Financial Statements
June 30, 2022 and 2021

College of the Desert Foundation

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Directors
College of the Desert Foundation
Palm Desert, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of College of the Desert Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Eide Bailly LLP

Rancho Cucamonga, California
October 26, 2022

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 3,443,769	$ 20,379,101
Investments	46,063,336	33,951,783
Investments related to deferred gifts	103,327	158,228
Unconditional promises to give	52,500	30,000
Accounts receivable	125	-
Accounts receivable - related party	2,088	2,296
Accrued interest receivable	131,965	96,255
Prepaid expenses	3,500	-
Student emergency funds held by District	5,000	5,000
Other assets	2,500	2,500
Total current assets	49,808,110	54,625,163
Noncurrent assets		
Beneficial interest in assets held by the Foundation for California Community Colleges	384,519	463,215
Unconditional promises to give - net of amortized discount	38,278	65,867
Total noncurrent assets	422,797	529,082
Total assets	$ 50,230,907	$ 55,154,245
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 50,832	$ 25,274
Accrued expenses	40,791	43,465
Accounts payable - related party	238,215	91,576
Deferred revenues	67,500	-
Total current liabilities	397,338	160,315
Net assets		
Without donor restrictions		
Undesignated	1,724,568	20,917,272
Board designated	17,628,435	750,000
Total without donor restrictions	19,353,003	21,667,272
With donor restrictions	30,480,566	33,326,658
Total net assets	49,833,569	54,993,930
Total liabilities and net assets	$ 50,230,907	$ 55,154,245

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants	$ -	$ 520,300	$ 520,300
Pass through scholarship donations	-	143,956	143,956
Special events revenue	504,035	5,000	509,035
Donated facilities (in-kind)	51,804	-	51,804
Annual Giving	29,714	18,817	48,531
Leadership Giving	144,426	173,982	318,408
Business Engagement Giving	6,400	13,631	20,031
Major Gifts	25,000	400,404	425,404
Planned Giving	726,500	261,355	987,855
Management services	440,776	(440,776)	-
Assets released from restrictions	1,544,269	(1,544,269)	-
Total revenues	3,472,924	(447,600)	3,025,324
Expenses			
Program	2,706,716	-	2,706,716
Management and general	310,665	-	310,665
Fundraising	339,759	-	339,759
Total expenses	3,357,140	-	3,357,140
Other income, gains and losses			
Net investment income	(2,433,803)	(2,300,126)	(4,733,929)
Change in value of deferred gifts	-	(36,320)	(36,320)
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	(58,296)	(58,296)
Total other income, gains and losses	(2,433,803)	(2,394,742)	(4,828,545)
Change in Net Assets	(2,314,269)	(2,846,092)	(5,160,361)
Net Assets, Beginning of Year	21,667,272	33,326,658	54,993,930
Net Assets, End of Year	$ 19,353,003	$ 30,480,566	$ 49,833,569

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants	$ -	$ 422,493	$ 422,493
Pass through scholarship donations	-	221,617	221,617
Special events revenue	-	-	-
Donated facilities (in-kind)	33,334	-	33,334
Annual Giving	22,834	29,574	52,408
Leadership Giving	201,331	259,712	461,043
Business Engagement Giving	8,925	148,492	157,417
Major Gifts	18,145,000	221,907	18,366,907
Planned Giving	91,400	2,657	94,057
Management services	426,905	(426,905)	-
Assets released from restrictions	1,571,314	(1,571,314)	-
Total revenues	20,501,043	(691,767)	19,809,276
Expenses			
Program	2,181,473	-	2,181,473
Management and general	538,029	-	538,029
Fundraising	287,358	-	287,358
Total expenses	3,006,860	-	3,006,860
Other income, gains and losses			
Net investment income	1,322,597	3,652,786	4,975,383
Change in value of deferred gifts	-	(9,792)	(9,792)
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	102,792	102,792
Total other income, gains and losses	1,322,597	3,745,786	5,068,383
Change in Net Assets	18,816,780	3,054,019	21,870,799
Net Assets, Beginning of Year	2,850,492	30,272,639	33,123,131
Net Assets, End of Year	$ 21,667,272	$ 33,326,658	$ 54,993,930

