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GLENDALE COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2023

GLENDALE COLLEGE FOUNDATION, INC.
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JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Glendale College Foundation, Inc.
Glendale, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Glendale College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2023, 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 Glendale College Foundation, Inc. as of June 30, 2023, 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 Glendale College Foundation, Inc. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



San Diego, California
October 2, 2023

FINANCIAL STATEMENTS

GLENDAL COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	1,030,234
Prepaid expense		4,160
Accounts receivable		600
Total current assets		<u>1,034,994</u>

Noncurrent assets:

Investments		<u>18,449,077</u>
Total noncurrent assets		<u>18,449,077</u>
Total Assets	\$	<u>19,484,071</u>

LIABILITIES

Accounts payable	\$	1,230
Deferred revenue		99,850
Total Liabilities		<u>101,080</u>

NET ASSETS

Net assets without donor restrictions		3,946,479
Net assets with donor restrictions		<u>15,436,512</u>
Total Net Assets		<u>19,382,991</u>
Total Liabilities and Net Assets	\$	<u>19,484,071</u>

GLENDAL COLLEGE FOUNDATION, INC.
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			
Contributions	\$ 1,369,067	\$ 527,383	\$ 1,896,450
Fundraising activities	205,003	-	205,003
Interest and dividend income	25,124	303,732	328,856
Net unrealized gain on investment	125,774	1,031,394	1,157,168
Net assets released from restriction	1,041,066	(1,041,066)	-
Total Support and Revenue	2,766,034	821,443	3,587,477
EXPENSES			
Program	1,063,261	-	1,063,261
Management and General	176,769	-	176,769
Fundraising	71,999	-	71,999
Total Expenses	1,312,029	-	1,312,029
Change in Net Assets	1,454,005	821,443	2,275,448
Net Assets - Beginning of Year	2,492,474	14,615,069	17,107,543
Net Assets - End of Year	\$ 3,946,479	\$ 15,436,512	\$ 19,382,991

GLENDAL COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program	Management and General	Fundraising	Total
Contributions - scholarship	\$ 561,628	\$ -	\$ -	\$ 561,628
Academic and college support	479,438	-	-	479,438
Financial software	-	35,315	-	35,315
Administrative endowment	-	41,779	-	41,779
Membership	-	2,937	-	2,937
Planned giving	-	3,500	-	3,500
Salaries and benefits	-	65,879	-	65,879
El Vaquero Racquet Club	-	-	1,657	1,657
Golf tournament	-	-	70,342	70,342
Printing	-	4,917	-	4,917
Public relations	22,195	-	-	22,195
Supplies	-	9,250	-	9,250
Miscellaneous events	-	7,666	-	7,666
Communication access	-	1,630	-	1,630
Meeting costs	-	3,896	-	3,896
Total expenses	<u>\$ 1,063,261</u>	<u>\$ 176,769</u>	<u>\$ 71,999</u>	<u>\$ 1,312,029</u>

GLENDAL COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,275,448
Adjustment to reconcile change in net assets to net cash flows from operating activities	
Net unrealized gain on investments	(1,157,168)
Contributions restricted for endowment	(527,383)
Change in:	
Accounts payable	1,230
Deferred revenue	174,425
Net Cash Provided by Operating Activities	766,552

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(989,653)
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CASH FLOWS FROM FINANCING ACTIVITIES

Collections of contributions restricted for long-term purposes	527,383
Net Increase in Cash	304,282
Cash and Cash Equivalents - Beginning of Year	725,952
Cash and Cash Equivalents - End of Year	<u>\$ 1,030,234</u>

GLENDALE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Glendale College Foundation, Inc. (the Foundation) are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Foundation's primary purpose is to assist in the achievement and maintenance of a superior program of public education and community participation within Glendale Community College District (the District) and Glendale Community College (the College) by raising funds that support the District's facilities, programs, and students and that builds public awareness of the college in the local and surrounding communities. Glendale College Foundation, Inc. was incorporated in the State of California in 1983 under the Nonprofit Public Benefit Law of the State of California.

Financial Statement Presentation

The Foundation and the District are financially interrelated organizations as defined by ASC Topic 958-605, Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under the campus activities program.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The FASB has established the ASC as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

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

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represents 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 that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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.

GLENDAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income (interest and dividends) is included in the changes in net assets from operations unless the gain or loss is restricted by donor or law.

Fair Value Measurements

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

Revenue and Revenue Recognition

The Foundation receives substantially all of its revenue from direct donations, pledges, and corporate grants. Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor, either without or with restrictions. The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about how the contributions are to be spent, the Foundation reports these contributions as without donor restrictions. The Foundation records special events revenue equal to the cost of direct benefit to donors, and contribution revenue for the difference.

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution 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 met.

Management Fee

Endowments held by the Foundation are subject to a two percent annual administrative fee of the market value of the endowed asset. The fee will come from the interest earned off the endowment. Revenues received from administrative fees are used by the Foundation to further advancement efforts on behalf of Glendale Community College.

GLENDAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated Services and Facilities

During the year, many individuals, Glendale Community College District staff, and administrators donate significant amounts of time and services to the Foundation in an effort to advance the programs and objectives of the Foundation. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services.

During the year, office space was provided by the District for employees on behalf of the Foundation. This donated office space value has not been determined and is not recognized in the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Income Taxes

The Foundation is a 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, 199, and RRF- 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's Federal informational tax returns for the years ended June 30, 2020, 2021, and 2022 are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2019, 2020, 2021, and 2022, are open to audit by State authorities; however, the Foundation is not aware of any such actions at this time.

GLENDAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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:

Financial assets, at year-end:	
Cash and cash equivalents	\$ 1,030,234
Investments	<u>18,449,077</u>
Total Financial assets, at year-end	<u>19,479,311</u>
 Donor restrictions for specific purposes	<u>15,436,512</u>
Total contractual or donor-imposed restrictions	<u>15,436,512</u>
Financial assets available to meet cash needs	
for general expenditure within one year	<u>\$ 4,042,799</u>

Liquidity Management

The Endowment Investment Policy has a Liquidity Section. It states that to minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Finance Committee will periodically provide the investment manager(s) or investment consultant with an estimate of expected net cash flow.

GLENDAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - LIQUIDITY AND AVAILABILITY, CONTINUED

Liquidity Management, continued

To maintain the ability to deal with unplanned cash requirements that might arise, the Finance Committee recommends that approximately three percent of Fund assets shall be maintained in cash or cash equivalents, in various accounts, including money market funds or short-term U.S. Treasury bills or FDIC-insured Certificates of Deposit. The General Fund Investment Policy in the Liquidity section states that to meet the current financial obligations of the Foundation, the Board of Directors requires that 100% of the Operating Fund assets shall be maintained in cash or cash equivalents.

NOTE 3 - CONCENTRATION OF RISK

Financial instruments that subject the Foundation to credit risk consist primarily of deposits held by financial institutions. The Foundation maintains cash and investment balances at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. At June 30, 2023, the Foundation had uninsured cash deposits and uninsured investments. Deposit concentration risk is managed by placing cash and investment balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

NOTE 4 - INVESTMENTS

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2023:

June 30, 2023	Adjusted Cost	Fair Market Value	Unrealized Gain
Equity securities	\$ 11,474,527	\$ 12,232,472	\$ 757,945
Fixed income	5,828,943	6,216,594	387,651
Certificates of deposit	10	10	-
Total Investments	<u>\$ 17,303,480</u>	<u>\$ 18,449,077</u>	<u>\$ 1,145,596</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2023:

	Total
Interest and dividends	\$ 397,810
Net unrealized loss on investments	1,157,168
Total investment loss	1,554,978
Investment fees	(68,954)
Total investment loss, net of expenses	<u>\$ 1,486,024</u>

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal year ended June 30, 2023, the Foundation did not receive any nonfinancial asset contributions. All in-kind donations are received and managed by the Glendale Community College District.

GLENDALE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level I - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level II - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

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

June 30, 2023	Level I	Level II	Total
Asset			
Equity securities	\$ 12,232,472	\$ -	\$ 12,232,472
Fixed income	-	6,216,594	6,216,594
Certificates of deposit	-	10	10
Total	\$ 12,232,472	\$ 6,216,605	\$ 18,449,077

Assets and Liabilities Recorded at Fair Value on a Recurring Basis:

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2023. The Foundation did not have any Level III assets, nor did they have any liabilities measured at fair value on a recurring basis as of June 30, 2023.

