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COLLEGE OF THE REDWOODS FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

COLLEGE OF THE REDWOODS FOUNDATION
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JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
College of the Redwoods Foundation
Eureka, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Redwoods College Foundation (the "Foundation"), as of and for the years ended June 30, 2023 and 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 Redwoods College Foundation as of June 30, 2023 and 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 Redwoods 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, and certain internal control-related matters that we identified during the audit.



San Diego, California
November 2, 2023

FINANCIAL STATEMENTS

COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$ 3,685,649
Cash held by trust	3,747,273
Investments	1,790,011
Accounts receivable, net	<u>360,800</u>
Total assets	<u>\$ 9,583,733</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 3,885
Accrued liabilities	2,149
Deferred revenue	<u>263,614</u>
Total current liabilities	<u>269,648</u>

Noncurrent liabilities:

Long-term debt	<u>1,500,000</u>
Total noncurrent liabilities	<u>1,500,000</u>
Total liabilities	<u>1,769,648</u>

NET ASSETS

Net assets without donor restrictions	4,694,175
Net assets with donor restrictions	<u>3,119,910</u>
Total net assets	<u>7,814,085</u>
Total liabilities and net assets	<u>\$ 9,583,733</u>

COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 3,713,260
Cash held by trust	3,803,733
Investments	1,669,264
Accounts receivable, net	242,362
Total assets	\$ 9,428,619

LIABILITIES

Current liabilities:

Accounts payable	\$ 25,842
Deferred revenue	609,321
Total current liabilities	635,163

Noncurrent liabilities:

Long-term debt	1,500,000
Total noncurrent liabilities	1,500,000
Total liabilities	2,135,163

NET ASSETS

Net assets without donor restrictions	4,964,279
Net assets with donor restrictions	2,329,177
Total net assets	7,293,456
Total liabilities and net assets	\$ 9,428,619

COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 157,343	\$ 738,265	\$ 895,608
Auxiliary enterprise sales, net	449,364	-	449,364
Investment Income	434,160	52,468	486,628
Special projects	149,130	-	149,130
Student fees	451,027	-	451,027
Miscellaneous revenue	162,352	-	162,352
In-kind donations	82,866	-	82,866
Transfers	186,596	-	186,596
Total Support and Revenue	2,072,838	790,733	2,863,571
EXPENSES			
Program expenses	2,387,159	-	2,387,159
Operating expenses	22,166	-	22,166
Fundraising expenses	49,792	-	49,792
Total Expenses	2,459,117	-	2,459,117
Change in Net Assets	(386,279)	790,733	404,454
Net Assets - Beginning of Year	4,964,279	2,329,177	7,293,456
Prior Period Adjustment	116,175	-	116,175
Net Assets - End of Year	\$ 4,694,175	\$ 3,119,910	\$ 7,814,085

COLLEGE OF THE REDWOODS 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			
Donations	\$ 362,825	\$ 378,537	\$ 741,362
Auxiliary enterprise sales, net	667,092	-	667,092
Investment Income	(587,108)	-	(587,108)
Special projects	84,598	-	84,598
Student fees	393,994	-	393,994
Miscellaneous revenue	191,664	-	191,664
In-kind donations	14,023	-	14,023
Transfers	351,536	-	351,536
Total Support and Revenue	1,478,624	378,537	1,857,161
EXPENSES			
Operating expenses	1,711,146	-	1,711,146
Program expenses	123,639	-	123,639
Fundraising expenses	4,607	-	4,607
Total Expenses	1,839,392	-	1,839,392
Change in Net Assets	(360,768)	378,537	17,769
Net Assets - Beginning of Year	5,325,047	1,950,640	7,275,687
Net Assets - End of Year	\$ 4,964,279	\$ 2,329,177	\$ 7,293,456

See accompanying notes to the financial statements.

COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program	General and Administrative	Fundraising	Total
Scholarships	\$ 600,235	\$ -	\$ -	\$ 600,235
Bank fees	13,491	-	-	13,491
Office expense	2,321	-	-	2,321
Travel	972	-	-	972
Contracted services	79,168	-	-	79,168
Dinning services	524,988	-	-	524,988
Utilities	291,905	-	-	291,905
General supplies	145,037	-	-	145,037
Instructional supplies	18,027	-	-	18,027
Equipment	-	22,166	-	22,166
Cleaning services	24,772	-	-	24,772
Advertising	2,226	-	-	2,226
Fundraising expense	-	-	49,792	49,792
Maintenance equipment	26,197	-	-	26,197
Postage and shipping	1,793	-	-	1,793
Miscellaneous expense	225,562	-	-	225,562
Items for Resale	20,862	-	-	20,862
Software	13,579	-	-	13,579
Special events	465	-	-	465
Warehouse supplies	294	-	-	294
Other expenses	12,948	-	-	12,948
In-kind expenses	82,866	-	-	82,866
Trustee Fees	26,620	-	-	26,620
Transfers Out	272,831	-	-	272,831
Total	\$ 2,387,159	\$ 22,166	\$ 49,792	\$ 2,459,117

See accompanying notes to the financial statements.