	2022			
	Program	Management and General	Fundraising	Total
College support	$ 465,183	$ -	$ -	$ 465,183
Scholarships	1,198,465	-	-	1,198,465
Special event	81,338	-	15,778	97,116
Salaries and benefits	709,252	236,418	236,418	1,182,088
Bank and credit card charges	1,477	3,448	-	4,925
Depreciation	-	-	-	-
Equipment and maintenance	3,784	9,083	2,271	15,138
Insurance	-	555	-	555
Marketing and development	115,929	-	28,982	144,911
Annual report	4,800	600	600	6,000
Independent contractors	46,532	-	19,943	66,475
Membership	45	2,179	45	2,269
President's fund	15,300	-	-	15,300
Office	4,560	5,575	-	10,135
Conferences and travel	6,465	10,775	4,310	21,550
Postage and printing	24,223	3,028	3,028	30,279
Professional services	6,250	6,250	-	12,500
Recognition	1,478	31	31	1,540
Donated facilities	-	32,723	19,081	51,804
Telephone	-	-	-	-
Development	21,635	-	9,272	30,907
Total expenses	$ 2,706,716	$ 310,665	$ 339,759	$ 3,357,140

	2021			
	Program	Management and General	Fundraising	Total
College support	$ 240,534	$ -	$ -	$ 240,534
Scholarships	1,347,846	-	-	1,347,846
Special event	-	-	-	-
Salaries and benefits	341,083	428,790	204,650	974,523
Bank and credit card charges	-	3,938	-	3,938
Depreciation	-	40	-	40
Equipment and maintenance	-	16,540	-	16,540
Insurance	-	555	-	555
Marketing and development	171,944	-	48,150	220,094
Annual report	-	-	-	-
Independent contractors	59,402	21,601	20,501	101,504
Membership	45	2,179	45	2,269
President's fund	1,035	-	-	1,035
Office	-	6,493	160	6,653
Conferences and travel	3,037	5,061	2,025	10,123
Postage and printing	12,870	6,447	7,978	27,295
Professional services	3,334	10,002	3,334	16,670
Recognition	343	2,572	515	3,430
Donated facilities	-	33,334	-	33,334
Telephone	-	477	-	477
Development	-	-	-	-
Total expenses	$ 2,181,473	$ 538,029	$ 287,358	$ 3,006,860

	2022	2021
Operating Activities		
Change in net assets	$ (5,160,361)	$ 21,870,799
Adjustments to reconcile change in net assets to net cash flows from (used for) operating activities		
Depreciation	-	40
Amortization of discount on promises to give	(2,722)	(133)
Unrealized (gain) loss on investments	6,163,233	(2,831,374)
Realized gain on investments	(648,734)	(1,596,545)
Change in value of deferred gifts	54,901	9,792
Contributions restricted for long-term purposes	(436,028)	(150,754)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	20,400	21,001
Change in beneficial interest in assets held by the Foundation for California Community Colleges	58,296	(102,792)
Changes in assets and liabilities		
Unconditional promises to give	7,811	(70,606)
Accounts receivable	(125)	1,000
Accounts receivable - related party	208	(2,296)
Accrued interest receivable	(35,710)	13,093
Prepaid expenses	(3,500)	-
Accounts payable	25,558	(22,927)
Accrued expenses	(2,674)	22,694
Deferred revenue	67,500	-
Accounts payable - related party	146,639	(96,536)
Net Cash Flows from Operating Activities	254,692	17,064,456
Investing Activities		
Sale of investments	31,396,538	13,616,662
Purchase of investments	(49,022,590)	(12,088,904)
Net Cash Flows from (used for) Investing Activities	(17,626,052)	1,527,758
Financing Activities		
Collections of contributions restricted for long-term purposes	436,028	150,754
Net Change in Cash and Cash Equivalents	(16,935,332)	18,742,968
Cash and Cash Equivalents, Beginning of Year	20,379,101	1,636,133
Cash and Cash Equivalents, End of Year	$ 3,443,769	$ 20,379,101

