

**SOUTHWESTERN OREGON COMMUNITY  
COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwestern Oregon Community College Foundation  
Coos Bay, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Southwestern Oregon Community College Foundation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Oregon Community College Foundation, as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southwestern Oregon Community College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 Southwestern Oregon Community College 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 Southwestern Oregon Community College 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.

***Summarized Comparative Information***

We audited the financial statements of Southwestern Oregon Community College Foundation as June 30, 2022 and expressed an unmodified opinion on those financial statements our report dated October 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it is derived.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
November 8, 2023

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 105,076	\$ 169,324
Contributions Receivable	110,612	-
Investments	5,752,377	5,263,431
Other Assets	10,350	10,350
Total Assets	\$ 5,978,415	\$ 5,443,105
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 76,510	\$ 73,519
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Available for General Programs and Operations	958,501	622,732
Designated by the Board	1,363,467	1,315,419
Total Without Donor Restrictions	2,321,968	1,938,151
With Donor Restrictions	3,579,937	3,431,435
Total Net Assets	5,901,905	5,369,586
Total Liabilities and Net Assets	\$ 5,978,415	\$ 5,443,105

See accompanying Notes to Financial Statements.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Grants and Contributions	\$ 13,899	\$ 477,192	\$ 491,091	\$ 632,758
Special Events, Less Direct Costs of \$5,737 in 2023 and \$4,603 in 2022	5,583	-	5,583	647
Investment Return	162,874	302,358	465,232	(772,267)
Total Revenues and Gains	182,356	779,550	961,906	(138,862)
Net Assets Released from Restrictions	631,048	(631,048)	-	-
Total Revenues, Gains, and Other Support	813,404	148,502	961,906	(138,862)
<b>COLLEGE SUPPORT AND EXPENSES</b>				
Program Services:				
Grants to the College for the Health and Science Technology Building and Equipment	15,408	-	15,408	89,107
Grants and Academic Program Support	116,593	-	116,593	114,948
Scholarships	293,929	-	293,929	235,071
Total Program Services	425,930	-	425,930	439,126
Supporting Services:				
Administration	47,271	-	47,271	51,859
Fundraising	24,516	-	24,516	24,217
Total Supporting Services	71,787	-	71,787	76,076
Total College Support and Expenses	497,717	-	497,717	515,202
<b>CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER</b>	315,687	148,502	464,189	(654,064)
Equity Transfer - Donated Services From Affiliate	68,130	-	68,130	66,748
<b>CHANGE IN NET ASSETS</b>	383,817	148,502	532,319	(587,316)
Net Assets - Beginning of Year	1,938,151	3,431,435	5,369,586	5,956,902
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,321,968</u>	<u>\$ 3,579,937</u>	<u>\$ 5,901,905</u>	<u>\$ 5,369,586</u>

See accompanying Notes to Financial Statements.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			Total	2022
	Program Services	Management and General	Fundraising		
Grants to the College for the Health and Science Technology Building and Equipment	\$ 15,408	\$ -	\$ -	\$ 15,408	\$ 89,107
Scholarships	293,929	-	-	293,929	235,071
Other Grants to the College	38,240	-	-	38,240	39,208
Salaries and Related Expenses	73,575	17,108	22,456	113,139	110,874
Professional Services	-	19,983	-	19,983	22,075
Office Expense	1,778	3,833	2,060	7,671	10,362
Software	3,000	3,000	-	6,000	-
Insurance	-	2,347	-	2,347	2,276
Other	-	1,000	-	1,000	6,229
Total Expenses by Function	<u>425,930</u>	<u>47,271</u>	<u>24,516</u>	<u>497,717</u>	<u>515,202</u>
Special Events	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,737</u>	<u>4,603</u>
Total Expenses	<u>\$ 425,930</u>	<u>\$ 47,271</u>	<u>\$ 24,516</u>	<u>\$ 503,454</u>	<u>\$ 519,805</u>

See accompanying Notes to Financial Statements.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 464,189	\$ (654,064)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Net Investment (Gains) and Losses	(333,648)	892,241
Contributions Restricted for Long-Term Investment	(229,560)	(325,486)
Changes in Operating Assets and Liabilities:		
Contribution Receivable	(110,612)	-
Accounts Payable and Accrued Liabilities	2,991	73,444
Net Cash Used by Operating Activities	(206,640)	(13,865)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(5,705,112)	(1,739,525)
Reinvestment of Interest and Dividends	(131,584)	(119,974)
Proceeds from Sales of Investments	5,681,398	1,537,252
Net Cash Used by Investing Activities	(155,298)	(322,247)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	229,560	325,486
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(132,378)	(10,626)
Cash and Cash Equivalents - Beginning of Year	102,576	113,202
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ (29,802)	\$ 102,576

See accompanying Notes to Financial Statements.



