Financial Statements
December 31, 2023

Los Angeles City College Foundation

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Independent Auditor's Report

To the Board of Directors
Los Angeles City College Foundation
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Los Angeles City College Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Los Angeles City College Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2024 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.

Eide Bailly LLP

Rancho Cucamonga, California
July 24, 2024

Assets	
Current Assets	
Cash and cash equivalents	$ 3,663,633
Accounts receivable	88,973
Due from Los Angeles City College	4,357
Unconditional promises to give	100,000
Investments	46,124,396
Total current assets	49,981,359
Noncurrent Assets	
Beneficial interest in assets held by the Foundation for California Community Colleges	206,327
Property and equipment, net of accumulated depreciation	13,866
Total noncurrent assets	220,193
Total assets	$ 50,201,552
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 7,309
Compensated absences	34,393
Total current liabilities	41,702
Net Assets	
Without donor restrictions	
Undesignated	2,744,736
Board designated	127,057
Total without donor restrictions	2,871,793
With donor restrictions	47,288,057
Total net assets	50,159,850
Total liabilities and net assets	$ 50,201,552

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Donations			
General	$ 104,165	$ 2,131,124	$ 2,235,289
In-kind contributions	74,096	464,675	538,771
Parking revenue	-	103,950	103,950
Federal grants	925,921	-	925,921
Grants	35,000	727,974	762,974
Community Partnership	530,849	-	530,849
Pass-through income	-	72,781	72,781
Filming	51,140	-	51,140
Miscellaneous revenue	16,349	5,000	21,349
Grant indirect cost recovery	171,392	(171,392)	-
Administrative fees	552,321	(552,321)	-
Net assets released from restrictions	1,738,784	(1,738,784)	-
Total public support and revenues	4,200,017	1,043,007	5,243,024
Expenses			
Management and general	682,059	-	682,059
Program	3,213,772	-	3,213,772
Fundraising	8,305	-	8,305
Total expenses	3,904,136	-	3,904,136
Other Income			
Realized gain on sale of investments	75,082	628,206	703,288
Unrealized gain on investments	106,410	6,081,834	6,188,244
Interest and dividends, net of fees	49,645	522,377	572,022
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	26,227	26,227
Total other income	231,137	7,258,644	7,489,781
Change in Net Assets	527,018	8,301,651	8,828,669
Net Assets, Beginning of Year	2,344,775	38,986,406	41,331,181
Net Assets, End of Year	$ 2,871,793	$ 47,288,057	$ 50,159,850

	Management and General	Program	Fundraising	Total
Bank charges and service fees	$ 6,069	$ 165	$ -	$ 6,234
Database maintenance and research	45,126	-	-	45,126
Depreciation	3,413	307	-	3,720
Equipment	2,764	1,112	-	3,876
Events	-	-	8,305	8,305
Gift in kind	16,422	464,675	-	481,097
Gift in kind - donated office space	57,674	-	-	57,674
Good and welfare	2,251	-	-	2,251
Grant in aid	10,000	74,527	-	84,527
Los Angeles City College departmental support	-	244,209	-	244,209
Insurance	31,978	-	-	31,978
Marketing	29,871	1,581	-	31,452
Meals and entertainment	9,841	86,032	-	95,873
Miscellaneous	1,798	-	-	1,798
Office supplies and graphic arts	9,366	1,317	-	10,683
Postage and printing	8,023	3,294	-	11,317
Professional development, fees and subscription	8,481	9,111	-	17,592
Professional services	32,400	176,481	-	208,881
Program expenses and supplies	1,456	997,168	-	998,624
Salaries and benefits	387,676	557,875	-	945,551
Scholarships	1,527	498,308	-	499,835
Software and website	13,048	1,495	-	14,543
Stipends and tuition	-	64,350	-	64,350
Taxes, permits, and licenses	226	21,030	-	21,256
Transportation and parking	373	6,362	-	6,735
Travel	2,276	4,373	-	6,649
Total expenses	$ 682,059	$ 3,213,772	$ 8,305	$ 3,904,136