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

College of the Desert Foundation (the Foundation) is a non-profit organization that was formed on July 27, 1983. The purpose of the Foundation is to enhance the quality of education by advancing College of the Desert (the College) through building relationships, securing philanthropic support, and stewarding assets. The Foundation operates primarily in the Coachella Valley of Southern California. Substantially all of the Foundation's donors are residents of this area, and the Foundation is subject to economic factors which may affect charitable giving in Southern California.

EDGE/plEDGE

The EDGE/plEDGE initiative represents a powerful commitment to the educational and economic future of regional students, the college, and the community. During the 2022-23 academic year, plEDGE programs provide tuition-free education with textbook support for students from underserved populations at the college. The funding is used to provide plEDGE last-dollar tuition and fee scholarships, and textbook support to promote retention and success and economic improvement for underserved Coachella Valley student populations.

Many of the underrepresented students served by the College and Foundation are already Pell and California College Promise Grant eligible. While these programs can offset most of the cost for postsecondary education at the college, the student must cover residual costs. In some cases, the remaining costs become a barrier to full-time postsecondary education. The plEDGE support removes that barrier by providing enough funding to offset residual costs for each student.

Students receiving plEDGE assistance are required to maintain full-time enrollment in their chosen major, develop a two-year educational plan, engage in community service, complete career preparation workshops and maintain good academic standing. Participants must also complete the EDGE three-week summer bridge program that provides a review in math, English, reading skills, and student development. By focusing on recent high school graduates, the goal of the plEDGE program is to remove economic barriers for incoming students while providing critical guidance, college readiness skills, and the academic support essential to achieving individual educational and career goals. Through these efforts, plEDGE holds the potential to increase access to postsecondary education; provide critical scholarship dollars to reduce or eliminate achievement gaps, and increase postsecondary retention, completion, and transfer rates for students from minority, low-income, first-generation, military, disabled, foster youth, underrepresented, and other populations.

The Foundation's and College's commitment to EDGE/plEDGE program is part of a collaborative effort to close the education gap in our service area, promote postsecondary education equity in our community, and improve quality of life and economic prosperity in the region.

The College and Foundation are working to institutionalize the program, and faculty and staff are committed to and support attainment of the plEDGE goals. The value plEDGE brings to postsecondary program recruitment, enrollment success, and transfer are acknowledged by the institution, and the potential success of the program is well recognized on campus. Many members of the college community advocate for the program on campus and in the community. A recent $18 million gift to College of the Desert Foundation from MacKenzie Scott was established as a quasi-endowment known as the EDGE/plEDGE Forever Fund. However, the Foundation's strategic goal is $50 million to ensure EDGE/plEDGE is funded in perpetuity at current anticipated levels of enrollment.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the College are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others.* The Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Net Assets

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

> *Net Assets without Donor Restrictions* - Net assets available for general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The Foundation's Board has also designated, from net assets without donor restrictions, net assets for an operating reserve and certain uses, as described in Note 11.

> *Net Assets with Donor Restrictions* - Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in 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 to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, 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 substantially met. In the years ended June 30, 2022 and 2021, the Foundation did not receive any conditional promises to give.

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as net assets without donor restrictions.

Donated Assets, Services, and Facilities

The Foundation records the value of donated assets and facilities when there is an objective basis available to measure their value. 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. A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Use of Estimates

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

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Property and Equipment

Capital purchases comprise furniture, fixtures and equipment, and leasehold improvements. Property and equipment additions over $2,000, are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization is computed and recorded utilizing the straight-line method. Estimated useful lives of equipment currently held by the Foundation is five years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, money market accounts, and certificates of deposit with original maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. Deposit concentration risk is managed by placing cash balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

Promises to Give

Th Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management has deemed all amounts as collectible; therefore, no allowance for doubtful accounts is considered necessary.

