

**OHLONE COLLEGE
FOUNDATION**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2019 AND 2018**

OHLONE COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Ohlone College Foundation
Fremont, California**

Report on Financial Statements

We have audited the accompanying financial statements of Ohlone College Foundation, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and statements of cash flows for the years then ended, the related statement of functional expenses for the year ended June 30, 2019, 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 of America; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 entity'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 entity'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.

To the Board of Directors of
Ohlone College Foundation
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohlone College Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

November 20, 2019

OHLONE COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,569,236	\$ 274,958
Investments, current	478,810	457,736
Accounts receivable	18,800	12,618
Current portion of pledges receivable	356,000	129,000
Prepaid expense and other assets	1,037	230,767
Total current assets	<u>9,423,883</u>	<u>1,105,079</u>
Noncurrent assets:		
Assets held for donation	300,398	
Investments, non-current	5,283,752	3,383,850
Pledges receivable		4,000
Charitable remainder trust assets	747,798	730,149
Total noncurrent assets	<u>6,331,948</u>	<u>4,117,999</u>
TOTAL ASSETS	<u>\$ 15,755,831</u>	<u>\$ 5,223,078</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 42,542	\$ 35,340
Scholarships payable	121,662	207,055
Due to District	783,146	
Deferred revenue		8,250
Liabilities to beneficiaries	61,212	59,765
Total current liabilities	<u>1,008,562</u>	<u>310,410</u>
Long-term liabilities:		
Scholarships payable	59,400	55,849
Liabilities to beneficiaries, net	306,427	299,226
Total long-term liabilities	<u>365,827</u>	<u>355,075</u>
Total liabilities	<u>1,374,389</u>	<u>665,485</u>
Net assets:		
Without donor restrictions	324,565	199,906
With donor restrictions	14,056,877	4,357,687
Total net assets	<u>14,381,442</u>	<u>4,557,593</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,755,831</u>	<u>\$ 5,223,078</u>

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

OHLONE COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 294,061	\$ 10,459,668	\$ 10,753,729
Investment income, net	53,593	354,173	407,766
Special event revenues	231,248		231,248
Change in value of charitable remainder trust assets		9,001	9,001
Transfers	(12,750)	12,750	
Net assets released from restrictions	<u>1,136,402</u>	<u>(1,136,402)</u>	
TOTAL SUPPORT AND REVENUES	<u>1,702,554</u>	<u>9,699,190</u>	<u>11,401,744</u>
EXPENSES			
Program services:			
College instructional support	974,092		974,092
Scholarships and awards	<u>105,877</u>		<u>105,877</u>
Total program services	<u>1,079,969</u>		<u>1,079,969</u>
Support services:			
Fundraising	382,492		382,492
Administrative	<u>115,434</u>		<u>115,434</u>
Total support services	<u>497,926</u>		<u>497,926</u>
TOTAL EXPENSES	<u>1,577,895</u>		<u>1,577,895</u>
CHANGE IN NET ASSETS	124,659	9,699,190	9,823,849
Net Assets - Beginning	<u>199,906</u>	<u>4,357,687</u>	<u>4,557,593</u>
Net Assets - Ending	<u>\$ 324,565</u>	<u>\$ 14,056,877</u>	<u>\$ 14,381,442</u>

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

OHLONE COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 189,821	\$ 138,483	\$ 328,304
Investment income, net	(22,323)	127,735	105,412
Special event revenues	292,227		292,227
Change in value of charitable remainder trust assets		(18,556)	(18,556)
Transfers	(315)	315	
Net assets released from restrictions	<u>258,848</u>	<u>(258,848)</u>	
TOTAL SUPPORT AND REVENUES	<u>718,258</u>	<u>(10,871)</u>	<u>707,387</u>
EXPENSES			
Program services:			
College instructional support	117,179		117,179
Scholarships and awards	<u>106,057</u>		<u>106,057</u>
Total program services	<u>223,236</u>		<u>223,236</u>
Support services:			
Fundraising	377,624		377,624
Administrative	<u>133,169</u>		<u>133,169</u>
Total support services	<u>510,793</u>		<u>510,793</u>
TOTAL EXPENSES	<u>734,029</u>		<u>734,029</u>
CHANGE IN NET ASSETS	(15,771)	(10,871)	(26,642)
Net Assets - Beginning	<u>215,677</u>	<u>4,368,558</u>	<u>4,584,235</u>
Net Assets - Ending	<u>\$ 199,906</u>	<u>\$ 4,357,687</u>	<u>\$ 4,557,593</u>

