

**OHLONE COLLEGE
FOUNDATION**

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

**YEARS ENDED
JUNE 30, 2020 AND 2019**

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 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, 2020 and 2019, 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

December 1, 2020

OHLONE COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,212,476	\$ 8,569,236
Investments, current	489,269	478,810
Accounts receivable	750	18,800
Pledges receivable	500	356,000
Prepaid expense and other assets	5,823	1,037
Total current assets	<u>2,708,818</u>	<u>9,423,883</u>
Noncurrent assets:		
Assets held for donation		300,398
Investments, non-current	5,077,918	5,283,752
Charitable remainder trust assets	691,611	747,798
Total noncurrent assets	<u>5,769,529</u>	<u>6,331,948</u>
TOTAL ASSETS	<u>\$ 8,478,347</u>	<u>\$ 15,755,831</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 31,442	\$ 42,542
Scholarships payable	162,200	121,662
Due to District	379,924	783,146
Deferred revenue	39,765	
Liabilities to beneficiaries	56,612	61,212
Total current liabilities	<u>669,943</u>	<u>1,008,562</u>
Long-term liabilities:		
Scholarships payable	70,200	59,400
Liabilities to beneficiaries	283,415	306,427
Total long-term liabilities	<u>353,615</u>	<u>365,827</u>
Total liabilities	<u>1,023,558</u>	<u>1,374,389</u>
Net assets:		
Without donor restrictions	237,227	324,565
With donor restrictions	7,217,562	14,056,877
Total net assets	<u>7,454,789</u>	<u>14,381,442</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,478,347</u>	<u>\$ 15,755,831</u>

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

OHLONE COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

	Without Donor <u>Restrictions</u>	With Donor Restrictions	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 129,830	\$ 361,140	\$ 490,970
Investment income, net	8,608	98,836	107,444
Special event revenues	113,618		113,618
Change in value of charitable remainder trust assets		(28,575)	(28,575)
Transfers	27,886	(27,886)	
Net assets released from restrictions	<u>7,242,830</u>	<u>(7,242,830)</u>	
TOTAL SUPPORT AND REVENUES	<u>7,522,772</u>	<u>(6,839,315)</u>	<u>683,457</u>
EXPENSES			
Program services:			
College instructional support	7,039,688		7,039,688
Scholarships and awards	<u>168,601</u>		<u>168,601</u>
Total program services	<u>7,208,289</u>		<u>7,208,289</u>
Support services:			
Fundraising	297,842		297,842
Administrative	<u>103,979</u>		<u>103,979</u>
Total support services	<u>401,821</u>		<u>401,821</u>
TOTAL EXPENSES	<u>7,610,110</u>		<u>7,610,110</u>
CHANGE IN NET ASSETS	(87,338)	(6,839,315)	(6,926,653)
Net Assets - Beginning	<u>324,565</u>	<u>14,056,877</u>	<u>14,381,442</u>
Net Assets - Ending	<u>\$ 237,227</u>	<u>\$ 7,217,562</u>	<u>\$ 7,454,789</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 Restrictions	<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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<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	\$ 7,039,688				\$ 7,039,688
District facility and personnel use			\$ 121,386	\$ 80,924	202,310
Scholarships		\$ 165,951			165,951
Events			143,437		143,437
License agreement			8,706	5,804	14,510
Audit and tax return			6,200	4,134	10,334
Sponsorship			5,591	3,727	9,318
Advertising			1,705	1,137	2,842
Awards		2,650			2,650
Travel, conference, and related expenses			987	658	1,645
Miscellaneous			9,830	7,595	17,425
Total	<u>\$ 7,039,688</u>	<u>\$ 168,601</u>	<u>\$ 297,842</u>	<u>\$ 103,979</u>	<u>\$ 7,610,110</u>

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

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
Scholarships		\$ 102,077			102,077
Events			209,304		209,304
License agreement			4,376	2,918	7,294
Audit and tax return			6,407	4,271	10,678
Sponsorship			6,586	4,391	10,977
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>

OHLONE COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,926,653)	\$ 9,823,849
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	39,669	(63,530)
Change in value of charitable remainder trust assets	28,575	(9,001)
Changes in:		
Accounts receivable	18,050	(6,182)
Pledges receivable	355,500	(223,000)
Prepaid expense and other assets	(4,786)	229,730
Assets held for donation	300,398	(300,398)
Accounts payable	(11,100)	7,202
Scholarships payable	51,338	(81,842)
Due to District	(403,222)	783,146
Deferred revenue	39,765	(8,250)
Net cash provided (used) by operating activities	<u>(6,512,466)</u>	<u>10,151,724</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,365,747)	(14,338,564)
Proceeds from sales and maturities of investments	<u>2,521,453</u>	<u>12,481,118</u>
Net cash provided (used) by investing activities	<u>155,706</u>	<u>(1,857,446)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,356,760)	8,294,278
Cash and cash equivalents - Beginning	<u>8,569,236</u>	<u>274,958</u>
Cash and cash equivalents - Ending	<u>\$ 2,212,476</u>	<u>\$ 8,569,236</u>

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

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

The Foundation's revenue from contracts with customers consists of special event revenues. Revenue from events is recognized when the related event occurs. Funds received in advance of being earned are recorded as deferred revenue.

