IMPERIAL VALLEY COLLEGE FOUNDATION

FINANCIAL STATEMENTS
(With Independent Auditor's Report)

As of June 30, 2026 and
for the fiscal year then ended

George J. Woo
Certified Public Accountant

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors
Imperial Valley College Foundation
Imperial, California

Opinion

I have audited the accompanying statement of activities and changes in net assets, statement of functional expenses and statement of cash flows of the Imperial Valley College Foundation as of June 30, 2026 and the related notes to the financial statements, which collectively comprise the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026 and the changes in financial position and cash flows for the Foundation and changes in net position for the Foundation for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Foundation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the basic 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 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 within one year after the date that the financial statements are available to be issued.

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Auditor's responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the basic 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 my 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgement 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 my judgement, 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.

I am 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 I identified during the audit.

October 21, 2026

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2026

ASSETS

Current Assets	
Cash in bank	$ 332,725
Investments, at fair value	2,521,605
Total Current Assets	2,854,330
Non - Current Assets	
Beneficial interest in assets held by the Foundation for California Community Colleges (FCCC)	697,517
Property	15,000
Total Non-Current Assets	712,517
Total Assets	$ 3,566,847

LIABILITIES AND NET ASSETS

Current Liabilities	
Payroll taxes payable	$ 4,507
Total Liabilities	4,507
Net Assets	
Without donor restrictions	192,293
With donor restrictions	3,370,047
Total Net Assets	3,562,340
Total Liabilities and Net Assets	$ 3,566,847

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Scholarship contributions	$ 429,136	$ 207,860	$ 636,996
General contributions	123,480	-0-	123,480
Donated services	362,243	-0-	362,243
Fundraising events	144,407	-0-	144,407
Total Support	1,059,266	207,860	1,267,126
Other income, gains and losses			
Interest and dividends	6,888	81,528	88,416
Net realized gain (loss) on investments	5,944	85,844	91,788
Net unrealized gain (loss) on investments	15,428	197,254	212,682
Other income	1,228	-0-	1,228
Total Other Income, Gains, and Losses	29,488	364,626	394,114
Total revenues before net assets released from restrictions	1,088,754	572,486	1,661,240
Net assets released from restrictions	213,623	(213,623)	-0-
Total Support and Revenues	1,302,377	358,863	1,661,240
Operating Expenses			
Program services	814,138	-0-	814,138
Supporting services			
Management and general	477,549	25,286	502,835
Fundraising expenses	80,697	-0-	80,697
Total Expenses	1,372,384	25,286	1,397,670
Change in net assets	(70,007)	333,577	263,570
Net Assets			
Beginning of year, as originally reported	278,245	3,020,525	3,298,770
Reclasification of Net Assets (note 13)	(15,945)	15,945	-0-
Beginning of year, as adjusted	262,300	3,036,470	3,298,770
End of Year	$ 192,293	$ 3,370,047	$ 3,562,340

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Program Services	Management & General	Fundraising	Total
Bank and broker fees	$ 25,286	$ 3,892	$ -0-	$ 29,178
Board Development	-0-	2,774	-0-	2,774
Car & Phone expense	-0-	11,500	-0-	11,500
Computer/Technology	-0-	2,574	-0-	2,574
Copier/printer	-0-	1,813	-0-	1,813
Database management	-0-	19,714	-0-	19,714
Designated Distributions	493,109	-0-	-0-	493,109
Donor Receptions	-0-	2,517	-0-	2,517
Fundraising expenses	-0-	-0-	58,793	58,793
Liability Iinsurance	-0-	6,746	-0-	6,746
Memberships	-0-	4,487	-0-	4,487
Miscellaneous Expenses	-0-	2,672	-0-	2,672
Office supplies	-0-	3,717	-0-	3,717
Postage	-0-	2,639	-0-	2,639
Printing	-0-	1,170	-0-	1,170
Professional fees	-0-	56,567	-0-	56,567
Promotion and marketing	-0-	3,199	-0-	3,199
Rental Fee	-0-	810	-0-	810
Salaries and benefits	54,100	365,686	21,904	441,690
Scholarships	241,643	-0-	-0-	241,643
Student Ambassadors	-0-	5,784	-0-	5,784
Travel/Conf./Train.	-0-	4,574	-0-	4,574
Total	$ 814,138	$ 502,835	$ 80,697	$ 1,397,670

