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BARSTOW COLLEGE FOUNDATION

FINANCIAL STATEMENTS

June 30, 2022

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BARSTOW COLLEGE FOUNDATION
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JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Barstow College Foundation
Barstow, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Barstow College Foundation (the "Foundation") (a California nonprofit corporation), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barstow College Foundation as of June 30, 2022, and the changes to 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Barstow 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 opinions.

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 the Foundation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards:

- 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.

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.

CWDL, Certified Public Accountants

San Diego, California
April 28, 2023

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FINANCIAL STATEMENTS

BARSTOW COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	2022
ASSETS	
Current assets	
Cash and cash equivalents	$ 175,487
Total current assets	175,487
Noncurrent assets	
Investments	818,659
Beneficial interest in assets held by the Foundation for California Community Colleges	101,208
Total noncurrent assets	919,867
Total Assets	$ 1,095,354
LIABILITIES	
Accounts payable	$ 4,843
Total Liabilities	4,843
NET ASSETS	
Net assets without donor restrictions	175,317
Net assets with donor restrictions	915,194
Total Net Assets	1,090,511
Total Liabilities and Net Assets	$ 1,095,354

See accompanying notes to financial statements.

BARSTOW COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 53,269	$ 75,787	$ 129,056
Interest and dividend income	14,022	36,995	51,017
Special events	-	1,555	1,555
Net realized loss on investments	(45,516)	(115,290)	(160,806)
Net unrealized gain on investments	-	13,085	13,085
Miscellaneous revenue	225	-	225
In-kind contributions	1,475	-	1,475
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	13,553	13,553
Net assets released from restriction	66,632	(66,632)	-
Total Support and Revenue	$ 90,107	$ (40,947)	$ 49,160
EXPENSES			
Program	$ 72,755	$ -	$ 72,755
Management and general	92,476	-	92,476
Fundraising	1,355	-	1,355
Total Expenses	166,586	-	166,586
Change in Net Assets	(76,479)	(40,947)	(117,426)
Net Assets - Beginning of Year	251,796	956,141	1,207,937
Net Assets - End of Year	$ 175,317	$ 915,194	$ 1,090,511

See accompanying notes to financial statements.

BARSTOW COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program	Management and General	Fundraising	Total
Scholarships and grants	$ 60,053	$ -	$ -	$ 60,053
Performance arts center	6,579	-	-	6,579
Departmental programs	4,648	-	-	4,648
Special events	-	29	1,355	1,384
Office expense	-	3,486	-	3,486
Contract services	-	34,180	-	34,180
Other administrative expenses	-	54,781	-	54,781
In-kind donation	1,475	-	-	1,475
Total expenses	$ 72,755	$ 92,476	$ 1,355	$ 166,586

See accompanying notes to financial statements.

BARSTOW COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Year Ended June 30,	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (117,426)
Adjustment to reconcile change in net assets to net cash flows from operating activities	
Net loss in the fair value of investments	72,886
Contributions restricted for long-term purposes	12,754
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	
Change in beneficial interest in assets by the Foundation for California Community Colleges	20,672
Change in:	
Accounts receivable	400
Accounts payable	(3,892)
Net Cash (Used) by Operating Activities	(14,606)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	117,637
Proceeds from sale of investments	(89,095)
Net Cash Provided/(Used) by Investing Activities	28,542
CASH FLOWS FROM FINANCING ACTIVITIES	
Collections of contributions restricted for long-term purposes	(12,754)
Net Cash (Used) by Investing Activities	(12,754)
Change in Cash and Cash Equivalents	1,182
Cash and Cash Equivalents - Beginning of Year	174,305
Cash and Cash Equivalents - End of Year	$ 175,487

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES

Organization and Nature of Activities: Barstow College Foundation (the Foundation) is a nonprofit organization founded in 1981 for the purpose of assisting Barstow Community College District (the College) in building alliances with the community through the solicitation of gifts, bequests, monies & property, for the benefit of its students and college educational programs.

