PIMA COMMUNITY COLLEGE FOUNDATION, INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2021

RCM

REGIER CARR & MONROE, LLP, CPAs

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pima Community College Foundation, Inc.
Tucson, Arizona

We have audited the accompanying financial statements of Pima Community College Foundation, Inc. (the "Foundation") (an Arizona nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows and for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pima Community College Foundation, Inc., as of June 30, 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.

Regier Carr & Monroe, L.L.P.

October 27, 2021
Tucson, Arizona

PIMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 226,881
Unconditional promises to give, current portion	3,630
Prepaid expenses and other current assets	35,855
Total current assets	266,366
INVESTMENTS	12,486,998
PROPERTY AND EQUIPMENT, NET	6,434
OTHER NONCURRENT ASSETS	
Unconditional promises to give, non-current portion	500,000
Total assets	$ 13,259,798

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 65,662
Deferred revenue	367,755
Total current liabilities	433,417
NET ASSETS	
Without donor restrictions	
Available for operations	485,540
Board-designated endowment	277,493
Total net assets without donor restrictions	763,033
With donor restrictions	
Specified purpose	6,299,906
Permanent endowment	5,763,442
Total net assets with donor restrictions	12,063,348
Total net assets	12,826,381
Total liabilities and net assets	$ 13,259,798

The Notes to Financial Statements are an integral part of these statements.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions: Purpose Restrictions	With Donor Restrictions: For Perpetuity	Total
REVENUES AND SUPPORT				
Contributions	$ 93,456	$ 3,940,540	$ 108,476	$ 4,142,472
Service agreement revenue	544,053	-	-	544,053
In-kind contributions	-	16,040	-	16,040
Investment income, net	181,719	1,254,040	-	1,435,759
Special events, net	-	(1,765)	-	(1,765)
Paycheck Protection Program revenue	61,779	-	-	61,779
Net assets released from restrictions and transfers	314,032	(419,387)	105,355	-
Total revenues and support	1,195,039	4,789,468	213,831	6,198,338
EXPENSES				
Program expenses	560,512	-	-	560,512
Management and general	257,656	-	-	257,656
Fundraising	84,141	-	-	84,141
Total expenses	902,309	-	-	902,309
CHANGE IN NET ASSETS	292,730	4,789,468	213,831	5,296,029
NET ASSETS, BEGINNING OF YEAR	470,303	1,510,438	5,549,611	7,530,352
NET ASSETS, END OF YEAR	$ 763,033	$ 6,299,906	$ 5,763,442	$ 12,826,381

The Notes to Financial Statements are an integral part of these statements.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Programs	Management and General	Fundraising	Total
Scholarship expenses	$ 159,267	$ -	$ -	$ 159,267
Programs expenses	135,516	-	-	135,516
In-kind gifts	16,040	-	-	16,040
Lease - office and storage rental	-	5,183	-	5,183
Office supplies and computer software	23,427	11,714	11,714	46,855
Community activities	24,843	-	-	24,843
Professional fees and consultants	40,446	128,133	40,446	209,025
College support	4,139	-	-	4,139
Professional development and training	1,085	1,085	-	2,170
Insurance expense	-	3,273	-	3,273
Depreciation expense	-	4,160	-	4,160
Meetings and hospitality	2,118	815	326	3,259
Bank charges	922	198	198	1,318
Salaries/benefits	144,319	72,159	24,053	240,531
Marketing (brand, logo and website)	6,418	29,950	6,418	42,786
Other operational expenses	1,972	986	986	3,944
Total	$ 560,512	$ 257,656	$ 84,141	$ 902,309

The Notes to Financial Statements are an integral part of these statements.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 5,296,029
Adjustments to reconcile change in net assets to net cash from operating activities	
Net realized and unrealized gain on investments	(1,275,598)
Loss from partnerships	12,374
Paycheck Protection Program revenue	(61,779)
Depreciation expense	4,160
Changes in operating assets and liabilities	
Unconditional promises to give	(503,630)
Prepaid expenses and other current assets	4,728
Accounts payable and accrued expenses	(88,442)
Deferred revenue	302,332
Net cash provided by operating activities	3,690,174
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	129,222
Purchases of investments	(4,459,287)
Net cash used by investing activities	(4,330,065)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of note payable	20,246
Net decrease in cash and cash equivalents	(619,645)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	846,526
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 226,881

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pima Community College Foundation, Inc. (the "Foundation") was incorporated in the State of Arizona in 1977 as a nonprofit organization dedicated to supporting Pima Community College (the "College") by securing private philanthropic support for scholarships, programs, and other College needs, managing assets to ensure the best financial returns, and facilitating College development activities.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions), based upon the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

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

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recognized as support when received or unconditionally promised. The Foundation reports gifts of cash and other assets as net assets with donor restrictions support if such gifts are received with donor stipulations that limit the use of the donated assets as to either purpose or time period. When a donor restriction expires, either through the passage of time or use of the monies for the purpose intended by the donor, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Donor-restricted contributions are reported as net assets without donor restrictions when the restriction is met in the same period the contribution is received.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimate of the effort expended.

