



Financial Statements
June 30, 2023 and 2022

North Orange County Community College District Foundation

North Orange County Community College District Foundation

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Independent Auditor's Report

The Board of Directors
North Orange County Community College District Foundation
Anaheim, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North Orange County Community College District Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities 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 North Orange County Community College District Foundation as of June 30, 2023 and 2022, 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
December 7, 2023

North Orange County Community College District Foundation
 Statements of Financial Position
 June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 122,839	\$ 118,308
Noncurrent Assets		
Investments	109,923	97,617
Total assets	\$ 232,762	\$ 215,925
Net Assets		
Without donor restrictions	\$ 27,438	\$ 27,837
With donor restrictions	205,324	188,088
Total net assets	\$ 232,762	\$ 215,925

North Orange County Community College District Foundation

Statements of Activities

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ -	\$ 29,944	\$ 29,944	\$ 955	\$ 46,123	\$ 47,078
Net assets released from restrictions	18,023	(18,023)	-	34,930	(34,930)	-
Total revenues	18,023	11,921	29,944	35,885	11,193	47,078
Expenses						
Program expenses						
District support	-	-	-	291	-	291
Scholarships and grants	18,541	-	18,541	18,546	-	18,546
Program expenses	-	-	-	3,649	-	3,649
Special event	-	-	-	21,937	-	21,937
Management and administration						
State and Federal filing fees	75	-	75	67	-	67
Credit card processing fees	136	-	136	213	-	213
Miscellaneous expenses	5	-	5	35	-	35
Total expenses	18,757	-	18,757	44,738	-	44,738
Other Income						
Interest	335	5,315	5,650	192	4,980	5,172
Change in Net Assets	(399)	17,236	16,837	(8,661)	16,173	7,512
Net Assets, Beginning of Year	27,837	188,088	215,925	36,498	171,915	208,413
Net Assets, End of Year	\$ 27,438	\$ 205,324	\$ 232,762	\$ 27,837	\$ 188,088	\$ 215,925

North Orange County Community College District Foundation
 Statements of Cash Flows
 Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 16,837	\$ 7,512
Investing Activities		
Purchase of investments	(12,306)	(2,114)
Net Change in Cash and Cash Equivalents	4,531	5,398
Cash and Cash Equivalents, Beginning of Year	118,308	112,910
Cash and Cash Equivalents, End of Year	\$ 122,839	\$ 118,308

Note 1 - Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The North Orange County Community College District Foundation (the Foundation) is a nonprofit public benefit corporation founded on September 8, 1987, with the express purpose of promoting and assisting the educational programs of North Orange County Community College District (the District) in accordance with the mission, policies, and priorities of the District. The Foundation is an independent foundation established under the laws of the State of California.

Financial Statement Presentation

The Foundation and the District are financial interrelated organizations as defined by Accounting Standards Codification (ASC) Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, 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 accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) has established the ASC as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

Net Asset Accounting

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

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

Net Assets With Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue and Revenue Recognition

The Foundation receives substantially all of its revenue from direct donations and pledges. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as assets released from restriction between the applicable classes of net assets.

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are 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. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

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, and those differences could be material.

Income Taxes

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code.

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.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less are considered to be cash and cash equivalents. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. As of June 30, 2023 and 2022, all amounts held by the Foundation were fully insured.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, there are no shared cost among the programs and support services that require allocation.

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 comprise of the following:

	2023	2022
Cash and cash equivalents	\$ 27,438	\$ 27,837

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances.

Additionally, on behalf of the Foundation, the District has implemented cash management procedures, that include the monthly reconciliation of banked cash deposits and disbursements to related receipts and disbursement records.

Note 3 - Fair Value Measurements and Disclosures

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, Fair Value Measurements, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

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.

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

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, 2023 and 2022.

		2023		
		Level 1	Level 2	Level 3
Assets				
	Money market funds	\$ 10,171	\$ -	\$ -
	Certificates of deposit	-	99,752	-
	Total	\$ 10,171	\$ 99,752	\$ -
		2022		
		Level 1	Level 2	Level 3
Assets				
	Certificates of deposit	\$ -	\$ 97,617	\$ -
		-	97,617	-

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis for June 30, 2023 and 2022.