Operating Activities	
Change in net assets	$ 8,828,669
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	3,720
Unrealized gain on investments	(6,188,244)
Realized gain on sale of investments	(703,288)
Contributions restricted for long-term purposes	(1,841,135)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	10,200
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	(26,227)
Changes in assets and liabilities	
Accounts receivable	112,747
Due from Los Angeles City College	62,793
Unconditional promise to give	103,515
Accounts payable	(52,582)
Compensated absences	3,547
Net Cash Flows From Operating Activities	313,715
Investing Activities	
Purchases of property and equipment	(6,335)
Purchase of investments	(4,111,303)
Proceeds from sale of investments	2,338,603
Net Cash Flows From Investing Activities	(1,779,035)
Financing Activities	
Receipt of contributions restricted for long-term purposes	1,841,135
Change in Cash and Cash Equivalents	375,815
Cash and Cash Equivalents, Beginning of Year	3,287,818
Cash and Cash Equivalents, End of Year	$ 3,663,633

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

Los Angeles City College Foundation (the Foundation) is a nonprofit organization that serves Los Angeles City College (the College) by providing scholarships, funding school departments, and meeting other school, faculty, and student needs. The Foundation is supported primarily through individual donor contributions from alumni, faculty, and other friends of the College. The Foundation was incorporated on March 20, 1968 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

Financial Statement Presentation

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 District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

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 Financial Accounting Standards Board (FASB) has established the Accounting Standards of Codification (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 Accounting

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board designated endowment as described in Note 11.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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 donor restrictions are perpetual in nature, where the donor 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 statements of activities as net assets released from restrictions.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise 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.

A portion of the Foundation's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. No amounts have been received in advance under our federal contracts and grants.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Foundation recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Foundation recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Community Partnership revenue is recognized after the swap meet has been held, and the Foundation's commission of total sales has been calculated. This revenue arrangement generally consists of a single performance obligation to transfer services. There are no significant contract assets or contract liabilities associated with this revenue stream. See Note 3 for information regarding account receivable balances related to this revenue.

Filming revenue is recognized as an exchange-based transaction where outside organizations wish to use the college/foundation site given its location in Los Angeles. A contract is established between the Foundation and the organization for dates, times, and needs of the film shoot. The Foundation is required to fulfill the terms of the contract on the specified date and time in order to recognize revenue. There are no significant contract assets or contract liabilities associated with this revenue stream.

Donated Services and Facilities

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 10). The Foundation does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2023, the Foundation had approximately $3,200,000 in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists primarily of amounts due from Community Partnership commission. An allowance for credit losses is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2023, management had determined all accounts receivable are fully collectible, and no allowance has been established.

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 statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment or economic conditions, and a review of subsequent collections. Promise to give are written off when deemed uncollectable. Management has determined all amounts to be collectable.

Property and Equipment

The Foundation maintains an initial unit cost capitalization threshold of $500. Property and equipment are stated at cost or, if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the assets' estimated useful lives of the respective property for five years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2023.

Beneficial Interest in Assets held by Community Foundation

During 2008, 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.

Community Partnership

Community Partnership revenue was $530,849 for the year ended December 31, 2023. These revenues were used to support the general operations of the Foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of 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 organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material 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.

Functional Allocation of 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. 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. The expenses that are allocated include database maintenance and research, which is allocated based on estimates of usage, and salaries and benefits, which is allocated on the basis of estimates of time and effort.

Advertising Costs

Costs associated with advertising are expensed as incurred. Total advertising costs were $31,452 for the fiscal year ended December 31, 2023.

Administrative Fee

Endowments received by the Foundation are subject to a 1.5% endowment administrative fee. The fee is assessed annually at 1.5% of the balances of the endowments before distribution. Trusts and planned gifts are also assessed an annual 1.5% administration fee. Revenues received from administrative fees are used by the Foundation to cultivate and solicit new gifts, as well as pay for administrative overhead related to processing gifts and endowments.

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:

Accounts receivable	$ 88,973
Due from Los Angeles City College	4,357
Investments	2,766,726
	$ 2,860,056

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. Foundation staff and management monitor cash balances and liquidate investments without donor restrictions on an as needed basis. The Foundation has a procedure for cash collections to ensure accounts receivables are collected within the policy requirement of 60 days.