Income Tax Status and Uncertain Tax Positions

The Foundation is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code ("IRC") Section 501(c)(3). Therefore, no provision has been made for income taxes in the accompanying financial statements. The Foundation is classified as other than a private foundation under Section 509(a) of the IRC. There were no taxes paid by the Foundation during the year ended June 30, 2021.

The Foundation's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of June 30, 2021, there were no uncertain tax positions that are potentially material. In addition, management is not aware of any matters which would cause the Foundation to lose its tax-exempt status.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Services Agreement

On October 1, 2017, the Foundation and the College entered into an agreement in which the College agreed to pay the Foundation for services provided to the College. The Foundation records these payments as deferred revenue until the agreed upon services are performed, at which time the payments are recognized as revenue.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

Concentration of Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investment balances. The Foundation maintains its cash in bank deposit accounts which may exceed federally insured limits. The Federal Deposit Insurance Corporation ("FDIC") insures cash accounts at banks up to $250,000 per institution. Investments held by other institutions are insured up to $500,000 under insurance provided by the Securities Investor Protection Corporation ("SIPC"). However, SIPC does not protect against losses in market value. At June 30, 2021, there was $11,974,991 in cash and cash equivalents and investment balances in excess of the FDIC and SIPC federally insured limits. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Investments

In accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included with the change in net assets.

Property and Equipment

Purchases of property and equipment having a unit cost of $2,500 or more and an estimated useful life of more than one year are capitalized at cost. Donated property and equipment meeting the same criteria is recorded at estimated fair market value on the date of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Office furniture and equipment	5-10 years

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

Deferred revenue in the amount of $367,755 at June 30, 2021, consists of $56,405 relating to a services agreement with the College, $61,350 relating to special event income received in advance, and a $250,000 conditional grant. The grant requires the Foundation to raise additional funds totaling $500,000 with specific requirements over a period though 11/30/2023. Revenue is recognized once the activities specified in the services contract are completed, when the special event takes place, and when the conditions of the grant are executed. During the year ended June 30, 2021, the Foundation recognized as revenue $1,573 of the deferred revenue balance at June 30, 2020.

Donated Services – Materials and Facilities

Donated goods and facilities are valued at fair market value. Donated services are recognized in the financial statements at fair market value if the following criteria are met:

- The services require specialized skills, and the services are provided by individuals possessing those skills.

- The services would typically need to be purchased if not donated.

Although the Foundation may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Advertising

The Foundation expenses advertising costs as incurred. The Foundation does not participate in direct-response advertising which requires the capitalization and amortization of related costs. Advertising costs totaled $32,731 during the year ended June 30, 2021.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle - Revenue Recognition

The Foundation has adopted FASB Accounting Standards Update ("ASU 2014-09") – Revenues from Contracts with Customers (Topic 606), and other ASUs issued since ASU 2014-09 which amend and clarify ASU 2014-09. This guidance is intended to improve the recognition of revenue and develop a standard that will apply to all of revenue resulting from contracts with customers. The Agency adopted ASU 2014-09 for the fiscal year beginning July 1, 2020 on a modified retrospective transition approach, which is allowed in the ASU 2014-09. The Foundation applied ASU 2014-09 to its services agreement with the College.

The core principle of Topic 606, is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. There was no impact on these financial statements based on implementing this update and other related updates outside of expanded disclosures related to revenue recognition.

Change in Accounting Principle - Fair Value Disclosure and Measurements

The Foundation has adopted provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-13, Fair Value Measurements: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements. This ASU modifies the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements, as well as clarifying specific disclosure requirements. As a result of implementation, the Foundation noted the following impacts:

1. The valuation process for Level 3 fair value measurements was removed.
2. The changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period has been removed.
3. The previous rollforward for Level 3 fair value measurements has been modified to include only purchases, sales, transfers in and transfers out.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements Not Adopted

- Leases

  In February 2016, the FASB issued Accounting Standard Update No. 2016-02, *Leases* (Topic 842), that will supersede the current lease requirements in Accounting Standards Codification ("ASC') 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

2. INVESTMENTS

Investments at June 30, 2021, are stated at fair value and consist of:

Marketable securities	
Mutual funds	$ 12,232,564
Alternative investments	254,434
Total	$ 12,486,998

Investment income for the year ended June 30, 2021, consists of:

Interest and dividend income	$ 238,229
Net realized and unrealized gain	1,275,598
Loss from partnerships	(12,374)
Investment and management fees	(65,694)
Investment income, net	$ 1,435,759

(continued)

3. FAIR VALUE MEASUREMENTS

U.S. Generally Accepted Accounting Principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, level 2 inputs consist of observable inputs other than quoted prices for identical assets, and level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair values using level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1: Fair value measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the assets is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Fair value measurements are based on inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a level 2 input must be observable for substantially the full term of the asset.