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

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

Net Asset Accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represent all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

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, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates those resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Support and Expenses: The Foundation receives substantially all of its revenue from direct donations, pledges, and corporate grants. 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 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) are reported as assets released from restriction between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution is made. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contract revenue is recognized after services have been rendered and any performance obligations have been met.

Revenue and Revenue Recognition: In May 2014, the FASB issued guidance ASC 606, Revenue from Contracts with Customers, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Foundation adopted ASC 606 with a date of the initial application of July 1, 2020, using the full-retrospective method.

As part of the adoption of ASC 606, the Foundation elected to use the following transition practical expedients: (1) revenue from contracts which begin and end in the same fiscal year has not been restated; (2) hindsight was used when determining the transaction price for contracts that include variable consideration, rather than estimating variable consideration amounts in the comparative reporting period; (3) the amount of transaction price allocated to unsatisfied performance obligations and when those amounts are expected to be recognized, for the reporting periods prior to the date of initial application of the guidance, have not been disclosed; and (4) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate.

Contributions are recognized when cash, securities or other assets, unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Revenue and Revenue Recognition continued: The adoption of ASC 606 did not have a significant impact on the Foundation's statement of financial position, results of its activities, or cash flows. The Foundation's revenue arrangements generally consist of a single performance obligation to transfer services. There are no significant contract assets, accounts receivable, or contract liabilities associated with these revenue streams. Based on the Foundation's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Donated Services: A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements because the recognition criteria were not met.

Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure 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, and those differences could be material.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash held in checking and money market accounts with original maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2022, the Foundation did not have any cash balances held in financial institutions in excess of Federal depository insurance coverage.

Accounts Receivable: Accounts receivable consist primarily of special event receivables. Management has deemed all amounts as collectible; therefore, no allowance for doubtful accounts is considered necessary.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income net of investment expenses and realized and unrealized capital gains and losses. Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000 of which $250,000 may be cash. As of June 30, 2022, the Foundation had investments in excess of the SIPC insurance amount.

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Beneficial Interest in Assets held by Community Foundation: During 2011, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. Variance power was granted to the CF which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the CF for the Foundation's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Classification of Current and Noncurrent Assets and Liabilities: The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal operations, to be converted to cash or liquidated within twelve months of the statement of financial position date to be current. All other assets and liabilities are considered noncurrent.

Income Taxes: The Foundation is charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 1990, and RFF-1, with the appropriate agencies. There was no unrelated business activity income.

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

Allocation of Functional Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program and supporting services activities occurring.

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued

Change in the Accounting Principle: ASU 2020-07 Presentation and Discussion by Not-for-Profit Entities for Contributed Nonfinancial Assets improves generally accepted accounting principles (GAAP) by increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in the update address public concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFP's as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

New Accounting Pronouncements: In November, FASB issued ASU 2021-09, Leases (ASU 2021-09). ASU 2021-09 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2021-09 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2021-09 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 175,487
Total financial assets available within one year	$ 175,487

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. The Board of Directors approve an annual budget and review financial statements on a quarterly basis.

NOTE 3 - INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2022:

	Adjusted Cost	Fair Market Value	Unrealized gain
Common stock	$ 63,860	$ 134,073	$ 70,213
Exchange traded funds	40,541	67,453	26,912
Money market	36,079	36,029	(50)
Mutual funds	665,094	581,104	(83,990)
Beneficial interest in assets held by the Foundation for California Community Colleges	101,208	101,208	-
Total	$ 906,782	$ 919,867	$ 13,085

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

	Without Donor Restrictions	With Donor Restrictions	Total
Net realized loss	$ (45,516)	$ (115,290)	$ (160,806)
Net unrealized gain	-	13,085	13,085
Interest and dividends	16,266	42,267	58,533
Total investment income	(29,250)	(59,938)	(89,188)
Investment fees	(2,244)	(5,272)	(7,516)
Total investment income, net of expenses	$ (31,494)	$ (65,210)	$ (96,704)