Beneficial Interest in Assets Held by Community Foundation

The Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. The Foundation granted variance power to the CF which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the CF for the Foundation's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statements of activities.

Investments

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

Deferred Revenue

Deferred revenue consist primarily of amounts received in advance for future special events and future membership fees paid in advance. Contributions are received from donors to support future special events and future membership fees for the Foundations. These contributions are recognized when the event is held and as the membership is renew.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report 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. Allocated expenses include special events, salaries and benefits, credit card charges, equipment and maintenance, independent contractors, annual report, marketing and development, membership, office, conference and travel, postage and printing, professional services, recognition, and development, which are allocated on the basis of estimates of time and effort.

Management Fee

Endowments received by the Foundation are subject to a two percent annual administrative fee of the value of the endowed asset. The fee will come from the interest earned off the endowment. Revenues received from management fees are used by the Foundation to further advancement efforts on behalf of College of the Desert.

Advertising Costs

Costs associated with advertising are expensed as incurred. During the 2022 and 2021 fiscal years, total advertising costs were $144,911 and $220,094, respectively.

Change in Accounting Principle

As of July 1, 2021, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

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 at June 30,:

	2022	2021
Cash and cash equivalents	$ 3,443,769	$ 18,847,699
Investments	15,641,097	2,867,477
Unconditional promises to give	12,500	10,000
Total financial assets available within one year	$ 19,097,366	$ 21,725,176

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To ensure the stability of its mission, programs, employment, and ongoing operations, the Foundation maintains a Board Designated Reserve Fund. The Foundation has an Investment Policy Statement that establishes investment objectives for short-term and long-term investments. The short-term investments include assets with donor restrictions, as well as assets without donor restrictions. Since these funds are maintained for current operating expenses, as well as near-term funding commitments, they are managed with little or no risk to principle. They include cash and cash equivalents and short-term fixed income securities with an average maturity of three years and a maximum maturity of five years. The Endowed Assets are invested to emphasize long-term investment fundamentals. The objective is to maximize long-term returns consistent with prudent levels of risk. Investment returns are expected to provide adequate funds to sufficiently support designated needs and preserve or enhance the real value of the Foundation.

Note 3 - Restrictions on Net Asset Balances

Donor restricted net assets with time and/or purpose restrictions consist of the following at June 30,:

	2022	2021
Deferred gifts	$ 103,327	$ 158,228
Various donor restricted funds	5,761,424	5,894,570
Beneficial interest in assets held by the Foundation for California Community Colleges	47,970	126,666
Foundation scholarships	4,566,259	7,581,636
Total donor restricted net assets	$ 10,478,980	$ 13,761,100

Donor restricted net assets with perpetual restrictions consist of the following at June 30,:

	2022	2021
Scholarships and programs for the College	$ 7,317,955	$ 6,881,927
Beneficial interest in assets held by the Foundation for California Community Colleges	336,549	336,549
General endowments	12,347,082	12,347,082
Total donor restricted net assets	$ 20,001,586	$ 19,565,558

Note 4 - Unconditional Promises to Give

The Foundation's unconditional promises to give consisted of the following at June 30,:

	2022	2021
Unconditional promises to give, less than one year	$ 52,500	$ 30,000
Unconditional promises to give, more than one year	41,000	66,000
Total	93,500	96,000
Less: Unamortized discount	(2,722)	(133)
Net Unconditional Promises to Give	$ 90,778	$ 95,867

The discount rate utilized for the years ended June 30, 2022, and 2021 was 2.80% and 0.07%, respectively.