Level 3: Fair value measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the assets at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset (including assumption about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

- *Mutual funds:* Valued at the net asset value of shares held at year end.
- *Equities:* Valued at the closing price reported on the active market on which the individual securities are traded. •
- *Alternative investments:* Valued at the fair value as reported by the fund managers or general partners and may differ significantly from values reported on an active market.

(continued)

3. FAIR VALUE MEASUREMENTS (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of investment assets measured on a recurring basis are:

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 12,232,564	$ -	$ -	$ 12,232,564
Alternative investments	-	-	254,434	254,434
Total investments at fair value	$ 12,232,564	$ -	$ 254,434	$ 12,486,998

The table below sets forth a summary of changes in the Foundation's level 3 investment assets for the year ended June 30, 2021:

Alternative investments	
Balance, beginning of year	$ 272,269
Loss from partnership	(12,374)
Distributions	(3,680)
Transfers out	(1,781)
Balance, end of year	$ 254,434

4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2021, the Foundation had a balance $503,630 in unconditional promises to give, related to a single $1,000,000 pledge received during the year ended June 30, 2021. Unconditional promises to give are presented in the statement of financial position as follows:

Unconditional promises to give in less than one year	$ 3,630
Unconditional promises to give in one to three years	500,000
Total	$ 503,630

The unconditional promises to give are restricted for use to help students of color successfully complete the education and training necessary to enter the workforce.

(continued)

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Office furniture and equipment	$ 19,262
Less accumulated depreciation	(12,828)
Property and equipment, net	$ 6,434

6. NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

On May 27, 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program (the "PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of $61,600. Subsequent to the receipt of the proceeds, the loan was recalculated, and it was determined the authorized loan amount was $41,534. As a result, $20,066 was returned as a payment on June 17, 2020.

During the year ended June 30, 2021, the Foundation successfully applied for forgiveness of the loan. The Foundation received forgiveness of $61,779 (including accrued interest), which was recorded as revenue for the year ended June 30, 2021. Additionally, the Foundation was refunded the payment made in the prior year in the amount of $20,066 upon forgiveness of the full PPP loan amount.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's board has designated two endowments totaling $277,493 at June 30, 2021. The principal of this designation is invested and the earnings of the funds can be allocated to support the Foundation as directed by the board.

Net assets without donor restrictions are for the following purposes as of June 30, 2021:

Available for operations	$ 485,540
Board-designated endowment	277,493
Total	$ 763,033

(continued)

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor time/purpose restrictions activity for the year ended June 30, 2021, consists of:

	Beginning Balance	Contributions and Special Events	Investment Gain	Releases and Transfers	Ending Balance
Scholarships	$ 963,610	$ 104,385	$ 1,254,040	$ (232,416)	$ 2,089,619
Programs	367,001	3,685,847	-	(96,493)	3,956,355
College programs	18,067	-	-	(6,137)	11,930
Foundation programs	8,841	(1,765)	-	(1,000)	6,076
Sports	152,919	166,348	-	(83,341)	235,926
Total	$ 1,510,438	$ 3,954,815	$ 1,254,040	$ (419,387)	$ 6,299,906

9. ENDOWMENT FUNDS

The Foundation's endowments consist of several individual funds established under donor restriction for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Foundation complies with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the state of Arizona with a focus on growth of such funds as well as the preservation of the value of the gift absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions (permanent endowment), (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion, if any, of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (permanent endowment) is classified as net assets with donor restrictions (specific purpose) assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with UPMIFA, the Foundation considers, if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation and (7) the Foundation's investment policies.

(continued)

9. **ENDOWMENT FUNDS** (continued)

Funds with Deficiencies

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

Transfers

During the year ending June 30, 2021, the Foundation performed a review of its endowments and determined that some amounts were improperly classified as restricted in perpetuity and should instead be classified as restricted by specified purpose or board-designated endowments. The transfer was a reclassification between net asset classifications and did not have an impact on the total net assets balance.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor- restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce an overall annualized total return above a customized index comprised of market indexes weighted by the strategic asset allocation of the portfolio. These expected returns are to be calculated after the deduction of advisory and money management fees, transaction costs and custodial fees.

Investment Strategies

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints, however, interest-generating investments such as bond portfolios have also been utilized.

