

Financial Statements
December 31, 2025

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, 2025, 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 referred to above present fairly, in all material respects, the financial position of Los Angeles City College Foundation as of December 31, 2025, 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 these 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2026 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.



Ontario, California
April 15, 2026

Los Angeles City College Foundation
Statement of Financial Position
December 31, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 3,675,702
Accounts receivable	16,011
Promises to give	81,557
	<u>81,557</u>

Total current assets	<u>3,773,270</u>
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Noncurrent Assets

Investments	53,811,732
Beneficial interest in assets held by the Foundation for California Community Colleges	243,798
Promises to give, net	11,112
Property and equipment, net	24,459
	<u>24,459</u>

Total noncurrent assets	<u>54,091,101</u>
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Total assets	<u>\$ 57,864,371</u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 51,739
Compensated absences	16,745
Refundable advances	154,631
	<u>154,631</u>

Total current liabilities	<u>223,115</u>
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Net Assets

Without donor restrictions	
Undesignated	2,457,346
Board designated	150,278
	<u>150,278</u>

Total without donor restrictions	2,607,624
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With donor restrictions	<u>55,033,632</u>
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Total net assets	<u>57,641,256</u>
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Total liabilities and net assets	<u>\$ 57,864,371</u>
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Los Angeles City College Foundation

Statement of Activities

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 185,637	\$ 567,920	\$ 753,557
In-kind contributions	42,522	800,857	843,379
Federal grants	-	319,740	319,740
Grants	6,155	516,344	522,499
Community Partnership	140,829	-	140,829
Pass-through income	-	2,580	2,580
Miscellaneous revenue	2,226	2,285	4,511
Net assets released from restrictions - indirect cost recovery	45,944	(45,944)	-
Net assets released from restrictions - administrative fees	748,484	(748,484)	-
Net assets released from restrictions	2,496,356	(2,496,356)	-
Total public support and revenues	3,668,153	(1,081,058)	2,587,095
Expenses			
Management and general	802,732	-	802,732
Program	3,374,576	-	3,374,576
Total expenses	4,177,308	-	4,177,308
Other Income			
Net investment return	211,410	4,372,828	4,584,238
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	34,475	34,475
Total other income	211,410	4,407,303	4,618,713
Change in Net Assets	(297,745)	3,326,245	3,028,500
Net Assets, Beginning of Year	2,905,369	51,707,387	54,612,756
Net Assets, End of Year	\$ 2,607,624	\$ 55,033,632	\$ 57,641,256

Los Angeles City College Foundation
Statement of Functional Expenses
Year Ended December 31, 2025

	<u>Management and General</u>	<u>Program</u>	<u>Total</u>
Bank charges and service fees	\$ 3,912	\$ -	\$ 3,912
Database maintenance and research	51,946	-	51,946
Depreciation	8,504	-	8,504
Equipment	856	39,907	40,763
In-kind contributions	2,966	800,857	803,823
In-kind contributions - donated office space	39,556	-	39,556
Good and welfare	1,216	-	1,216
Grant in aid	-	299,516	299,516
Los Angeles City College departmental support	-	280,342	280,342
Insurance	34,344	-	34,344
Marketing	5,825	-	5,825
Meals and entertainment	19,393	48,146	67,539
Miscellaneous	1,225	-	1,225
Office supplies and graphic arts	10,386	429	10,815
Postage and printing	9,882	345	10,227
Professional development, fees and subscriptions	11,966	5,865	17,831
Professional services	158,856	39,852	198,708
Program expenses and supplies	3,421	185,352	188,773
Salaries and benefits	422,284	607,677	1,029,961
Scholarships	-	706,165	706,165
Software and website	2,048	-	2,048
Special events - miscellaneous	3,567	-	3,567
Stipends and tuition	960	333,116	334,076
Taxes, permits, and licenses	150	1,749	1,899
Transportation and parking	4,808	1,513	6,321
Travel	4,661	23,745	28,406
	<u>\$ 802,732</u>	<u>\$ 3,374,576</u>	<u>\$ 4,177,308</u>
Total expenses	<u>\$ 802,732</u>	<u>\$ 3,374,576</u>	<u>\$ 4,177,308</u>

