



GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Southwestern Oregon Community College Foundation

Financial Statements and Other Information as of
and for the Year Ended June 30, 2021
and Report of Independent Accountants

SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors

Southwestern Oregon Community College Foundation:

We have audited the accompanying financial statements of the Southwestern Oregon Community College Foundation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

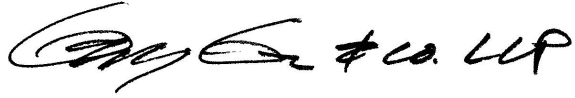
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southwestern Oregon Community College Foundation as of June 30, 2021, 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.

Summarized Comparative Information

We have previously audited the Southwestern Oregon Community College Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Coyne & Co. LLP".

September 16, 2021

SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(WITH COMPARATIVE AMOUNTS FOR 2020)

	2021	2020
Assets:		
Cash and cash equivalents	\$ 113,202	206,322
Contributions receivable	–	259,500
Investments (<i>notes 4 and 12</i>)	5,833,425	4,862,189
Other assets	10,350	10,350
Total assets	\$ 5,956,977	5,338,361
Liabilities:		
Accounts payable and accrued liabilities	75	45
Total liabilities	75	45
Net assets:		
Without donor restrictions:		
Available for general programs and operations	650,473	375,309
Designated by the Board (<i>note 5</i>)	1,699,452	1,252,930
Total without donor restrictions	2,349,925	1,628,239
With donor restrictions (<i>note 6</i>)	3,606,977	3,710,077
Total net assets	5,956,902	5,338,316
Commitments (<i>note 10</i>)		
Total liabilities and net assets	\$ 5,956,977	5,338,361

See accompanying notes to financial statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021		Total	2020
	Without donor restrictions	With donor restrictions		
Revenues, gains, and other support:				
Grants and contributions	\$ 14,815	242,189	257,004	384,918
In-kind contributions <i>(note 10)</i>	68,550	–	68,550	–
Special events, less direct costs of \$483 in 2021 and \$3,256 in 2020	–	12,616	12,616	38,591
Investment return <i>(note 4)</i>	582,014	574,123	1,156,137	80,669
<hr/>				
Total revenues and gains	665,379	828,928	1,494,307	504,178
Net assets released from restrictions <i>(note 8)</i>	932,028	(932,028)	–	–
<hr/>				
Total revenues, gains, and other support	1,597,407	(103,100)	1,494,307	504,178
<hr/>				
College support and expenses <i>(note 10)</i>:				
Program services:				
Grants to the College for the Health & Science Technology building and equipment	561,900	–	561,900	11,895
Grants and academic program support	91,516	–	91,516	114,726
Scholarships	152,756	–	152,756	155,807
<hr/>				
Total program services	806,172	–	806,172	282,428
<hr/>				
Supporting services:				
Administration	42,951	–	42,951	44,153
Fundraising	26,598	–	26,598	25,803
<hr/>				
Total supporting services	69,549	–	69,549	69,956
<hr/>				
Total college support and expenses	875,721	–	875,721	352,384
<hr/>				
Increase (decrease) in net assets	721,686	(103,100)	618,586	151,794
Net assets at beginning of year	1,628,239	3,710,077	5,338,316	5,186,522
<hr/>				
Net assets at end of year	\$ 2,349,925	3,606,977	5,956,902	5,338,316

See accompanying notes to financial statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			Total	2020
	Program services	Management and general	Fundraising		
Grants to the College for the Health & Science Technology building / equipment	\$ 561,900	-	-	561,900	11,895
Scholarships	152,756	-	-	152,756	155,807
Other grants to the College	20,887	-	-	20,887	50,665
Salaries and related expenses	63,899	17,615	24,422	105,936	90,352
Professional services	-	21,382	-	21,382	23,068
Office expense	566	1,245	1,182	2,993	7,064
Software	6,124	-	-	6,124	8,624
Insurance	-	2,204	-	2,204	2,204
Other	40	505	994	1,539	2,705
Total expenses	\$ 806,172	42,951	26,598	875,721	352,384