Continued Spending Policies

The Foundation's spending policy allows the board of directors, each April, to establish the endowment distribution plan for the upcoming academic year by determining a distribution rate on endowment accounts. The endowment distribution plan is a budgeted allocation that commences on July 1 and concludes on June 30 of each year. The allocation for each endowment is calculated by applying the distribution rate to a twelve-quarter rolling average of the March 31 market values of the endowment accounts. The endowment principal will not be used to fund the distribution plan; only the current year and/or prior years' accumulated earnings of endowment funds will be expended.

(continued)

9. ENDOWMENT FUNDS (continued)

Endowment net assets at June 30, 2021 are comprised of:

	Without Donor Restrictions	With Donor Restrictions Specified Purpose	With Donor Restrictions Permanent Endowment
Non-endowment assets	$ 277,493	$ 1,540,114	$ 5,763,442

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

	Without Donor Restrictions	With Donor Restrictions Specified Purpose	With Donor Restrictions Permanent Endowment
Endowment net assets, beginning of year	$ 273,814	$ 353,370	$ 5,549,611
Contributions	3,679	3,150	108,476
Investment gain	-	1,254,040	-
Other transfers	-	25,620	105,355
Appropriation of endowment assets for expenditure	-	(96,066)	-
Endowment net assets, end of year	$ 277,493	$ 1,540,114	$ 5,763,442

The net assets with donor restrictions for specified purposes are related to and included with scholarship activity in Note 8.

(continued)

9. ENDOWMENT FUNDS (continued)

Net assets with perpetual donor restrictions at June 30, 2021, consists of endowment funds for the following purposes:

Health profession	$ 1,931,285
Any field of study	1,853,263
Applied technology	624,867
Program support	609,198
Arts	437,153
Social & behavioral sciences	123,980
Business	64,952
Public safety and emergency services	53,411
Communication	42,233
Science or math	23,100
Total	$ 5,763,442

10. IN-KIND CONTRIBUTIONS

In-kind contributions received from the College consist of personnel and other operating costs to support Foundation operations and are valued at fair market value. No in-kind contributions were received from the College for the year ending June 30, 2021. Other in-kind contributions consist of equipment and supplies that can be used in the operations and/or teaching programs of the College. The donated goods and equipment are recorded at estimated fair market value at the date of gift. During the year ended June 30, 2021, in-kind gifts of $16,040 were transferred to the College to be used for operations or teaching programs.

11. SPECIAL EVENTS

Special event activity for the year ended June 30, 2021, consists of:

	Revenue	Expenses	Net Revenue (Expense)
Rev It Up	$ 11,500	$ 16,160	$ (4,660)
Radio Christmas Carol Theater Production	1,705	-	1,705
Video Volumes Theater Production	1,140	-	1,140
Show Tell Give	50	-	50
Total	$ 14,395	$ 16,160	$ (1,765)

(continued)

12. RELATED PARTY TRANSACTIONS

On October 1, 2017, the Foundation commenced a service agreement contract with the College that expires on June 30, 2022. The agreement is intended for the Foundation to provide the following services to the College: fundraising, program development and other activities. During the year ended June 30, 2021, the College paid $600,000 per a services agreement contract, to the Foundation.

During the year ended June 30, 2021, the Foundation paid $159,267 in scholarships and $75,281 in other expenses to the College. Additionally, in-kind gifts of $16,040 were transferred to the College to be used for operations or teaching programs.

During the year ended June 30, 2017, the Foundation and College entered into a lease agreement in which the Foundation agreed to pay $952 monthly for the right to occupy office space at the College's Direct Office location. In an amendment to the agreement dated July 12, 2021, the lease was extended until July 2022. During the year ended June 30, 2021, the Foundation paid $5,183 in rent payments to the College. The College waived payments for a number of months, during which the Foundation's employees worked remotely. The Foundation expects to pay $11,424 to the College during the year ended June 30, 2022.

13. COMMITMENTS AND CONTINGENCIES

During the year ended June 30, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a public health emergency. The extent to which the COVID-19 pandemic will impact the Agency's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Foundation's donors, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal government, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Foundation may continue to experience adverse impacts to its operations as a result of any economic recession or depression that has occurred or may occur in the future. While the closures and limitations are expected to be temporary, the duration of the disruption and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Foundation's financial position, results of operations and cash flow.

(continued)

14. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30, 2021:

Financial assets at year-end	
Cash and cash equivalents	$ 226,881
Unconditional promises to give	503,630
Investments	12,486,998
Total financial assets	13,217,509
Less amounts not available to be used within one year	
Board designated - endowment	277,493
Net assets with donor restrictions	12,063,442
Financial assets available to meet general expenditures over the next twelve months	$ 876,574

As part of the Foundation's liquidity plan, the financial assets are structured to be available as general expenditures, liabilities, and other obligations become due.

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

15. SUBSEQUENT EVENTS

The Foundation was unaware of any other subsequent events as of October 27, 2021, the date the financial statements were available to be issued.