OHLONE COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	<u>Program services</u>		<u>Supporting services</u>		<u>Total</u>
	<u>College instructional support</u>	<u>Scholarships and awards</u>	<u>Fundraising</u>	<u>Administrative</u>	
Distributions to District programs	\$ 974,092				\$ 974,092
District facility and personnel use			\$ 143,221	\$ 95,481	238,702
Events			209,304		209,304
Scholarships		\$ 102,077			102,077
Sponsorship			6,586	4,391	10,977
Audit and tax return			6,407	4,271	10,678
License agreement			4,376	2,918	7,294
Advertising			3,529	2,352	5,881
Awards		3,800			3,800
Travel, conference, and related expenses			2,066	1,378	3,444
Miscellaneous			7,003	4,643	11,646
Total	<u>\$ 974,092</u>	<u>\$ 105,877</u>	<u>\$ 382,492</u>	<u>\$ 115,434</u>	<u>\$ 1,577,895</u>

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

OHLONE COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,823,849	\$ (26,642)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	(219,102)	(38,292)
Change in value of charitable remainder trust assets	(9,001)	18,556
Changes in:		
Accounts receivable	(6,182)	(3,825)
Pledges receivable	(223,000)	4,000
Prepaid expense and other assets	229,730	9,646
Assets held for donation	(300,398)	148
Accounts payable	7,202	29,478
Due to District	783,146	
Scholarships payable	(81,842)	(58,342)
Deferred revenue	(8,250)	8,250
Net cash provided (used) by operating activities	<u>9,996,152</u>	<u>(57,023)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment securities	(14,338,564)	(1,209,153)
Proceeds from sales and maturities of investments	12,481,118	1,058,104
Investment management fees	<u>155,572</u>	<u>37,295</u>
Net cash used by investing activities	<u>(1,701,874)</u>	<u>(113,754)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,294,278	(170,777)
Cash and cash equivalents - Beginning	<u>274,958</u>	<u>445,735</u>
Cash and cash equivalents - Ending	<u>\$ 8,569,236</u>	<u>\$ 274,958</u>

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

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

1. ORGANIZATION

Ohlone College Foundation (the Foundation), is a nonprofit public benefit corporation incorporated in the State of California on May 15, 1987 and organized to provide support to various programs and functions of Ohlone Community College District (the District), as well as to provide a link between the District and the community. The District and the Foundation have adopted a Master Agreement whereby the Foundation reasserted its status as an auxiliary organization of the District, pursuant to Title V of the California Code of Regulations. The Foundation is included as a component unit in the District's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Revenue recognition – Contributions and bequests are recognized in full when received or unconditionally promised, in accordance with professional standards. Net assets that are not subject to donor-imposed restrictions may be expenses for any purpose in performing the primary objectives of the organization. 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 that neither expire by the passage of time nor can be fulfilled and removed by the actions of the Foundation and consist of contributions to the Foundation's endowment fund. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), 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 restriction.

Cash and equivalents – For financial statement purposes, the Foundation considers all investments with an initial maturity of three months or less to be cash equivalents unless held for long-term purposes.

The Foundation minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Foundation's deposits held within financial institutions in excess of federal depository insurance limits were \$8,324,945 and \$29,405 as of June 30, 2019 and 2018, respectively. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk related to cash.

Pledges receivable – Pledges receivable are unconditional promises to give which are recognized as contribution revenue and pledges receivable in the period they are pledged. Amounts expected to be collected within one year are recorded at net realizable value. As of June 30, 2019 and 2018 pledges receivable totaled \$356,000 and \$133,000, respectively. The Foundation expects that all pledges will be received within one year. The Foundation has not historically had difficulty collecting amounts due from donors; therefore, no allowance for uncollectible accounts has been recorded. Conditional pledges receivable are not recorded until the conditions are substantially met.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

Investments are stated at fair value and are held for long-term purposes.