Los Angeles City College Foundation

Statement of Cash Flows

Year Ended December 31, 2025

Operating Activities	
Change in net assets	\$ 3,028,500
Adjustments to reconcile change in net assets to net cash flows used for operating activities	
Depreciation	8,504
Unrealized loss on investments	20,187,385
Realized gain on sale of investments	(23,608,884)
Contributions restricted for long-term purposes	(202,749)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	9,150
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	(34,475)
Changes in assets and liabilities	
Accounts receivable	70,640
Due from Los Angeles City College	10,475
Unconditional promise to give	(57,445)
Accounts payable	33,766
Compensated absences	(38,772)
Refundable advances	7,979
Net Cash Flows used for Operating Activities	<u>(585,926)</u>
Investing Activities	
Purchases of property and equipment	(2,508)
Purchases of investments	(73,194,994)
Proceeds from sale of investments	<u>73,772,303</u>
Net Cash Flows from Investing Activities	<u>574,801</u>
Financing Activities	
Collections of contributions restricted for long-term purposes	<u>202,749</u>
Net Change in Cash and Cash Equivalents	191,624
Cash and Cash Equivalents, Beginning of Year	<u>3,484,078</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,675,702</u>

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

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 23701(d) of the *California Revenue and Taxation Code*.

Financial Statement Presentation

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

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.

Net Assets

Net assets, revenues, 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 general operations and not subject to donor restrictions or certain grantor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use towards scholarships, as well as all equipment of the Foundation. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board designated endowment as described in Note 8.

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 statement of activities as net assets released from restrictions.

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. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

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, 2025, management had determined all accounts receivable are fully collectible, and no allowance has been established.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in donor-restricted net assets depending on the nature of the restrictions. When a restriction expires, the donor-restricted net assets are reclassified to without donor restrictions.

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 uncollectible 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 uncollectible. At December 31, 2025, management has determined all amounts to be collectible.

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

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, 2025, the Foundation had approximately \$3.4 million in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts.

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.

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.

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, 2025.

Refundable Advances

Refundable advances arise when resources are received by the Foundation before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenses. In the subsequent periods, when the Foundation has a legal claim to the resources, the liability for refundable advance is removed from the statement of net position and the revenue is recognized.

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. As of December 31, 2025, the Foundation did not receive any conditional promises to give. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and local 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 statement of financial position. No amounts have been received in advance under our federal contracts and grants, however, certain amounts relating to local grants have been received in advance and have been deferred to future periods accordingly.

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 arrangements generally consist of a single performance obligation to transfer services. There are no significant contract assets or contract liabilities associated with these revenue streams. Accounts receivable related to this revenue stream at December 31, 2025 was approximately \$8,600. Management believes all amounts are fully collectible and no allowance has been established.

In-kind Contributions

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 12). 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. Donated facilities from the District are recorded as contributions at the estimated fair value that the Foundation would have otherwise paid for similar office space/square footage, near the Foundation's location. The value of the contributed office space is recognized as both revenue and expense to the Foundation. The Foundation does not sell donated in-kind gifts.

Community Partnership

Community Partnership revenue was \$140,829 for the year ended December 31, 2025. These revenues were used to support the general operations of the Foundation.

Advertising Costs

Costs associated with advertising are expensed as incurred. Total advertising costs were \$5,825 for the fiscal year ended December 31, 2025.

Administrative Fee and Indirect Costs

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. Additionally, certain grants administered by the Foundation allow for indirect costs to offset administrative expenses. These fees and indirect costs are presented as net assets released from restriction on the statements of activities.

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 present 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 are salaries and benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the *California Revenue and Taxation Code*.

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

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 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.

Subsequent Events

The Foundation's management has evaluated subsequent events through April 15, 2026, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	\$ 846,849
Accounts receivable	16,011
Investments	<u>1,723,198</u>
	<u>\$ 2,586,058</u>

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 - Promises to Give

Promises to give consist of the following as of December 31, 2025:

Promises to give, less than one year	\$ 81,557
Promises to give, more than one year	<u>13,443</u>
Total	95,000
Less: unamortized discount	<u>(2,331)</u>
Net promises to give	<u>\$ 92,669</u>

Unconditional promises to give can be classified as without, or with donor restriction. Management has determined that all amounts are deemed collectible at December 31, 2025.