Note 4 - Related Party Transactions

The Foundation provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as program expenses. The District provides donated time and services to the Foundation in an effort to advance the programs and objectives of the Foundation. These services have not been recorded in the financial statements since there is no readily determined method of valuing services and the amount is minimal.

North Orange County Community College District Foundation

Notes to Financial Statements

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Note 5 - Net Assets with Donor Restrictions

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2023:

	Balance July 1, 2022	Net Change	Balance June 30, 2023
Walt Pray Memorial Scholarship Fund	\$ 28,138	\$ 2,398	\$ 30,536
Nilane Lee Scholarship Fund	19,105	533	19,638
R2A Book Award Fund	581	9	590
NOCE Wilshire Players Fund	884	1	885
Community College Foundation of North Orange County	16,715	-	16,715
NOCE Scholarships and Grants Fund	12,449	(12,449)	-
NOCE Sydney Shue Scholarship Fund	393	-	393
Ned Doffoney Scholarship Fund	2,660	2,137	4,797
Dr. McGuire Scholarship	304	10	314
Cheryl Marshall Scholarship Fund	21,859	(403)	21,456
Disney Workforce Development Fund	-	25,000	25,000
	<u>\$ 103,088</u>	<u>\$ 17,236</u>	<u>\$ 120,324</u>
Total donor-restricted net assets			

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2022:

	Balance July 1, 2021	Net Change	Balance June 30, 2022
Walt Pray Memorial Scholarship Fund	\$ 26,546	\$ 1,592	\$ 28,138
Nilane Lee Scholarship Fund	20,122	(1,017)	19,105
R2A Book Award Fund	578	3	581
NOCE Wilshire Players Fund	884	-	884
Community College Foundation of North Orange County	20,364	(3,649)	16,715
NOCE Scholarships and Grants Funds	15,067	(2,618)	12,449
NOCE Sydney Shue Scholarship Fund	393	-	393
Ned Doffoney Scholarship Fund	2,660	-	2,660
Dr. McGuire Scholarship	301	3	304
Cheryl Marshall Scholarship Fund	-	21,859	21,859
	<u>\$ 86,915</u>	<u>\$ 16,173</u>	<u>\$ 103,088</u>
Total donor-restricted net assets			

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Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2023:

	Balance July 1, 2022	Net Change	Balance June 30, 2023
Walt Pray Memorial Scholarship Fund	\$ 20,000	\$ -	\$ 20,000
Nilane Lee Scholarship Fund	65,000	-	65,000
Total donor-restricted net assets	\$ 85,000	\$ -	\$ 85,000

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2022:

	Balance July 1, 2021	Net Change	Balance June 30, 2022
Walt Pray Memorial Scholarship Fund	\$ 20,000	\$ -	\$ 20,000
Nilane Lee Scholarship Fund	65,000	-	65,000
Total donor-restricted net assets	\$ 85,000	\$ -	\$ 85,000

Note 6 - Donor Designated Endowments

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts 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:

- a) The duration and preservation of the fund
- b) The mission of the Foundation and the purpose of the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and/or deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of the Foundation
- g) The investment policy of the Foundation

North Orange County Community College District Foundation

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Risk Objectives and Risk Parameters

The Foundation has adopted an investment policy which actively safeguards the assets while maintaining some growth to ensure the donations will provide a benefit to the college and its student population. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to prudently invest in financial instruments which provide a reasonable measure of principal stability. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation targets a diversified asset allocation within prudent risk constraints.

Endowment net assets as of June 30, 2023, are as follows:

	<u>With Donor Restrictions</u>
Donor-restricted endowment funds	<u>\$ 85,000</u>

Endowment net assets as of June 30, 2022, are as follows:

	<u>With Donor Restrictions</u>
Donor-restricted endowment funds	<u>\$ 85,000</u>

Note 7 - Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 7, 2023, which is the date the financial statements were available to be issued.