NOTE 4 - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, Fair Value Measurements and Disclosures. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and 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 I - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- Level II - Observable inputs other than Level I prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level III measurements.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

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

	Level I	Level II	Level III	Total
Assets				
Common stock	$ 134,073	$ -	$ -	$ 134,073
Exchange traded funds	67,453	-	-	67,453
Money market	36,029	-	-	36,029
Mutual funds	581,104	-	-	581,104
Beneficial interest in assets held by the Foundation for California Community Colleges	-	-	101,208	101,208
Total	$ 818,659	$ -	$ 101,208	$ 919,867

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES- OSHER ENDOWMENT SCHOLARSHIP

The Foundation participated in the Foundation for California Community Colleges (FCCC) Osher Scholarship Challenge. This program challenged community colleges and their related foundations to raise additional contributions to be designated as part of a permanent endowment for the FCCC's Osher Scholarship Endowment. Foundations participating in this challenge campaign are guaranteed scholarship monies for qualifying students of the community college district. The Foundation raised $90,000 toward this challenge campaign. At June 30, 2022, $101,208 is held as net assets with donor restrictions and is held with the FCCC. A total of $4,800 was received during the year and made available for scholarships as qualifying students are identified. The Foundation receives no additional interest or dividends on the balance held at FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Scholarship Endowment must be left in the fund permanently and cannot be returned or used for other purposes.

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

Scholarships and education programs	$ 116,520
Endowments - accumulated and unspent earnings	36,995
Total	$ 153,515

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

Endowments related to scholarships	$ 660,471
Beneficial interest in assets held by the Foundation for California Community Colleges	101,208
Total	$ 761,679

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal year ended June 30, 2022, the Foundation received Aviation equipment and other supplies/materials as follows:

Description	2022	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Equipment & Supplies	$ 1,475	BCF BQQ	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Total	$ 1,475			

NOTE 8 - ENDOWMENTS

The Foundation's endowment consists of 12 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds that the Foundation must hold in perpetuity, or for a donor-specified period, as well as funds designated by the Board of Directors to function as endowments (funds designated). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated consist of non-endowed, donor-restricted gifts that are unable to be spent in the near term and have been designated by the Board of Directors to be treated as endowments.

Interpretation of Relevant Law: The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various 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.

As of June 30, 2022, endowment net assets were composed of the following:

	With Donor Restrictions
Donor-restricted endowment funds	$ 734,924
Board-designated endowment funds	26,755
Total	$ 761,679

Changes in endowment net assets as of June 30, 2022, are as follows:

	With Donor Restrictions
Balance at July 1, 2021	$ 815,679
Contributions	10,000
Investment income	(58,728)
Amounts appropriated for expenditures	(5,272)
Endowment Net Assets, June 30, 2022	$ 761,679

NOTE 8 – ENDOWMENTS, continued

Investment Return Objectives, Risk Parameters and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of four percent, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately five to eight percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Foundation has a policy of appropriating for distribution each year four percent of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of two percent annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

For the Beneficial interest in assets held by the Foundation for California Community Colleges expenditures in each year shall be at least 50 percent of investment earnings (calculated on a total return basis) net of investment expenses, determined once per year based on the average rate of return for the preceding 12 calendar quarters (or, if less, the number of complete quarters the Osher Funds have been held), but in no event less than an amount equal to five percent of the invested principal amount as of the beginning of the prior fiscal year.

NOTE 9 - RELATED PARTY TRANSACTIONS

Barstow Community College District

Scholarship and grant distributions are paid by Barstow Community College District and reimbursed by the Foundation. This is included within the statement of functional expenses under program expenses.

NOTE 10 - SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions from June 30, 2022, through April 28, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.