See accompanying notes to financial statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from donors, grantors, and other sources	\$ 444,538	368,608
Cash received for interest	80,798	107,642
Cash paid to suppliers, employees, and others	(72,081)	(89,548)
Cash paid for grants and scholarships to College	(735,543)	(218,367)
<hr/>		
Net cash provided by (used in) operating activities	(282,288)	168,335
<hr/>		
Cash flows from investing activities:		
Purchases of investments	(1,132,144)	(207,579)
Reinvestment of interest and dividends	(80,793)	(107,589)
Proceeds from sales of investments	1,317,040	97,300
<hr/>		
Net cash provided by (used in) investing activities	104,103	(217,868)
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Cash flows from financing activities:		
Contributions restricted for long-term investment	85,065	70,188
<hr/>		
Net cash provided by financing activities	85,065	70,188
<hr/>		
Increase (decrease) in cash and cash equivalents	(93,120)	20,655
Cash and cash equivalents at beginning of year	206,322	185,667
<hr/>		
Cash and cash equivalents at end of year	\$ 113,202	206,322

Supplemental schedule of noncash investing and financing activities:

Salaries and benefits paid by the College in lieu of making payments on notes receivable	\$ -	48,280
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See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

1. Organization

Southwestern Oregon Community College Foundation (the “Foundation”) is an Oregon nonprofit corporation organized in 1962 exclusively for the purpose of supporting higher education in connection with Southwestern Oregon Community College (the “College”). The Foundation’s mission is to support the College by improving people’s lives socially, culturally, economically, and educationally through friend-raising and fundraising. Fundraising efforts result in the Foundation receiving gifts and pledges for the benefit of the College, including such gifts as endowment gifts to be invested in perpetuity, remainder interests in charitable remainder trusts, gift annuities, bequests, estate gifts, and other gifts. The Foundation is managed by a team of professionals and controlled by a volunteer Board of Directors.

2. Recently-Adopted Accounting Standards

Revenue Recognition – Effective July 1, 2020, the Foundation adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”), and additional ASUs issued to clarify the guidance in ASU 2014-09, which amends the existing accounting standards for revenue recognition. The Foundation adopted the new revenue standard applying the modified retrospective transition method to contracts not yet completed as of the date of adoption. The adoption of this standard did not have a material effect on the financial statements.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation’s 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-imposed stipulations. From time to time, the Foundation’s Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation (e.g., endowment funds). Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the Foundation considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held as part of the Foundation’s investment portfolio, and where management’s intention is to use the cash to acquire investments to be held long-term, are classified as investments.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value.

Net investment return, which includes both current yield (interest and dividend income) and net change in the fair value of investments, is reported in the statement of activities, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis.

The Foundation has some exposure to investment risks, including interest rate, market, and credit risks, for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Generally, furniture and equipment in excess of \$5,000 are capitalized and reported at cost when purchased, and initially at fair market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. At June 30, 2021, the Foundation has no depreciable capital assets.

Revenue Recognition – With regard to revenues from grants and contracts, the organization evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Foundation recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.
- *Grants and Contributions* – If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.
- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor’s commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets, in accordance with donor intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement the Foundation’s programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that the Foundation would have purchased if not donated are recognized in the statement of activities. During the year ended June 30, 2021, the Foundation recorded \$63,750 in-kind services.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Foundation’s activities.

During the year ended June 30, 2021, the Foundation recorded \$4,800 in-kind materials.

Outstanding Legacies – The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation’s share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measureable.

College Support – College support is accrued when awarded by the Foundation and unconditional. College support is provided from available income and principal in accordance with restrictions imposed by donors.

Benefits Provided to Donors at Special Events – The Foundation conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective mean exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Concentrations of Credit Risk – The Foundation’s financial instruments consist primarily of cash equivalents and investments, which may subject the Foundation to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Certain receivables may also, from time to time, subject the Foundation to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization’s management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Advertising Expenses – Advertising costs are charged to expenses as they are incurred.

Subsequent Events – Subsequent events have been evaluated by management through September 16, 2021, which is the date the financial statements were available to be issued.

Income Taxes – The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(A)(1) of the Internal Revenue Code.