**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 1 ORGANIZATION**

Southwestern Oregon Community College Foundation (the Foundation) is an Oregon nonprofit corporation organized in 1962 exclusively for the purpose of supporting higher education in connection with Southwestern Oregon Community College (the College). The Foundation's mission is to support the College by improving people's lives socially, culturally, economically, and educationally through friend-raising and fundraising. Fundraising efforts result in the Foundation receiving gifts and pledges for the benefit of the College, including such gifts as endowment gifts to be invested in perpetuity, remainder interests in charitable remainder trusts, gift annuities, bequests, estate gifts, and other gifts. The Foundation is managed by a team of professionals and controlled by a volunteer board of directors.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

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).

**Basis of Presentation**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Foundation's board of directors may designate a portion of these net assets for particular purposes and objectives.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation (e.g., endowment funds). Generally, the donors of these assets permit the Foundation to use all, or part of the income earned on related investments for general or specific purposes.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent 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. In the opinion of management, such differences, if any, would not be significant.

**Cash Equivalents**

For purposes of the financial statements, the Foundation considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held as part of the Foundation's investment portfolio, and where management's intention is to use the cash to acquire investments to be held long-term, are classified as investments.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value.

Net investment return, which includes both current yield (interest and dividend income) and net change in the fair value of investments, is reported in the statement of activities, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis.

The Foundation has some exposure to investment risks, including interest rate, market, and credit risks, for both marketable and nonmarketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets and Depreciation**

Generally, furniture and equipment in excess of \$5,000 are capitalized and reported at cost when purchased, and initially at fair market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. At June 30, 2023 and 2022, the Foundation had equipment of \$10,350 to be used in the future and as such no depreciation was recorded for the years ended June 30, 2023 and 2022.

**Contributions**

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions, the restrictions are considered to be released at the time of acquisition of such long-lived assets, in accordance with donor intent.

**In-Kind Contributions**

A number of unpaid volunteers have made significant contributions of their time to develop and implement the Foundation's programs. Under GAAP, significant services received which create or enhance a nonfinancial asset or require specialized skills that the Foundation would have purchased if not donated are recognized in the statement of activities. During the years ended June 30, 2023 and 2022, the Foundation recorded \$68,130 and \$66,748 in-kind services, respectively. These services are valued at the actual costs paid by the College to provide the service which approximates fair value.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**In-Kind Contributions (Continued)**

In-kind contributions of land, buildings, equipment, and other materials are recorded when there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Foundation's activities.

**Outstanding Legacies**

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation's share of such bequests is recorded when the probate court has declared the testamentary instrument valid, and the proceeds are measurable.

**College Support**

College support is accrued when awarded by the Foundation and unconditional. College support is provided from available income and principal in accordance with restrictions imposed by donors.

**Benefits Provided to Donors at Special Events**

The Foundation conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective mean exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

**Concentrations of Credit Risk**

The Foundation's financial instruments consist primarily of cash and cash equivalents and investments, which may subject the Foundation to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Certain receivables may also, from time to time, subject the Foundation to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Subsequent events have been evaluated by management through November 8, 2023, which is the date the financial statements were available to be issued.

**Income Taxes**

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(A)(1) of the IRC.