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Cash flows from operating activities

Contributions	$ 760,476
Special events	144,407
Interest and dividends	88,416
Other income	1,228
Payments to employees	(79,447)
Payments to suppliers	(162,598)
Payments to/on behalf of students	(241,643)
Fundrasing expenses	(58,973)
Designated distributions	(493,109)
Net Cash provided (used) by Operating Activities	(41,243)

Cash flows from investing activities

Proceeds from sale of investments	1,220,349
Purchase of Investments	(1,254,251)
Net Cash provided (used) by investing Activities	(33,902)
Net Decrease in Cash and cash equivalents	(75,145)
Cash and Cash Equivalents at Beginning of Year	407,870
Cash and Cash Equivalents at End of Year	$ 332,725

Reconciliation of change in net assets to cash provided by operating activities

Change in net assets	$ 263,570
Adjustment to reconcile change in net assets to cash provided by operating activities	
Realized gain on investments	(91,788)
Unrealized gain on investments	(212,682)
Change in assets and liabilities - increase(decrease)	
Payroll taxes payable	(343)
Net cash provided (used) by operating activities	$ (41,243)

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

Imperial Valley College Foundation (the "Foundation"), a California non-profit organization, was form pursuant to the general not-for-profit corporation laws of the State of California as an auxiliary organization of the Imperial Valley Community College Foundation (the "Foundation") in accordance with the provisions of Section 72670 of the California Education Code for the primary purpose of encouraging public awareness, the receiving of contributions and, in turn, the making of donations to, and otherwise aiding and supporting Imperial Valley Community College (the "College").

The principal source of total revenue for the Foundation is donor contributions. Additionally the College provides administrative services to the Foundation. The Foundation considers these donated services as a principle source of revenue and recognizes the corresponding amount as an expense.

B. Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed. The financial statements include the accounts maintained by, and directly under, the control of the Foundation.

C. Net Asset Accounting

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions

Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

D. Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the statement of activities.

The fair value of equity and debt securities is based on the quoted market price of the underlying securities. Investments acquired by gift are recorded at their fair market value at the date of the gift.

E. Concentrations – Custodial

Custodial credit risk is the risk that in the event of bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2026, the Foundation's cash balances are collateralized at 110% in accordance with applicable California state law.

The Foundation maintains investment balances at a financial institution in excess of Securities Investor Protection Corporation (SIPC) limits. Concentration risk is managed by placing investment balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

F. In-Kind Contributions

The Foundation records the value of donated services when there is an objective basis available to measure their value. Donated services are recorded at fair value when a specialized skill is provided that would have otherwise been purchased or paid. Donated services are reflected in the accompanying financial statements as both revenue and expense since these donated items are accepted by the Foundation.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Allocation of Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expense. Certain costs and expenditures have been allocated between program and supporting services based on management's estimates.

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 salaries and wages, benefits and payroll taxes which are allocated on the basis of estimates of time and effort.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

I. Income Taxes

The Foundation is exempt from federal and state income taxes as a non-profit organization under Internal Revenue Code Section 501(c)(3) and therefore made no provision for federal or state income taxes. In addition, the Foundation has been determined by the Internal Revenue Service to be an "exempt private foundation" under Internal Revenue Code Section 509(a) and is subject to excise taxes. The Foundation has no excise or unrelated business income. The Foundation tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

J. Cash and Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Public Support and Revenue

The Foundation receives substantially all of its revenue from direct donations and pledges. Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period 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 at the time of the gift.

L. Property

Property is stated at cost. Donated assets are recorded at the estimated fair market value at the date of donation. The Foundation capitalizes, at cost, all expenditures for property in excess of $ 5,000.