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

	Program	General and Administrative	Fundraising	Total
Scholarships	\$ 441,576	\$ -	\$ -	\$ 441,576
Bank fees	4,203	-	-	4,203
Office expense	2,250	-	-	2,250
Travel	2,147	-	-	2,147
Contracted services	88,921	-	-	88,921
Meals & entertainment	275,179	-	-	275,179
Utilities	261,146	-	-	261,146
General supplies	62,015	-	-	62,015
Instructional supplies	57,115	-	-	57,115
Equipment	-	116,595	-	116,595
Bad debt expense	-	6,993	-	6,993
Cleaning services	23,785	-	-	23,785
Advertising	780	-	-	780
Dorm activities	-	51	-	51
Fundraising expense	-	-	4,607	4,607
Maintenance equipment	29,826	-	-	29,826
Postage and shipping	1,339	-	-	1,339
Miscellaneous expense	253,154	-	-	253,154
Items for Resale	26,262	-	-	26,262
Software	5,790	-	-	5,790
Special events	3,933	-	-	3,933
Warehouse supplies	310	-	-	310
Inter Program	1,700	-	-	1,700
Membership fees	115	-	-	115
In-kind expenses	14,023	-	-	14,023
Trustee Fees	38,172	-	-	38,172
Transfers Out	117,405	-	-	117,405
Total	\$ 1,711,146	\$ 123,639	\$ 4,607	\$ 1,839,392

See accompanying notes to the financial statements.

COLLEGE OF THE REDWOODS FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 404,454	\$ 17,769
Reconciliation to net cash provided (used) by operating activities:		
Net gain in the fair value of investments	(120,747)	33,214
Change in Assets and Liabilities		
Accounts receivable	(118,438)	(148,032)
Other current assets	56,460	317,518
Accounts payable	(19,808)	(89,135)
Deferred revenue	(229,532)	359,731
Net Cash Provided (Used) by Operating Activities	(27,611)	491,065
Net Increase (Decrease) in Cash and Cash Equivalents	(27,611)	491,065
Cash and Cash Equivalents - Beginning of Year	3,713,260	3,222,195
Cash and Cash Equivalents - End of Year	\$ 3,685,649	\$ 3,713,260

See accompanying notes to the financial statements.

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: College of the Redwoods Foundation (the "Foundation") is a not-for-profit public benefit corporation organized to provide support to various programs and functions of Redwoods Community College District (the "District" or "College"), as well as provide a link between the district and the community. The Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The purpose of the Foundation is to accumulate funds to award scholarships and loans to assist students.

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.

Basis of Presentation: The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

All donor-restricted contributions are recorded as increases in net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Possible expirations of net assets with donor restriction are (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.

Cash Equivalents: The Foundation considers all highly liquid investments with original maturity dates of three months or less as cash equivalents.

Investments: Investments in marketable securities are carried at fair value. Net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments is reported in the statement of activities. Investment income, which consists of interest, dividends, realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Investment income is accrued as earned. Security transactions are recorded on a trade date basis.

Net Assets: The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Funds: The Foundation accounts for its endowments in accordance with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, and *Enhanced Disclosures for All Endowment Funds* (Codification Topic 958-205). The Foundation's endowment currently consists of 82 individual funds established for the purpose of supporting education at the District. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted 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 classifies as net assets with donor restriction (a) the original value of gifts donated to the net assets with donor restriction endowment, (b) the original value of subsequent gifts to the net assets with donor restriction endowment, and (c) accumulations to the net assets with donor restriction 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 of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows the Foundation's adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain 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-specific period(s) as well as board-designated funds.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality investment instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

Underwater Endowment Funds: 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 Organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The Foundation considers its endowments to be underwater if their fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. The Foundation had no underwater endowment funds at June 30, 2023 or 2022.

Donations: Donations are recognized as revenues in the period received. Donations are considered available for net assets without donor restrictions use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period the events occur.

Accounts Receivable: The Foundation utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2023 and 2022, respectively. Bad debt expense was \$-0- at June 30, 2023 and 2022, respectively.

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk: Cash balances held in banks are insured up to \$250,000 and are collateralized by the respective financial institution. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2023 and 2022, the Foundation had bank balances of \$122,795 and \$77,855 respectively. The total uninsured bank balances at June 30, 2023 and 2022 were \$0, respectively.