**Summarized Financial Information for 2022**

The accompanying financial information as of and for the year ended June 30, 2022 are presented for comparative purposes only and are not intended to represent a complete financial statement presentation.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Change in Accounting Principle**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, 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 leases. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

**NOTE 3 INVESTMENTS AND INVESTMENT RETURN**

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Corporate Stocks	\$ 2,791,312	\$ 2,924,119
Mutual Funds	788,510	348,454
Exchange-Traded and Close-Ended Funds	738,254	1,075,901
Alternative Style Investments	714,127	-
Government Securities	463,272	235,081
Fixed-Income Funds	146,830	132,926
Total	<u>5,642,305</u>	<u>4,716,481</u>
Cash Equivalents	110,072	546,950
Total	<u>\$ 5,752,377</u>	<u>\$ 5,263,431</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 3 INVESTMENTS AND INVESTMENT RETURN (CONTINUED)**

Total return on investments is as follows for the years ended June 30:

From Investments:	2023	2022
Interest and Dividend Income <sup>1</sup>	\$ 131,584	\$ 119,974
Net Appreciation (Depreciation) in the Fair Value of Investments	333,648	(892,241)
Total	\$ 465,232	\$ (772,267)

<sup>1</sup>Investment income is presented net of external and direct internal investment expenses.

The Foundation's total investment return is summarized as follows for the years ended June 30:

	2023	2022
Operating Investment Return	\$ 60,917	\$ (110,350)
Endowment Investment Return (Note 7)	404,315	(661,917)
Total	\$ 465,232	\$ (772,267)

**NOTE 4 FAIR VALUE MEASUREMENTS**

Included in the accompanying financial statements are certain financial instruments (primarily investments) carried at fair value.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under GAAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The Foundation measures the fair value of investments that do not have readily determinable fair values on the basis of the net asset value (NAV) per share, or its equivalent, as a practical expedient for measuring fair value. The Foundation performs due diligence reviews of the NAV in the capital accounts with its investment managers to ensure conformity with U.S. GAAP. The Foundation assesses factors including, but not limited to, managers' compliance with fair value measurement standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date. NAV is determined by audited financial statements of the investments and quarterly valuation updates provided by investment managers. The NAV of an investment may be adjusted to reflect illiquidity or non-transferability of an investment.

The following is a reconciliation of investments measured at fair value to total investments at June 30, 2023:

	Level 1	Level 2	Level 3	Total 2023	2022
Measured at Fair Value:					
Corporate Stocks	\$ 2,791,312	\$ -	\$ -	\$ 2,791,312	\$ 2,924,119
Mutual Funds	788,510	-	-	788,510	348,454
Exchange Traded Funds	738,254	-	-	738,254	1,075,901
Government Securities	463,272	-	-	463,272	235,081
Fixed-Income Funds	146,830	-	-	146,830	132,926
Total Investments at Fair Value	4,928,178	-	-	4,928,178	4,716,481
Measured at Cost:					
Cash Equivalents	-	-	-	110,072	546,950
Measured at Net Asset Value*:					
Alternative Investments	-	-	-	714,127	-
Total Investments	\$ 4,928,178	\$ -	\$ -	\$ 5,752,377	\$ 5,263,431

All investments at June 30, 2022 were considered Level 1 Investments.

\*In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share* (or its Equivalent), certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. Investments measured at net asset value (NAV) primarily represent investments in limited partnerships or other products with varying restrictions on liquidity or requirement commitments.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following summarizes these commitments and restrictions at June 30, 2023.

Committed to Alternative Investments	\$ 723,000
Unfunded Commitments	\$ -
Redemption Restrictions	None to 1 Year

**NOTE 5 BOARD-DESIGNATED NET ASSETS**

The following summarizes the Foundation's net assets without donor restrictions as of June 30:

	<u>2023</u>	<u>2022</u>
Quasi-Endowment for (Note 7):		
Operations	\$ 978,723	\$ 984,430
Scholarships	384,744	330,989
Total	<u>\$ 1,363,467</u>	<u>\$ 1,315,419</u>

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

The following summarizes the Foundation's net assets with donor-imposed restrictions as of June 30:

	<u>2023</u>	<u>2022</u>
Expendable Net Assets Restricted for the Following Purposes:		
Scholarships	\$ 305,667	\$ 401,310
Program Support	224,640	320,965
Total	<u>530,307</u>	<u>722,275</u>
Endowment Available for Expenditure Following Purposes:		
Scholarships	265,002	251,807
Other Programs	104,902	99,126
Total (Note 7)	<u>369,904</u>	<u>350,933</u>
Endowment Restricted for the Following Purposes:		
Scholarships	2,658,443	2,336,395
Other Programs	21,283	21,832
Total Endowment (Note 7)	<u>2,679,726</u>	<u>2,358,227</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,579,937</u>	<u>\$ 3,431,435</u>