Note 5 - Investments

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 507,983	$ 514,031	$ 1,022,014
Net realized gain on investments	313,448	335,286	648,734
Net unrealized loss on investments	(3,141,188)	(3,022,045)	(6,163,233)
Total investment income	(2,319,757)	(2,172,728)	(4,492,485)
Investment expenses	(114,046)	(127,398)	(241,444)
Total investment income, net of expenses	$ (2,433,803)	$ (2,300,126)	$ (4,733,929)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 185,703	$ 532,926	$ 718,629
Net realized gain on investments	435,482	1,161,063	1,596,545
Net unrealized gain on investments	747,460	2,083,914	2,831,374
Total investment income	1,368,645	3,777,903	5,146,548
Investment expenses	(46,048)	(125,117)	(171,165)
Total investment income, net of expenses	$ 1,322,597	$ 3,652,786	$ 4,975,383

Note 6 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges

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. The Bernard Osher Foundation will provide scholarship matching funds annually to foundations that participate. In order to take advantage of this opportunity, the Foundation and its donors have contributed $336,579. As of June 30, 2022 and 2021, the ending balance of the Osher Endowment Scholarship was $384,519 and $463,215, respectively. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

Note 7 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include 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, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair values of beneficial interests in charitable trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair values of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2022.

	Level 1	Level 2	Level 3	Total
Investment Assets				
Equity	$ 16,789,667	$ -	$ -	$ 16,789,667
Bonds	913,043	19,986,256	-	20,899,299
Mutual Funds	3,716,649	-	-	3,716,649
U.S. Treasuries	-	3,204,032	-	3,204,032
Exchange Traded Funds	861,400	-	-	861,400
Other Assets	175,293	-	416,996	592,289
Beneficiary Remainder Trust	-	-	103,327	103,327
FCCC Osher Endowment Scholarship Fund	-	-	384,519	384,519
Total	$ 22,456,052	$ 23,190,288	$ 904,842	$ 46,551,182

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2021. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021.

	Level 1	Level 2	Level 3	Total
Investment Assets				
Equity	$ 15,353,462	$ -	$ -	$ 15,353,462
Bonds	640,758	14,546,602	-	15,187,360
Mutual Funds	1,450,098	-	-	1,450,098
U.S. Treasuries	-	790,207	-	790,207
Exchange Traded Funds	1,043,311	-	-	1,043,311
Other Assets	127,345	-	-	127,345
Beneficiary Remainder Trust	-	-	158,228	158,228
FCCC Osher Endowment Scholarship Fund	-	-	463,215	463,215
Total	$ 18,614,974	$ 15,336,809	$ 621,443	$ 34,573,226

Note 8 - Equipment

Property and equipment are summarized as follows at June 30,:

	2022	2021
Assets being depreciated	$ 23,638	$ 23,638
Accumulated depreciation	(23,638)	(23,638)
Total	$ -	$ -

Depreciation expense was $0 and $40 at June 30, 2022 and 2021, respectively.

Note 9 - Split Interest Agreements

The Foundation has a beneficial interest in various irrevocable charitable remainder trusts and pooled income funds including a pooled income fund administered by the Community College League of California. The assets are held in various stocks, bonds, and other assets in the names of the individual donors' trusts, and are accounted for in net assets with donor restrictions. The trusts provide for payments to the granter or other designated beneficiary over the trust's terms. At the end of the trust's term, the remaining assets are available to the Foundation. Fair value is based on the present value of the estimated future benefits to be received, which take into account required annual distributions to the donor, the donor's life expectancy, and the assumed rate of return on the investments over the years. The trusts are revalued on an annual basis, and the change in the present value of the trusts' assets is recorded as a gain or loss in the statements of activities.

A summary of the changes in split interest agreements is summarized as follows for June 30,:

	2022	2021
Beginning Balance	$ 158,228	$ 168,020
Contributions	12,139	-
Total	$ 170,367	$ 168,020
Amounts received during the year	$ (30,720)	$ (48,060)
Net changes in current fair market values	(36,320)	38,268
Ending Balance	$ 103,327	$ 158,228

Note 10 - Endowments

The Foundation's endowment (the Endowment) consists of approximately 76 individual funds established by donors to provide annual funding for specific activities and general operations.