Note 3 - Unconditional Promises to Give

Unconditional promises to give consist of the following as of December 31, 2023:

Unconditional promises to give	$ 100,000
Amounts Due in	
Less than one year	$ 100,000

Note 4 - Investments

Investments are presented at fair value in the financial statements and are composed of the following at December 31, 2023:

	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss)
Equities	$ 30,288,166	$ 36,703,169	$ 6,415,003
Fixed Income	9,647,986	9,421,227	(226,759)
	$ 39,936,152	$ 46,124,396	$ 6,188,244

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 52,058	$ 724,245	$ 776,303
Realized gain on sale of investments	75,082	628,206	703,288
Unrealized gain on investments	106,410	6,081,834	6,188,244
Total investment income	233,550	7,434,285	7,667,835
Investment fees	(2,413)	(201,868)	(204,281)
Total investment income, net of expenses	$ 231,137	$ 7,232,417	$ 7,463,554

Note 5 - Fair Value Measurements and Disclosures

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 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level I 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 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges (FCCC) is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level 3 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 December 31, 2023. The Foundation did not have any liabilities measured at fair value on a recurring basis as of December 31, 2023.

	Level 1	Level 3	Total
Assets			
Equities	$ 36,703,169	$ -	$ 36,703,169
Fixed Income	9,421,227	-	9,421,227
Beneficial Interest in assets held by the Foundation for California Community Colleges	-	206,327	206,327
Total	$ 46,124,396	$ 206,327	$ 46,330,723

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis as of December 31, 2023.

Note 6 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges

In May 2008, the California Community Colleges Scholarship Endowment (the CCCS Endowment) was launched via a gift of $25 million from the Bernard Osher Foundation (the Osher Foundation) to the Foundation for California Community Colleges (the FCCC). The FCCC and California's community colleges were challenged with raising an additional $50 million through June 2011, for which the Osher Foundation agreed to provide a 50% match of up to $25 million. The purpose of the CCCS Endowment is to provide scholarships for students in California's community college system based on the terms of the agreement between the Osher Foundation and the FCCC, as well as the agreement between the FCCC and the Foundation. All of the funds contributed to the CCCS Endowment, regardless of source, are irrevocable gifts to the FCCC.

The Foundation has an irrevocable beneficial interest in the balance of funds contributed for the benefit of students at the College and the accumulated earnings, which does not include any funds contributed by the Osher Foundation. In order to take advantage of this opportunity, the College and its donors have contributed $150,000 from the agency accounts that reside in the Foundation. As of December 31, 2023, the ending balance of the Osher Endowment Scholarship was $206,327. The Foundation does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

Note 7 - Property and Equipment

The following is a summary of capital assets as of December 31, 2023:

Equipment	$	109,491
Accumulated depreciation		(95,625)
Net property and equipment	$	13,866

Depreciation expense for the year ended December 31, 2023, was $3,720.

Note 8 - Related Party Transactions

Los Angeles City College

The Foundation provides various levels of monetary support and service to the College. The transactions are recorded within the financial statements as distributions, student programs, and scholarship expense. The College provides office space and other support to the Foundation. The value of this support, which includes office space for the year ended December 31, 2023, was $57,674. The donated space was recognized in the financial statements as in-kind donated space and is presented at the estimated fair market values of other similar commercial real estate in the same geographic location as the Foundation.

As of December 31, 2023, the Foundation was owed $4,357 from the College primarily for student financial assistance paid by the Foundation to the student in advance of receipt from the College Financial Aid department.

Note 9 - In-Kind Contributions

For the year ended December 31, 2023, in-kind contributions (contributed nonfinancial assets and services) recognized within the statements of activities included the following:

Donated food for LACC Food Pantry & Food Hub	$	252,510
Discount on healthcare services passed to Los Angeles City College		200,000
Miscellaneous items for use in college departments		28,587
Donated office space		57,674
Total	$	538,771

The donated food is calculated using the IRS donation value of $1.79/pound of food donated.

The discounted healthcare services are based on the provider's normal cost of approximately $450,000, however, the cost for services provided were discounted by $200,000 by the vendor. Cost is determined by the vendor, based on the amount it would have provided these services to other organizations.

Miscellaneous items for use in college departments vary from camera equipment, books, art supplies, etc. The value of these items is determined by the donor, typically using e-Bay, or other open market online services.

The donated space was based on the estimated fair market values of other similar commercial real estate in the same geographic location as the Foundation.

Note 10 - Endowment Funds

The Foundation's endowment (the Endowment) consists of approximately 200 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

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 date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary.

At December 31, 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) original value of initial and subsequent gift amounts (including promises to give at fair value) 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.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of December 31, 2023, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 127,057	$ -	$ 127,057
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	25,445,123	25,445,123
Accumulated investment gains	-	19,524,233	19,524,233
	$ 127,057	$ 44,969,356	$ 45,096,413

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment Investments. The target minimum rate of return is the Consumer Price Index plus five percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time. In July 2022, the Board update the Foundation’s Investment Policy Statement (IPS).