Scholarships: The Foundation recognizes unconditional scholarships awarded when such awards are made if the amounts can be reasonably determined. Conditional scholarships awarded are recognized when the conditions on which they depend are substantially met.

Functional Expenses: The costs of providing the various programs and other 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Tax Status: The United States Treasury Department determined that the Foundation is a nonprofit tax-exempt corporation as defined by Internal Revenue Code Section 501(c)(3). A similar determination was made by the California Franchise Tax Board under Section 237 of the State Revenue and Taxation code.

In 2003, the Foundation Board of Directors approved the 501(h)-lobby election of the Internal Revenue Code. Such status provides the Foundation with the ability to participate in the public policy process through lobbying and advocacy campaigns but limits the Foundation's expenses for this purpose to a maximum of 20% of the first \$500,000 of annual expenditures.

The Foundation has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Foundation uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. The Foundation is not subject to any liability. Management does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the years ended June 30, 2023 and 2022, the Foundation did not recognize any interest or penalties. The Foundation is subject to the filing of U.S. Federal and California informational returns. Federal returns for 2019 through 2021 and California returns for 2018 through 2021 are currently open for potential Federal and State examination.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Change in the Accounting Principle: In February 2016, the Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which is effective January 1, 2022, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On June 30, 2023, the Foundation had no leases requiring recognition under ASC Topic 842.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	\$ 3,685,649	\$ 3,713,260
Investment	1,790,011	1,669,264
Total financial assets, at year-end	5,475,660	5,382,524
Restrictions for specific purposes:		
Donor designated	3,119,910	2,329,177
Total contractual or donor-imposed restrictions	3,119,910	2,329,177
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,355,750	\$ 3,053,347

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments consist of the following at June 30:

	2023	2022
Bank Sweep	\$ 86,704	\$ 137,943
Fixed Income	998,653	-
Mutual Funds	704,654	1,531,321
Total	<u>\$ 1,790,011</u>	<u>\$ 1,669,264</u>

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC.

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 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.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of June 30, 2023, and 2022, the carrying amounts of cash and cash equivalents and accounts payable approximate fair value because of the relatively short maturities of these financial instruments.

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

		June 30, 2023			
		Fair Value	Level 1	Level 2	Level 3
Investment securities:					
Bank Sweep	\$	86,704	\$	86,704	\$ -
Mutual Funds		704,654		704,654	-
Fixed Income		998,653		998,653	-
Total investment securities	\$	1,790,011	\$	1,790,011	\$ -

		June 30, 2022			
		Fair Value	Level 1	Level 2	Level 3
Investment securities:					
Bank Sweep	\$	137,943	\$	137,943	\$ -
Mutual Funds		1,531,321		1,529,809	-
Total investment securities	\$	1,669,264	\$	1,667,752	\$ -

*Investments measured at fair value using net asset value ("NAVs") per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The Foundation used the following methods and significant assumptions to estimate fair value:

The fair value of the investments held by FCCC was based upon the NAVs of the assets at June 30, 2023 and 2022. The fair value of the funds held by FCCC is based upon the Foundation's proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future 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.

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

Year Ended June 30,	2023	2022
Subject to expenditure for a specified purpose		
Scholarships	\$ 3,119,910	\$ 2,329,177
Total	\$ 3,119,910	\$ 2,329,177

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal year ended June 30, 2023 and 2022, the Foundation received:

Description	2023	2022	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Equipment & Supplies	\$16,264	\$ 2,523	Events and Library	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.
Vehicle	\$ -	\$11,500	Automotive program	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates from Kelly Blue Book.
Athletics Equipment	\$66,602	\$ -	Athletic equipment	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	\$ 82,866	\$ 14,023			

COLLEGE OF THE REDWOODS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 - ENDOWMENT

Changes in endowment net assets for the fiscal year ended June 30, consisted to the following:

Year Ended June 30, 2023	Total
Endowment net assets, beginning of year*	\$ 3,095,974
Change in fair value of investments	347,096
Investment income	995
Other miscellaneous revenue	5,710
Transfers and adjustments	(74,394)
Investment fees	(24,020)
Endowment net assets, end of year	<u>\$ 3,351,361</u>
Year Ended June 30, 2022	Total
Endowment net assets, beginning of year	\$ 4,247,100
Change in fair value of investments	(595,726)
Investment income	5,812
Contributions	50,345
Transfers and adjustments	(251,062)
Investment fees	(33,588)
Endowment net assets, end of year	<u>\$ 3,422,881</u>

*During the fiscal year the Foundation analyzed all endowments.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

Beginning net position increased by \$116,175, the final distribution from a trust termination. The trust has been terminated on the current year Foundation books.

NOTE 8 – SUBSEQUENT EVENTS

The Foundation evaluated all events or transactions that occurred from June 30, 2023, to November 2, 2023, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.