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, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any 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 appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

As of June 30, 2022, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 16,878,435	$ -	$ 16,878,435
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	20,001,586	20,001,586
Accumulated investment gains	-	4,614,229	4,614,229
	$ 16,878,435	$ 24,615,815	$ 41,494,250

As of June 30, 2021, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ -	$ -	$ -
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	19,565,558	19,565,558
Accumulated investment gains	-	7,708,302	7,708,302
	$ -	$ 27,273,860	$ 27,273,860

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor of the UPMIFA required the Foundation to retain as a fund of perpetual duration ("below water endowments"). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, funds with original gift values of $555,526, fair values of $514,337, and deficiencies of $(41,189) were reported in net assets with donor restrictions.

Investment and Spending Policies

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Therefore, the Foundation expects its endowment assets, over time, to exceed the average annual return of the applicable benchmark index with a lower than benchmark volatility over a three to five year rolling time period. Actual returns in any given year may vary from this expectation. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation's Board-approved spending policy was created to protect the values of the endowments. The Board of Directors approved a policy that all endowments are first subject to an annual administrative fee of two percent calculated at the end of each month, based on the market value balance that is deposited into the operating fund of the Foundation. The total endowment spending rate of no more than five percent per year is determined by the investment committee at the annual meeting using the average market value of the funds on June 30 for each of the three years immediately preceding the fiscal year the payout is to be made.

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	$ -	$ 27,273,860	$ 27,273,860
Contributions	18,600,000	436,028	19,036,028
Investment income	(1,542,031)	(2,252,554)	(3,794,585)
Amounts appropriated for expenditures	(179,534)	(841,519)	(1,021,053)
Ending Balance	$ 16,878,435	$ 24,615,815	$ 41,494,250

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	$ -	$ 23,948,136	$ 23,948,136
Contributions	-	155,502	155,502
Investment income	-	3,859,696	3,859,696
Amounts appropriated for expenditures	-	(689,474)	(689,474)
Ending Balance	$ -	$ 27,273,860	$ 27,273,860

Note 11 - Board Designated Net Assets

Net assets without donor restrictions that have been board designated consist of the following at June 30,:

	2022	2021
General Board Reserves	$ 500,000	$ 500,000
Board Designated EDGE/plEDGE	250,000	250,000
Quasi Endowment for Campus Grants	554,557	-
Quasi Endowment for EDGE/PlEDGE	16,323,878	-
	$ 17,628,435	$ 750,000

Note 12 - In Kind Contributions

Contributed nonfinancial assets recognized within the statement of activities included for the years ended June 30,:

	2022	2021
Facilities	$ 51,804	$ 33,334

Note 13 - Related Party Transactions

Desert Community College District

Desert Community College District (the District) charges administrative services to the Foundation. Salaries and benefits for the Executive Director, administrative staff, and other services are paid by the District and reimbursed by the Foundation. Accordingly, at June 30, 2022 and 2021, the Foundation owed the District $238,215 and $91,576, respectively, for all services. The District collects employee contributions on behalf of the Foundation through the payroll process. Accordingly, at June 30, 2022 and 2021, the District owed the Foundation $2,088 and $2,296, respectively. The District maintains a balance of Foundation funds for purposes of student emergency awards. The balances of the funds as of June 30, 2022 and 2021, amounted to $5,000 and $5,000, respectively.

In addition, the District provides office space for employees who perform services for the Foundation at no charge. The donated facilities for the fiscal years 2022 and 2021 amounted to $51,804 and $33,334, respectively, and have been reflected in the financial statements as in-kind revenue.

Desert Community College District Auxiliary Services

Desert Community College District Auxiliary Services (the Auxiliary) provides services for the Foundation in the form of passing through scholarships issued by the Foundation to student accounts. These scholarships are recorded in the Foundation financials under program expenses.

Note 14 - Lease Commitments

The Foundation leases a copier under a 48-month operating lease agreement that commenced April 2019 and expires March 2023.

For leases as of June 30, 2022, minimum required future rental payments are as follows:

Year Ending June 30,	Total Payments
2023	$ 5,388

Note 15 - Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through October 26, 2022, which is the date the financial statements were available to be issued.