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

NOTE 7 - DEFERRED REVENUE

As of June 30, 2023, the Foundation's deferred revenue balance was \$99,850 and consisted primarily of Golf Tournament sponsorship revenue received in the current year, for the Tournament event which is scheduled to occur in the following fiscal year.

GLENDALE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions that have a time and/or purpose restriction consist of the following at June 30, 2023:

Academic and student program support	\$ 7,258,446
Scholarships	8,178,066
Total	<u>\$ 15,436,512</u>

NOTE 9 - ENDOWMENTS

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, 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.

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) 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 of the donor-restricted funds that is not held in perpetuity is classified as net assets with donor restrictions and may be appropriated for expenditure by the Foundation 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 funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted 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.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted two Investment Policies approved by the Board of Directors as follows:

1. Investment Policy for Endowment Fund
2. Investment policy for General Fund

The Investment Policy for endowment Funds states that the mission of the Glendale College Foundation Endowment funds is to:

- Provide a structure for donors to support the future of Glendale Community College.
- Provide long term support for specific programs and facilities at Glendale Community College.

NOTE 9 - ENDOWMENTS, CONTINUED

In general, the purpose of Investment Policies is to outline a philosophy and attitude, which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

In order to meet its needs, the investment strategy of the Glendale College Foundation Endowment is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management of Fund assets is: Current Income to Meet Financial Requirements – to generate sufficient total return to meet annual withdrawal needs. The secondary objective in the investment management of Fund assets is: Preservation of Purchasing Power – to achieve returns that meet or exceed the rate of inflation over the investment horizon in order to preserve purchasing power of the fund's assets. Risk control is an important element in the investment of the fund's assets.

Spending Policy

The Finance Committee attempts to balance the Glendale College Foundation Endowment's scholarship distribution and funding for academic and college programs support obligations with its goal to provide funds into perpetuity, and therefore design a spending policy which is slightly flexible. It is necessary for the Endowment to have two separate and distinct spending policies:

The Finance Committee uses the moving average method of determining year to year spending in order to smooth distributions from the aggregate portfolio. The portfolio value will be determined based on a three-year moving average. This policy serves two purposes. First, it provides for more consistent and predictable spending for the programs supported by this Endowment. Second, it allows for a design of an investment strategy which is more aggressive with a higher expected return than might be the case if spending were determined by annual investment performance. By smoothing the spending, the Endowment reduces the likelihood of real principal erosion due to portfolio volatility. The Finance Committee has set the spending target for the Endowment Funds to be three percent to five percent of the three year moving average of the portfolio value of the Endowment Funds.

For the Endowment Funds under Title V (e.g. Federally Matched Funds) the spending policy is dictated by the guidelines of the U.S. Department of Education, that is no more than 50% of the endowment fund income is spent during the 20-year investment period. An annual endowment financial report is submitted annually to the U.S. Department of Education.

GLENDALE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - ENDOWMENTS, CONTINUED

As of June 30, 2023, endowment net assets were composed of the following:

	With Donor Restrictions
Donor-restricted endowment funds	<u>\$ 9,193,004</u>

Changes in endowment net assets as of June 30, 2023, are as follows:

	With Donor Restrictions
Balance, June 30, 2022	\$ 7,951,073
Contributions	441,097
Investment earnings, net	751,814
Amounts appropriated for expenditures	49,020
Balance, June 30, 2023	<u>\$ 9,193,004</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

The Foundation awards financial support for various programs and general support, along with grants and scholarships, to faculty and students of Glendale Community College District in accordance with donor instructions.

The District charges the Foundation 50% of the salary for the Foundation accountant and Business Operations Specialist. Salaries and benefits for the Executive Director, administrative staff, and other personnel are paid by the District.

In addition, the District provides office space for employees who perform services for the Foundation. The fair market value of this donated office space is not determinable and is not recognized in the financial statements.

During the year ended June 30, 2023, the Foundation transmitted payments to the District (Scholarship Fund) along with various programs and general support to the District as follows:

Paid to Associated Students for scholarships and academic programs	\$ 298,242
Paid to the District - Contributions for salaries	62,956
Contributions to District for academic and college support	157,243
Distribution to scholarship recipients, academic and college support payments	607,776
	<u>\$ 1,126,217</u>

NOTE 11 - SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions from June 30, 2023, through October 2, 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.