Note 4 - Investments

Investments are presented at fair value in the financial statements and are composed of the following at December 31, 2025:

Exchange Traded Funds (ETFs)	\$ 44,843,681
Fixed Income	4,982,396
Mutual Funds	<u>3,985,655</u>
Total investments	<u>\$ 53,811,732</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 150,846	\$ 1,247,078	\$ 1,397,924
Realized gain on sale of investments	455,409	23,153,475	23,608,884
Unrealized loss on investments	(389,495)	(19,797,890)	(20,187,385)
Total investment return	216,760	4,602,663	4,819,423
Investment fees	(5,350)	(229,835)	(235,185)
Net investment return	<u>\$ 211,410</u>	<u>\$ 4,372,828</u>	<u>\$ 4,584,238</u>

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 can be accessed 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.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they are comprised of ETF funds and mutual funds with readily determinable fair values based on daily redemption values. The fixed income securities in U.S. Treasury bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. 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, 2025. The Foundation did not have any liabilities measured at fair value on a recurring basis as of December 31, 2025.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Exchange Traded Funds (ETFs)	\$ 44,843,681	\$ -	\$ -	\$ 44,843,681
Fixed Income	-	4,982,396	-	4,982,396
Mutual Funds	3,985,655	-	-	3,985,655
Beneficial Interest in assets held by the Foundation for California Community Colleges	-	-	243,798	243,798
Total	<u>\$ 48,829,336</u>	<u>\$ 4,982,396</u>	<u>\$ 243,798</u>	<u>\$ 54,055,530</u>

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis as of December 31, 2025.

Note 6 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges – Osher Endowment Scholarship

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the Foundation and its donors have contributed \$150,000. As of December 31, 2025, the ending balance of the Osher Endowment Scholarship was \$243,798. The Foundation receives no additional interest or dividends on the balance held at the FCCC and 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 property and equipment as of December 31, 2025:

Equipment	\$ 133,316
Accumulated depreciation	<u>(108,857)</u>
Net property and equipment	<u>\$ 24,459</u>

Note 8 - Endowment Funds

The Foundation's endowment (the Endowment) consists of approximately 210 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, 2025, 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

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 December 2025, 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 2025, 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 Directors. In accordance with US GAAP, there are no funds with deficiencies of this nature that are reported in net assets as of December 31, 2025, respectively.

Los Angeles City College Foundation

Notes to Financial Statements

December 31, 2025

As of December 31, 2025, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 150,278	\$ -	\$ 150,278
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	25,799,547	25,799,547
Accumulated investment gains	-	26,846,535	26,846,535
	<u>\$ 150,278</u>	<u>\$ 52,646,082</u>	<u>\$ 52,796,360</u>

Changes in Endowment net assets for the year ended December 31, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at December 31, 2024	\$ 141,057	\$ 49,498,349	\$ 49,639,406
Contributions	-	202,749	202,749
Investment return, net	9,221	4,602,663	4,611,884
Amounts appropriated for expenditures	-	(1,657,679)	(1,657,679)
Balance at December 31, 2025	<u>\$ 150,278</u>	<u>\$ 52,646,082</u>	<u>\$ 52,796,360</u>

Note 9 - Net Assets with Donor Restrictions

Donor-restricted net assets consist of the following at December 31, 2025:

Subject to the Passage of Time or Expenditure for Specified Purpose	
Scholarships	\$ 518,513
Grants	338,316
Departmental funds	1,286,923
Endowments - accumulated and unspent earnings	26,846,535
	<u>28,990,287</u>
Perpetual in Nature	
Osher endowment	243,798
Endowments related to scholarships	25,799,547
	<u>26,043,345</u>
Total donor-restricted net assets	<u>\$ 55,033,632</u>

Note 10 - Net Assets Released from Restriction

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, 2025:

Support of college departments, grants and other	\$ 467,321
In-kind expenses	800,857
Scholarships, stipends, tuition, and other student awards	<u>1,228,178</u>
	<u>\$ 2,496,356</u>

Note 11 - 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 to the Foundation. The value of the office space for the year ended December 31, 2025, was \$39,556. 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.

Note 12 - In-kind Contributions

For the year ended December 31, 2025, 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	\$ 596,089
Discount on healthcare services passed to Los Angeles City College	200,000
Miscellaneous items for use in college departments	7,734
Donated office space	<u>39,556</u>
Total	<u>\$ 843,379</u>

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 \$250,000 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 13 - 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 14 - 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 \$11,723 during the year ended December 31, 2025.



**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, 2025, 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 April 15, 2026.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
April 15, 2026