Summarized Financial Information for 2020 – The accompanying financial information as of and for the year ended June 30, 2020 are presented for comparative purposes only and are not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Investments and Investment Return

Investments consist of the following at June 30, 2021:

<i>At fair value:</i>	
Corporate stocks	\$ 3,464,813
Exchange-traded and close-ended funds	1,286,174
Mutual funds	421,488
Government securities	291,734
Fixed-income funds	139,200
	<hr/> 5,603,409
Cash equivalents	230,016
	<hr/> \$ 5,833,425

Total return on investments for the year ended June 30, 2021 is as follows:

From investments:	
Interest and dividend income ¹	\$ 80,798
Net appreciation in the fair value of investments	1,075,339
	<hr/> \$ 1,156,137

¹ Investment income is presented net of external and direct internal investment expenses.

The Foundation’s total investment return for the year ended June 30, 2021 is summarized as follows:

Operating investment return	\$ 322,157
Endowment investment return (note 7)	833,980
	<hr/> \$ 1,156,137

5. Board-Designated Net Assets

The following summarizes the Foundation's net assets without donor restrictions as of June 30, 2021:

Quasi-endowment for (note 7):	
Operations	\$ 1,178,191
Scholarships	395,392
	<hr/>
	1,573,583
	<hr/>
Scholarships	111,785
Health & Science Technology building for the College	14,084
	<hr/>
	\$ 1,699,452
	<hr/>

6. Net Assets with Donor Restrictions

The following summarizes the Foundation's net assets with donor-imposed restrictions as of June 30, 2021:

<i>Expendable net assets restricted for the following purposes:</i>	
Scholarships	\$ 488,222
Program support	242,586
	<hr/>
	730,808
	<hr/>
<i>Quasi-endowments restricted for the following purposes:</i>	
Scholarships ¹	275,092
Other programs ¹	118,637
	<hr/>
Total quasi-endowments (note 7)	393,729
	<hr/>
<i>Endowment restricted for the following purposes:</i>	
Scholarships	2,456,300
Other programs	26,140
	<hr/>
Total endowment (note 7)	2,482,440
	<hr/>
Total net assets with donor restrictions	\$ 3,606,977
	<hr/>

¹ Restricted quasi-endowment funds represent expendable funds restricted by donors for scholarships and programs that the Board of Directors has elected to treat like donor-restricted endowments. The balance includes the original gift and unappropriated earnings.

7. Endowment

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Foundation's endowment-related activities for the year ended June 30, 2021:

	Donor-restricted endowment			Quasi-endowment		Total
	Accumulated endowment return	Endowment principal	Total	With donor restrictions	Without donor restrictions	
Endowment net assets at beginning of year	\$ 207,622	1,801,544	2,009,166	591,481	1,152,930	3,753,577
Contributions and grants	–	85,065	85,065	1,500	1,364	87,929
Transfers	–	–	–	(265,719)	200,000	(65,719)
Net investment return	474,409	310	474,719	90,310	268,951	833,980
Endowment management fee (note 9)	(16,944)	–	(16,944)	(3,288)	(9,594)	(29,826)
Appropriation of endowment assets for expenditure	(69,566)	–	(69,566)	(20,555)	(40,068)	(130,189)
Endowment net assets at end of year	\$ 595,521	1,886,919	2,482,440	393,729	1,573,583	4,449,752

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Foundation's Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring the Foundation to adopt investment and spending policies that are designed to preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Foundation has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Foundation classifies as endowment principal (1) the original value of endowment gifts, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In addition, the Foundation’s Board of Directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater. At June 30, 2021, the Foundation held two underwater endowment funds with original gift values of \$28,378, fair values of \$26,139, and deficiencies of \$2,239, which are included in net assets with donor restrictions.

Investment and Spending Policies – In accordance with UPMIFA, the Foundation’s Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the 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 Foundation; and
- The investment policies of the Foundation.

To meet its objectives, the Foundation’s policies limit spending to an amount equal to between 3% and 6% of the average fair market value of the fund investments (computed over a three-year moving average, measured at March 31 prior to the beginning of the fiscal year). Distributions are generally made annually, in July. Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Foundation’s management of endowment. For years when actual endowment return is less than distribution under the policy, the shortfall is intended to be covered by realized and unrealized returns from prior years.

If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years where the overall endowment is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

During the year ended June 30, 2021, the Foundation’s Board of Directors appropriated 4%, or a total of \$130,189, from donor-restricted and Board-designated endowment assets, in accordance with the aforementioned spending policy.