Cash and cash 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 \$1,989,475 and \$8,324,945 as of June 30, 2020 and 2019, 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, 2020 and 2019 pledges receivable totaled \$500 and \$356,000, respectively. The Foundation expects that all pledges will be received within one year. Management determines the allowance for uncollectable

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections and are written off when deemed uncollectable. Management has determined that no allowance is deemed necessary as of June 30, 2020 and 2019.

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, 2020 AND 2019

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 during the 2020 fiscal year and consisted of the Chiodo sculpture and digital copies of sheet music. There were no assets held for donation by the Foundation as of June 30, 2020.

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 2014.

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 May 2014, the Financial Accounting Standards Board (FASB) issued Topic 606, *Revenue from Contracts with Customers*. The new accounting standard developed a common standard that removed inconsistencies in revenue requirements, improved comparability of revenue recognition practices, provided more useful information to users of financial statements and simplified the preparation of financial statements. The Foundation has implemented Topic 606 effective July 1, 2019 for all contracts with no effect on beginning net assets.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarified and improved 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. The Foundation has implemented this accounting standard in the accompanying financial statements effective July 1, 2019 under the modified prospective basis. Accordingly, there is no effect on beginning net assets in connection with the implementation of ASU 2018-08.

Subsequent events have been evaluated through December 1, 2020, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in the financial statements.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,212,476	\$ 8,569,236
Investments	5,567,187	5,762,562
Accounts receivable	750	18,800
Pledges receivable	500	356,000
Charitable remainder trust assets	<u>691,611</u>	<u>747,798</u>
Total financial assets	8,472,524	15,454,396
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Time and/or purpose restrictions by donors	<u>(7,217,562)</u>	<u>(14,056,877)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,254,962</u>	<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.

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 274,511		\$ 274,511
Fixed income securities:			
Asset backed		\$ 1,413,374	1,413,374
Mutual funds:			
Blend		462,766	462,766
Value		269,259	269,259
Growth		109,543	109,543
Equity:			
Technology	426,254		426,254
Financials	392,229		392,229
Consumer goods	378,681		378,681
Healthcare	267,569		267,569
Industrial goods	166,116		166,116
Services	136,948		136,948
Basic materials	129,464		129,464
Energy	<u>70,397</u>		<u>70,397</u>
Total investments at fair value	<u>\$ 2,242,169</u>	<u>\$ 3,325,018</u>	<u>\$ 5,567,187</u>

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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
Value		78,906	78,906
Growth		92,192	92,192
Foreign value		148,202	148,202
Foreign growth		31,374	31,374
Equity:			
Technology	510,157		510,157
Financials	442,603		442,603
Consumer goods	337,637		337,637
Healthcare	291,935		291,935
Industrial goods	302,943		302,943
Services	143,615		143,615
Basic materials	157,478		157,478
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>

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, 2020, charitable remainder trust assets total \$691,611 and the associated liability to beneficiaries total \$340,027. As of June 30, 2019, charitable remainder trust assets total \$747,798 and the associated liability to beneficiaries total \$367,639. 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, 2020 AND 2019

6. NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Time and/or purpose restricted:		
Scholarships and District programs	\$ 3,090,562	\$ 2,970,056
District Academic Core Project		7,256,321
Endowments	1,996,500	1,700,000
Restricted into perpetuity:		
Endowments	<u>2,130,500</u>	<u>2,130,500</u>
Total net assets with donor restrictions	<u>\$ 7,217,562</u>	<u>\$ 14,056,877</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.

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.

OHLONE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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, 2020 and 2019, the District contributed \$201,526 and \$238,702, respectively, to the Foundation for personnel-related costs and facility use. Of that total, for the years ended June 30, 2020 and 2019, the Foundation paid the District \$93,193 and \$111,806, respectively, for salary and administrative costs.

The Foundation accrued a payable to the District at June 30, 2020 of \$379,924 related to expenses for the District's Academic Core Project, salary and administrative costs, scholarship award payments and other general disbursement. At June 30, 2019 a payable of \$783,146 was accrued related to construction expenses on the District's Academic Core Project.