Charitable remainder trust assets include the estimated fair value of various irrevocable charitable trusts in which the Foundation is the trustee and remainder beneficiary. The fair value of the Foundation's remainder interest in irrevocable trusts is determined using investment returns consistent with the composition of the asset portfolios, life expectancies, and relevant discount rate. Irrevocable charitable trusts whose use is limited by the Foundation due to time or donor-imposed restrictions increase net assets with donor restrictions.

Liability to beneficiaries represents the present value of the liability due to primary beneficiaries of the irrevocable charitable remainder trusts for which the Foundation is both trustee and remainder beneficiary. On an annual basis, the Foundation reviews the need to revalue the liability to make distributions to the designated beneficiaries based upon actuarial assumptions. The present value of the estimated future payments is calculated using discount rates ranging from 7.0% to 7.8% and applicable mortality tables.

Scholarships payable represent liabilities due to scholarship recipients. The Ohlone Promise Scholarship pays for tuition, books and enrollment fees for two years at the District. The long-term portion of the scholarship liability is estimated based on the projected costs of the scholarship recipient's second year tuition, books and enrollments fees.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- | | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly. |
| Level 3 Inputs | Unobservable inputs for the asset or liability. |

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

Assets held for donation are recorded at cost or, if donated, at fair market value as of the date of the donation. As of June 30, 2019, the Foundation held \$300,398 of assets, which were transferred to the District after year-end and consists of the Chiodo sculpture and digital copies of sheet music.

Functional expenses –The costs of providing the program and supporting services 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 the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one more program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, sponsorship, audit and tax return, license agreement, advertising, travel, conference and related expenses, and miscellaneous expenses, which are allocated based on management’s estimate of usage. All other costs are allocated based on direct use.

Income taxes – The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and is classified as a public charity within the meaning of Internal Revenue Code Section 509(a).

The Foundation has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Foundation is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2013.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting pronouncements – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and consistency in the type of information provided about expenses and investment return. Management has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, with the exception of the statement of functional expenses and the liquidity disclosures, which have not been applied for the year ended June 30, 2018 as allowed by the transition guidance of this ASU.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new accounting standard develops a common standard that will remove inconsistencies in revenue requirements, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. Application of this statement is effective for the year ending June 30, 2020. Management is currently evaluating the impact this pronouncement will have on the financial statements.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

In June 2018, the FASB issued ASU 2018-08 Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. Application of this statement is effective for the year ending June 30, 2020. Management is currently evaluating the impact this pronouncement will have on the financial statements.

Subsequent events have been evaluated through November 20, 2019, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since June 30, 2019 that require recognition or disclosure in the financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows for 2019:

Cash and cash equivalents	\$ 8,569,236
Investments	5,762,562
Accounts receivable	18,800
Pledges receivable	356,000
Charitable remainder trust assets	<u>747,798</u>
Total financial assets	15,454,396
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Time and/or purpose restrictions by donors	<u>(14,056,877)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,397,519</u>

The Foundation's goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$100,000). Both Management and the Finance Committee review the cash accounts quarterly to determine future cash flow needed for the upcoming quarter. Excess cash is invested in short-term investments, which can be liquidated for unexpected expenses.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

4. INVESTMENTS

The table below sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 458,076		\$ 458,076
Fixed income securities:			
Asset backed		\$ 1,998,629	1,998,629
Mutual funds:			
Blend		740,006	740,006
Foreign value		148,202	148,202
Growth		92,192	92,192
Value		78,906	78,906
Foreign growth		31,374	31,374
Equity:			
Technology	510,157		510,157
Financials	442,603		442,603
Consumer goods	337,637		337,637
Industrial goods	302,943		302,943
Healthcare	291,935		291,935
Basic materials	157,478		157,478
Services	143,615		143,615
Energy	28,809		28,809
Total investments at fair value	<u>\$ 2,673,253</u>	<u>\$ 3,089,309</u>	<u>\$ 5,762,562</u>

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

The table below sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 153,256		\$ 153,256
Fixed income securities:			
Asset backed		\$ 1,350,234	1,350,234
Mutual funds:			
Blend		393,848	393,848
Growth		125,437	125,437
Value		69,295	69,295
Foreign value		57,669	57,669
Foreign growth		9,424	9,424
Equity:			
Technology	408,968		408,968
Industrial goods	265,549		265,549
Financials	263,077		263,077
Consumer goods	245,365		245,365
Healthcare	224,378		224,378
Basic materials	164,883		164,883
Services	103,813		103,813
Energy	6,390		6,390
Total investments at fair value	<u>\$ 1,835,679</u>	<u>\$ 2,005,907</u>	<u>\$ 3,841,586</u>