The Foundation's policy is to evaluate the remaining lives and recoverability in light of current conditions. It is reasonably possible that the Foundation's estimate to recover the carrying amount of property will change.

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	$ 332,725
Accounts Receivable	-0-
Operating Investments	2,521,605
Total Financial Assets	2,854,330
Less	
Accounts Payable	(4,507)
Board designated assets	-0-
Donor-restricted assets (excludes Osher)	(2,672,530)
Total financial assets available for general expenditures	$ 177,293

NOTE 2 – LIQUIDITY AND AVAILABILITY (CONTINUED)

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures and have been excluded from the above analysis.

As part of the liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

NOTE 3 – INVESTMENTS

Investments are recorded at cost at date of acquisition or fair value at date of donation. The cost and fair value of investments as of June 30, 2026 are as follows:

Corporate Fixed Income	$ 43,254
Corporate Stocks	1,933,217
Exchange Traded Funds	493,233
Cash and Money Market	51,901
Total	$ 2,521,605

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2026.

Interest and dividends	$ 70,280
Realized gain (loss) on investments, net	60,643
Unrealized gain on investments, net	157,414
Total	$ 288,337

NOTE 4 –BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION OF CALIFORNIA COMMUNITY COLLEGES-OSHER ENDOWMENT SCHOLARSHIP

In 2011, the Foundation entered into a partnership arrangement with the California Community Colleges Scholarship Endowment (CCCSE) through the Foundation for California Community Colleges (FCCC). The FCCC has an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the CCCSE's assets.

Since the agreement's inception, the Foundation has transferred a total of $ 500,000 to the FCCC. These funds are invested in a pooled investment fund held by the FCCC. At June 30, 2026 the fair value of this investment was $ 697,517, which consisted of cash of $ 29,698, equity securities of $ 476,082 and fixed income instruments of $ 191,737 measured at quoted prices in active markets for

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION OF CALIFORNIA COMMUNITY COLLEGES-OSHER ENDOWMENT SCHOLARSHIP (CONTINUED)

identical assets (Level 1). Net investment income of $ 102,837 was recognized during the year ended June 30, 2026. Fund distributions from investment returns for the year ended June 30, 2026, were $ 26,667.

Changes in FCCC net assets for the fiscal year June 30, 2026.

	Without donor Restrictions	With donor Restrictions	Total
Investments with FCCC, beginning of year	$ -0-	$ 621,347	$ 621,347
Investment return:			
Investment income, net of expenses	-0-	16,425	16,425
Net (depreciation) (realized and unrealized)	-0-	86,412	86,412
Total investment return	-0-	102,837	102,837
Other changes:			
Distributions	-0-	(26,667)	(26,667)
Total other changes	-0-	(26,667)	(26,667)
Investment with FCCC, end of year	$ -0-	$ 697,517	$ 697,517

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.

NOTE 5 – Fair Value Measurements and Disclosures (Continued)

Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3- Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair values of beneficial interests in charitable trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments are reported by the trustees. 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 represents the balances of the assets measured at fair value on a recurring basis as of June 30, 2026

	Level 1	Level 2	Level 3	Total
Assets				
Corporate Fixed Income	$ 43,254	$ -0-	$ -0-	$ 43,254
Corporate stocks	1,933,217	-0-	-0-	1,933,217
Exchange Traded Funds	493,233	-0-	-0-	493,233
Cash and Money Market	51,901	-0-	0-	51,901
Beneficial interest in assets held by FCCC	-0-	-0-	697,517	621,347
Total	2,521,605	-0-	697,517	3,219,122

The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2026. The Foundation did not have any assets or liabilities valued on a non-recurring basis as of June 30, 2026.

NOTE 6 – CASH IN BANK

Cash and cash equivalents as of June 30, 2026 consists of:

Operational interest bearing checking	$ 299,142
Designated interest bearing checking	33,083
Petty cash	500
Balance as of June 30, 2026	$ 332,725

As of June 30, 2026 the carrying amount of the Foundation's cash and cash equivalents was $ 332,615. The bank balance was $ 699,198.