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2023, the spending rate maximum was 4.0%. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Governors. In accordance with US GAAP, there are no funds with deficiencies of this nature that are reported in net assets as of December 31, 2023, respectively.

Changes in Endowment net assets for the year ended December 31, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 108,682	$ 36,606,821	$ 36,715,503
Contributions	-	1,841,135	1,841,135
Change in value of investments	20,444	7,434,285	7,454,729
Reclassifications based on donor intent	-	308,902	308,902
Amounts appropriated for expenditures	(2,069)	(1,221,787)	(1,223,856)
Endowment net assets, end of year	$ 127,057	$ 44,969,356	$ 45,096,413

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2023:

Scholarships	$ 602,768
Grants	695,140
Departmental funds	814,466
Endowments - accumulated and unspent earnings	19,524,233
	$ 21,636,607

Net assets with donor restrictions that are perpetual in nature, earnings from which are subject to endowment spending appropriation as of December 31, 2023:

Osher endowment	$ 206,327
Endowments related to scholarships	25,445,123
	$ 25,651,450

Net assets released from donor restriction by incurring expenses satisfying the restricted purpose or by other events specified by the donors as follows for the year ended December 31, 2023:

Support of college departments, grants and other	$ 725,848
In-kind expenses	464,675
Scholarships and other student awards	548,261
	$ 1,738,784

Note 12 - Title III STEM Pathways Endowment

The College provided the Foundation with an endowment grant, which was awarded by the U.S. Department of Education in the fiscal year ended December 31, 2016. The grant was a Title III, Hispanic Serving Institution STEM Grant and its purpose was to expand educational opportunities for, and improve the academic attainment of, Hispanic students, and expand and enhance the academic offerings, program quality, and institutional stability of colleges that are educating Hispanic students. The Foundation received $1,000,000 over a five-year period ending December 31, 2020, upon certification that matching funds from acceptable resources were met. The corpus of the endowment was to be invested over a period of twenty years, and the Foundation may not spend more than 50% of the aggregate income earned in years six through twenty for allowable expenses. No earnings were allowed to be spent in years one through five. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

Note 13 - Retirement Plan

The Foundation offers a defined contribution plan (the Plan) to employees in accordance with Internal Revenue Code Section 403(b). The Plan is available to all full-time employees of the Foundation. This Plan allows for employee deferrals and elective employer contributions. The Foundation will match up to 3% of the employee's salary as part of the Plan. Participants are immediately 100% vested in all contributions to the Plan. The Foundation made contributions of $13,282 during the year ended December 31, 2023.

Note 14 - Subsequent Events

The Foundation's management has evaluated events or transactions from December 31, 2023, through July 24, 2024, 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.

Supplementary Information
December 31, 2023

Los Angeles City College Foundation

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Foundation for California Community Colleges			
Supplemental Nutrition Assistance Program (SNAP) Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00004499	$ 469,152
Subtotal Supplemental Nutrition Assistance Program (SNAP) Cluster			469,152
Total U.S. Department of Agriculture			469,152
U.S. Department of Homeland Security			
Passed through United Way of Greater Los Angeles			
Emergency Food and Shelter Program	97.024	39-069500495, 40-069500495	420,259
COVID-19: Emergency Food and Shelter Program	97.024	ARPAR-069500495	25,557
Total U.S. Department of Homeland Security			445,816
Total Federal Financial Assistance			$ 914,968

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Los Angeles City College Foundation (the Foundation) under programs of the federal government for the year ended December 31, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the net assets or changes in net assets of the Foundation.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Foundation has not elected to use the ten percent de minimis cost rate.

Independent Auditor's Report
December 31, 2023

Los Angeles City College Foundation

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Los Angeles City College Foundation
Los Angeles, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Los Angeles City College Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated July 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
July 24, 2024

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Los Angeles City College Foundation
Los Angeles, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Los Angeles City College Foundation's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2023. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Los Angeles City College Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
July 24, 2024

Schedule of Findings and Questioned Costs
December 31, 2023

Los Angeles City College Foundation

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness identified	No
Significant deficiency identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Emergency Food and Shelter Program	97.024
COVID-19: Emergency Food and Shelter Program	97.024

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	No

None reported.

None reported.