**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 7 ENDOWMENT**

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowment. As required by GAAP, net assets associated with endowment, including funds designated by the board of directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Foundation's endowment-related activities for the year ended June 30, 2023:

	Donor-Restricted Endowments				Quasi-Endowment	
	Endowment Available for Expenditure	Accumulated Endowment Return	Endowment Principal	Total	Without Donor Restrictions	Total
Endowment Net Assets at Beginning of Year	\$ 350,933	\$ 145,507	\$ 2,212,720	\$ 2,709,160	\$ 1,315,419	\$ 4,024,579
Contributions and Grants	5,905	-	229,560	235,465	-	235,465
Net Investment Return	30,608	271,750	-	302,358	101,957	404,315
Endowment Management Fee (Note 10)	(3,404)	(26,028)	-	(29,432)	(10,104)	(39,536)
Appropriation of Endowment Assets for Expenditure	(14,138)	(153,783)	-	(167,921)	(43,805)	(211,726)
Endowment Net Assets at End of Year	<u>\$ 369,904</u>	<u>\$ 237,446</u>	<u>\$ 2,442,280</u>	<u>\$ 3,049,630</u>	<u>\$ 1,363,467</u>	<u>\$ 4,413,097</u>

**Interpretation of Relevant Law**

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Foundation's board of directors has interpreted Oregon's adoption of UPMIFA as requiring the Foundation to adopt investment and spending policies that are designed to preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Foundation has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Foundation classifies as endowment principal (1) the original value of endowment gifts, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 7 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

**Endowments With Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In addition, the Foundation's board of directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

**Investment and Spending Policies**

In accordance with UPMIFA, the Foundation's board of directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the board of directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Foundation and the 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; and
- The investment policies of the Foundation.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 7 ENDOWMENT (CONTINUED)**

**Investment and Spending Policies (Continued)**

To meet its objectives, the Foundation's policies limit spending to an amount equal to between 3% and 6% of the average fair market value of the fund investments (computed over a three-year moving average, measured at March 31 prior to the beginning of the fiscal year). Distributions are generally made annually in July. Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Foundation's management of endowment. For years when actual endowment return is less than distribution under the policy, the shortfall is intended to be covered by realized and unrealized returns from prior years.

**NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS**

During the years ended June 30, 2023 and 2022, the Foundation incurred various expenses in satisfaction of the restricted purposes specified by donors, or otherwise satisfied the restrictions by the occurrence of other events. Accordingly, net assets released from restrictions are summarized in the following table:

	2023	2022
Satisfaction of Donor Restrictions as to Purpose and/or Time	\$ 578,116	\$ 311,174
Endowment Management Fee (Note 7)	52,932	48,201
Total	\$ 631,048	\$ 359,375

**NOTE 9 ADMINISTRATIVE ASSESSMENT**

The Foundation makes an administrative assessment of 1.0% annually based on a three-year rolling average of the fair value of endowment assets at March 31 as allowed in the endowment fund agreements. This assessment for the years ended June 30, 2023 and 2022 totaled \$52,932 and \$48,201, respectively.

**NOTE 10 COLLEGE SUPPORT AND EXPENSES**

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates of the time expended in each area.

The Foundation and the College have entered into an agreement that sets forth the manner in which the College and Foundation provide support to each other. The College funds the Foundation's Executive Director salary and benefits. The value of such services totaling \$68,130 and \$66,748 for the years ended June 30, 2023 and 2022, respectively are reported as in-kind contributions in the accompanying statement of activities.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

**NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Total Financial Assets Available:		
Cash and Cash Equivalents	\$ 105,076	\$ 169,324
Investments	<u>5,752,377</u>	<u>5,263,431</u>
Total	5,857,453	5,432,755
Less Financial Assets not Available Within the Year:		
Financial Assets Restricted by Donors for Endowment	(3,579,937)	(3,431,435)
Financial Assets Designated by the Board for Quasi-Endowment	<u>(1,363,467)</u>	<u>(1,315,419)</u>
Total	<u>\$ 914,049</u>	<u>\$ 685,901</u>

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

In addition, the Foundation holds quasi-endowment funds totaling \$1,363,467 and \$1,315,419 (see Notes 5 and 7) as of June 30, 2023 and 2022, respectively. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amount from its quasi-endowment could be made available if necessary.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.