NOTE 7 – PROPERTY

In December 1998, the Foundation acquired land adjacent to the Imperial Valley College Desert Museum site in Ocotillo California for the stated cost of $ 15,000. Property as of June 30, 2026 consists of Land-Ocotillo $ 15,000.

NOTE 8 – CONCENTRATIONS

The Foundation conducts operations primarily in Southern California and, therefore, is subject to risks from changes in local economic conditions. The Foundation also receives a substantial amount of donated services from the Imperial Valley College. If the College failed to continue to provide support of the Foundation, the Foundation would need to significantly change its operations in order to achieve its mission in serving Imperial Valley College.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specific purpose:	
Scholarships	$ 2,672,530
Not subject to spending policy or appropriations:	
Investments held with FCCC in perpetuity (including amounts above original transfer amount of $ 500,000)	
Osher scholarships	697,517
Subject to spending policy and appropriation:	
Investments in perpetuity the income from which is expendable to support:	
Scholarships	-0-
Net assets with donor restrictions	$ 3,370,047

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2026.

Satisfactions of Purpose Restrictions:	
Scholarships	$ 213,623
Net assets with donor restrictions	$ 213,623

NOTE 10 – ENDOWMENTS

The Foundation's endowment consists of approximately 80 individual funds established primarily for scholarships. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from an income and appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Risk Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s)

NOTE 10 – ENDOWMENTS (CONTINUED)

as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested n a manner that is intended to protect the principal, over the long term, and yet maximize the investment earnings so as to maximize the benefit provided by the endowment. Accordingly, funds are invested in a combination of fixed income funds and equity funds expected to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objective

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieving through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Foundation has a policy of appropriating for distribution each year 3 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution was planned. While it is the Foundation's goal to distribute 3 percent, it is not guaranteed and is contingent upon current market conditions. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment composition and changes in endowment net assets for the fiscal year ended June 30, 2026, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2025	$ -0-	$ 3,020,525	$ 3,020,525
Contributions	-0-	207,860	207,860
Net investment income	-0-	81,528	81,528
Net realized gain	-0-	85,844	85,844
Net appreciation	-0-	197,254	197,254
Released from restrictions	-0-	(213,623)	(213,623)
Prior period adjustment	-0-	15,945	15,945
Operating expenses	-0-	(25,286)	(25,286)
Endowment net assets, June 30, 2026	$ -0-	$ 3,370,047	$ 3,370,047

NOTE 10 – ENDOWMENTS (CONTINUED)

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 of UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies as of June 30, 2026.

NOTE 11 – IN-KIND CONTRIBUTIONS

Throughout the year, many individuals throughout the Foundation donate significant amounts of time to advance the programs and objectives of the Foundation. Donated services and professional fees are reflected in the accompanying statements when the criteria for recognition have been met and are recorded at fair value. Donated services and professional fees include the value of Foundation services paid for salaries and benefits and professional fees paid by Foundation.

NOTE 12 – RELATED PARTY TRANSACTIONS

To assist the Foundation in carrying out its purpose, the College provides administrative services to the Foundation. The College pays salaries and benefits of the Executive Director and Foundation Coordinator. In addition, working space for employees who perform administrative services for the Foundation is provided by the College at no charge. The donated services included $ 325,380 of salaries and benefits. These donated services have been reflected in the financial statements as revenues under donated services as expenses under salaries and benefits. The value of donated facilities has not been determined and is therefore not included in the financial statements; however, management does not believe the amount to be material.

NOTE 13 – RECLASSIFICATION OF NET ASSETS

The management of the Foundation performed an extensive review of funds classified as without donor restrictions and as with donor restrictions. As a result of this review, a significant amount of funds previously reported as without donor restrictions were properly reclassified as with donor restrictions

NOTE 14 – SUBSEQUENT EVENTS

The management of The Foundation has reviewed the results of operations for the period of time from its year end June 30, 2026 through October 21, 2026, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.