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Net assets, beginning of year	\$2,695,647	\$3,671,181	\$ 6,366,828
Investment income	819,062	819,062	1,638,124
Project Acabado & El bueno Hijo contribution and matching grant	300,000	300,000	600,000
Change in beneficial interest in FCCC endowment		61,764	61,764
Contributions	-	235,488	235,488
Decrease in net assets with and without donor restrictions	-	(970,756)	(970,756)
TOTAL	\$ 3,814,709	\$ 4,116,739	\$ 7,931,448

	2020		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Net assets, beginning of year	\$ 2,585,302	\$ 3,521,306	\$ 6,106,608
Investment income	10,345	10,346	20,691
Project Acabado contribution and matching grant	100,000	100,000	200,000
Change in beneficial interest in FCCC endowment		(11,295)	(11,295)
Contributions	-	248,722	248,722
Decrease in net assets with and without donor restrictions	-	(197,898)	(197,898)
TOTAL	\$ 2,695,647	\$3,671,181	\$ 6,366,828

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 – CONTRACT OBLIGATION

The Foundation entered into an annual contract agreement with Oxnard College. This contract includes office space, utilities, supplies, public liability and property insurance and employee salaries and benefits. The annual payments for this agreement are approximately \$100,000. This contract is automatically renewable on an annual basis.

NOTE 8 – TITLE III AND V ENDOWMENTS

TITLE III – Project Acabado Endowment -The Oxnard College is currently participating in a cooperative project with California State University Channel Islands for the Title III Grant, funded through the U.S. Department of Education and Oxnard College Foundation equally over a five year period to total the Endowment Fund Corpus of \$1,100,000.

During the years ended June 30, 2021 and 2020, the Foundation contributed \$300,000 and \$100,000 to the Project Acabado Endowment and recorded a receivable for \$300,000 and \$100,000 in matching funds respectively.

TITLE V – Project Acceso Y Progreso – The Oxnard College was awarded a five year grant funded through the U.S. Department of Education’s Title V program and Oxnard College Foundation equally over a five year period to total the Endowment Fund Corpus of \$2,999,996. The grant began October 1, 2019 and continues through September 30, 2024.

TITLE V and El Buen Hijo/TITLE V – Oxnard College Foundation was awarded a five year award worth \$500,000 fully funded to \$496,964 in 2005. The Federal endowment has a twenty year temporary time restriction on the Endowment Corpus and 50% of the interest earnings.

TITLE V – HSI – Oxnard College Foundation was awarded a five year award worth \$1,000,000 fully funded in 2011. The Federal endowment has a twenty year time restriction on the Endowment Corpus and 50% of the interest earning.

During the years ended June 30, 2021 and 2020, the total Title V endowment funds held by the Foundation are \$5,617,641 and \$4,026,241 respectively.

NOTE 9 – FCCC SCHOLARSHIP ENDOWMENT

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. Through June 2011, The Bernard Osher Foundation provided an additional 50 percent match of contributions up to \$25 million. In order to take advantage of this opportunity for community colleges, the Foundation has contributed \$237,177, in order to receive a 50 percent match. As of June 30, 2021 and 2020, the Foundation has FCCC endowments totaling \$323,159 and \$266,283 and a beneficial interest in the Osher matching funds of \$176,000 and \$171,111 respectively.

Scholarships are distributed annually from the FCCC to individual colleges from both components of the Endowment. Scholarships from the initial \$25 million fund are distributed to every California Community College based on proportional enrollment, calculated by full-time equivalent students, and adjusted annually. A minimum floor of five percent of the invested Endowment principal is used in determining scholarship payouts for colleges.

OXNARD COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 874,057	\$ 718,661
Accounts receivable, net	34,498	270
Acabado receivable	-	-
Other current assets	<u>177</u>	<u>6,489</u>
	<u>\$ 908,732</u>	<u>\$ 725,420</u>

The Oxnard College Foundation endowment funds consists of donor-restricted endowments and board-designated endowments, or funds designated by the board to be available for general expenditures. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. As part of the Oxnard College Foundation’s liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the financial assets available to meet general expenditures over the next twelve months, the Foundation anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted endowments.

NOTE 11 – RISK AND UNCERTANTIES

Covid-19. In March of 2020, the COVID-19 outbreak in the United States has caused considerable business disruption through mandated and voluntary closings of many businesses. The outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Foundation’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company’s customers, employees and vendors all of which are uncertain and cannot be predicted at this time.

The Community marketplace closed in March 2020 due to the outbreak and reopened in June 2021. The loss of marketplace income will have a material impact on the Foundation’s financial condition and results of operations. At June 30, 2021, the Foundation had net assets without donor restrictions of \$6,528,787 which should provide sufficient resources to maintain operations.