8. Net Assets Released from Restrictions

During the year ended June 30, 2021, the Foundation incurred various expenses in satisfaction of the restricted purposes specified by donors, or otherwise satisfied the restrictions by the occurrence of other events. Accordingly, net assets released from restrictions are summarized in the following table:

Satisfaction of donor restrictions	
as to purpose and/or time	\$ 911,796
Endowment management	
fee (<i>note 7</i>)	20,232
	\$ 932,028

9. Administrative Assessment

The Foundation makes an administrative assessment of 1.0% annually based on a three-year rolling average of the fair value of endowment assets at March 31. This assessment for the year ended June 30, 2021 totaled \$29,826.

10. College Support and Expenses

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates of the time expended in each area.

Academic program support pertains to activities initiated and conducted by departments of the College, in whole or in part. Administrative expenses pertain to the general operating activities of the Foundation. Certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include payroll costs and office expense.

The Foundation and the College have entered into an agreement that sets forth the manner in which the College and Foundation provide support to each other. For example, the College provides services to the Foundation that include the free use of administrative office facilities, telephone, utilities, and certain other operating costs attributed to the Foundation. These costs are not included in the accompanying financial statements due to the difficulty of accurately determining their value.

The College agreed to fully fund the Foundation's Executive Director salary and benefits indefinitely or until such time both parties mutually agree to renegotiate. The value of such services totaling \$63,750 for the year ended June 30, 2021 are reported as in-kind contributions in the accompanying statement of activities.

For its part, the Foundation's support of the College includes, but is not limited to, receiving, investing, and administering the funds of, or funds held for the benefit of, the College; providing various financial and related services, including receiving, acknowledging, providing receipts for, and processing all gifts; investing and managing all funds received on behalf of the College; administering endowment and funds held for the benefit of the College; disbursing funds in accordance with donors' wishes; and providing database management support.

11. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at June 30, 2021:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 113,202
Investments	5,833,425
	<hr/>
	5,946,627
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<i>Less financial assets not available within the year ending June 30, 2022:</i>	
Financial assets restricted by donors for endowment	(2,482,440)
Financial assets designated by the Board for quasi-endowment	(1,967,312)
	<hr/>
	(4,449,752)
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<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2022 endowment appropriations for operations	80,442
Fiscal year 2022 Board-designated funds approved for expenditure	68,084
	<hr/>
	148,526
	<hr/>
	\$ 1,645,401

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

In addition, the Foundation holds quasi-endowment funds totaling \$1,967,312 (see notes 5 and 6). Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

12. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments (primarily investments) carried at fair value.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At June 30, 2021, the Foundation's investments are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1). See note 4.

13. Reconciliation of Statement of Cash Flows

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 618,586
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<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Net appreciation in the fair value of investments	(1,075,339)
Contributions restricted to long-term investment	(85,065)
<i>Net changes in:</i>	
Contributions receivable	259,500
Accounts payable and accrued liabilities	30
<hr/>	
Total adjustments	(900,874)
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Net cash used in operating activities	\$ (282,288)
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14. Reclassification of 2020 Comparative Totals

Certain 2020 amounts presented herein have been reclassified to conform to the 2021 presentation.

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BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

Judy Ann Mogan, *Chair*
My Yarn Shop

Carolyn Thompson, *Vice Chair*
Carolyn D. Thompson, C.P.A., LLC

Dr. Patti Gates, D.O., *Secretary*
Coos Bay Vision Center

Donna Nichols, *Treasurer*
Retired Chief Financial Officer

Karen Pringle Cunningham
Retired Foundation Director

Dr. John Flaxel
Bay Eye Clinic

Rep. Caddy McKeown
Retired State Representative

Terri Porcaro
The Mill Casino Hotel & RV Park

Sen. Arnie Roblan
Retired State Senator

Cap Sharples
Retired Educator

Dr. Frances Shireman
Retired Physician

James Turner
Bandon Dunes Golf Resort

Management

Elise Hamner
Executive Director

SOUTHWESTERN OREGON COMMUNITY COLLEGE FOUNDATION

INQUIRIES AND OTHER INFORMATION

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