5. CHARITABLE REMAINDER TRUST ASSETS

The Foundation's charitable remainder trust assets represent assets held in charitable remainder trusts in which the Foundation is both the trustee and the remainder beneficiary. Assets invested under these trusts and payments made to beneficiaries are based on the terms of the trust agreements. As of June 30, 2019, charitable remainder trust assets total \$747,798 and the associated liability to beneficiaries total \$367,639. As of June 30, 2018, charitable remainder trust assets total \$730,149 and the associated liability to beneficiaries total \$358,991. The Foundation's investments held in charitable remainder trusts are classified within Level 2 of the fair value hierarchy because they are valued using a matrix pricing model.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

6. NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Time and/or purpose restricted:		
District Academic Core Project	\$ 7,256,321	
Scholarships and District programs	2,970,056	\$ 2,327,187
Endowments	1,700,000	
Restricted into perpetuity:		
Endowments	<u>2,130,500</u>	<u>2,030,500</u>
Total net assets with donor restrictions	<u>\$ 14,056,877</u>	<u>\$ 4,357,687</u>

The Foundation's Board of Directors (the Board) is charged with the responsibility of management of the endowed assets. To assist in carrying out this duty, the Foundation has adopted an investment policy that prioritizes preservation of capital, long-term growth, and adherence to the prudent person investment philosophy. To enact this policy, the Foundation's investment strategy emphasizes total return, assuming a level of risk consistent with reasonable and prudent investment practices for such funds. The Board believes that the policy is in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted by the State of California in 2009, to ensure the prudent management of endowed funds in the disbursement of current earnings in support of the District, and to meet future needs established by the donor. Investment proceeds from endowments that are held in perpetuity are used by the Foundation based upon the donor restrictions.

The Foundation's endowments include donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as net assets with donor restrictions that are held in perpetuity (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. All accumulated unrealized appreciation and depreciation of endowment investments are recorded as directed by the donor gift. The funds are to be invested in perpetuity and interest and dividends are to be used per the donor intent. For each individual endowment, the Foundation will spend any available earnings on investments first, and the remaining is spent in accordance with the requirements as specified by the donor.

Net assets with donor restrictions that are held in perpetuity increased by \$100,000 and net assets that are time and purpose restricted increased by \$800,000 due to the history department endowment contribution received during the current fiscal year. A contribution of \$900,000 for a scholarship endowment received during the current fiscal year has not been formalized as of June 30, 2019 and is therefore included with net assets with donor restrictions that are time and purpose restricted.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

7. RELATED PARTIES

Ohlone Community College District

As described in Note 1, the Foundation's purpose is to support the District's students and programs. Therefore, transactions between the Foundation and the District are to be expected. In accordance with the Foundation's Bylaws, certain District personnel serve as ex-officio members of the Foundation's Board of Directors by virtue of their position at the District.

In exchange for support that the Foundation provides to the campus programs, the District contributes to the Foundation a minimum of 50% of all salaries and all related expenses incurred and paid by the District on behalf of the Foundation. For the years ended June 30, 2019 and 2018, the District contributed \$238,702 and \$271,330, respectively, to the Foundation for personnel-related costs and facility use. Of that total, for the years ended June 30, 2019 and 2018, the Foundation paid the District \$111,806 and \$127,846, respectively, for salary and administrative costs.

The Foundation accrued a payable to the District at June 30, 2019 of \$783,146 related to construction expenses on the District's Academic Core Project. There was no balance due to the District at June 30, 2018.

The Foundation's receipt of noncash donations related to instructional support are contributed to the District. During the years ended June 30, 2019 and 2018, the Foundation contributed \$3,122 and \$22,362, respectively, of noncash donations to the District.

8. EXPENSES

Expenses for the year ended June 30, 2018 are as follows:

	<u>Total</u>
District facility and personnel use	\$ 271,330
Events	183,209
Distributions to District programs	117,179
Scholarships	101,257
Sponsorship	12,486
Audit and tax return	9,568
License agreement	9,180
Advertising	6,101
Awards	4,800
Travel, conference, and related expenses	90
Miscellaneous	<u>18,829</u>
Total	<u>\$ 734,029</u>