EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2019

WITH SUMMARY COMPARATIVE INFORMATION FOR 2018

CONTENTS

YH ADVISORS
THE EXEMPT ORG EXPERTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
El Camino Community College District Foundation:

We have audited the accompanying financial statements of El Camino Community College District Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 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.

Auditors' 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 of America. 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 auditors' 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 auditors consider 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.

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Auditors' Responsibility *(continued)*

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 El Camino Community College District Foundation as of June 30, 2019, and the changes in its net assets and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited El Camino Community College District Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

YH Advisors, Inc.

Huntington Beach, California
January 6, 2020

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 209,049	$ 122,568
Contributions receivable	15,000	--
Investments	11,924,844	9,437,869
Total Current Assets	12,148,893	9,560,437
NON-CURRENT ASSETS		
Assets held under split interest agreements, net	267,188	268,189
Beneficial interest in CCCS endowment	1,929,586	1,918,123
Beneficial interest in charitable trust held by others	1,845,029	1,758,442
Total Non-Current Assets	4,041,803	3,944,754
TOTAL ASSETS	$ 16,190,696	$ 13,505,191
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 3,724	$ --
Accrued employee related expenses	14,623	9,587
TOTAL LIABILITIES	18,347	9,587
NET ASSETS		
Without donor restrictions	1,627,061	1,453,862
With donor restrictions	14,545,288	12,041,742
TOTAL NET ASSETS	16,172,349	13,495,604
TOTAL LIABILITIES AND NET ASSETS	$ 16,190,696	$ 13,505,191

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

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH SUMMARY COMPARATIVE TOTALS FOR 2018

	Without Donor Restrictions	With Donor Restrictions	June 30, 2019	June 30, 2018
REVENUE AND SUPPORT				
Contributions and grants	$ 316,632	$ 2,895,787	$ 3,212,419	$ 1,712,688
Donated goods, services, and facilities	210,827	--	210,827	242,612
Investment return, net	2,686	757,972	760,658	409,223
Other income	83,362	--	83,362	54,878
Net assets released from restrictions	920,503	(920,503)	--	--
Transfers of net assets	229,710	(229,710)	--	--
TOTAL REVENUE AND SUPPORT	1,763,720	2,503,546	4,267,266	2,419,401
EXPENSES				
Program services	1,147,785	--	1,147,785	1,122,869
Supporting services:				
Management and general	229,330	--	229,330	275,451
Fundraising	213,406	--	213,406	192,015
TOTAL EXPENSES	1,590,521	--	1,590,521	1,590,335
CHANGE IN NET ASSETS	173,199	2,503,546	2,676,745	829,066
NET ASSETS AT BEGINNING OF YEAR	1,453,862	12,041,742	13,495,604	12,666,538
NET ASSETS AT END OF YEAR	$ 1,627,061	$ 14,545,288	$ 16,172,349	$ 13,495,604

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

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH SUMMARY COMPARATIVE TOTALS FOR 2018

	Program Services	Management and General	Fundraising	June 30, 2019	June 30, 2018
MONETARY EXPENSES					
Salaries, benefits, and payroll taxes	$ 119,873	$ 89,993	$ 127,608	$ 337,474	$ 346,739
Grants, awards, and scholarships	640,270	--	--	640,270	568,606
Professional services	36,579	19,720	--	56,299	147,302
Hospitality	192,955	--	10,913	203,868	104,478
Facilities	1,557	--	--	1,557	--
Maintenance	--	15,482	--	15,482	13,482
Supplies and equipment	40,435	753	426	41,614	68,960
Printing and postage	7,200	785	8,128	16,113	11,661
Publications and advertising	--	--	8,514	8,514	8,424
Travel, conferences, and meetings	45,769	1,130	--	46,899	27,319
Other administrative	4,192	2,376	--	6,568	49,966
TOTAL MONETARY EXPENSES	1,088,830	130,239	155,589	1,374,658	1,346,937
IN-KIND EXPENSES					
Salaries, benefits, and payroll taxes	41,648	89,389	52,273	183,310	162,247
Goods	6,753	--	--	6,753	59,301
Professional services	6,000	--	--	6,000	2,650
Facilities	4,554	9,702	5,544	19,800	19,200
TOTAL IN-KIND EXPENSES	58,955	99,091	57,817	215,863	243,398
TOTAL EXPENSES	$ 1,147,785	$ 229,330	$ 213,406	$ 1,590,521	$ 1,590,335

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

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,676,745	$ 829,066
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gain on investments	(2,025)	(612,042)
Unrealized gain on investments	(556,175)	139,359
Contributions restricted for investment in perpetuity	(1,828,123)	(374,715)
Change in value of assets held under split interest agreements	32,980	(68,531)
Change in value of beneficial interest CCCS endowment	(105,330)	(117,694)
Change in value of beneficial interest in charitable trust held by others	(86,587)	(51,216)
Change in operating assets and liabilities:		
Contributions receivable	(15,000)	--
Assets held under split interest agreements	(31,979)	222,480
Beneficial interest in CCCS endowment	93,867	87,267
Accounts payable and accrued expenses	3,724	(10,997)
Accrued employee related expenses	5,036	785
Net Cash Provided By Operating Activities	187,133	43,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	770,790	4,944,757
Purchases of investments	(2,699,565)	(5,378,163)
Net Cash Used In Investing Activities	(1,928,775)	(433,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for investment in perpetuity	1,828,123	374,715
Net Cash Provided By Financing Activities	1,828,123	374,715
NET CHANGE IN CASH AND CASH EQUIVALENTS	86,481	(14,929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	122,568	137,497
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 209,049	$ 122,568
SUPPLEMENTAL DISCLOSURES		
Interest paid	NONE	NONE
Income taxes paid	NONE	NONE
Noncash investing and financing transactions	NONE	NONE

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

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH SUMMARY COMPARATIVE INFORMATION FOR 2018

NOTE 1 – Nature of Activities

The El Camino Community College District Foundation (the "Foundation"), is a public benefit corporation incorporated in California on April 28, 1983 and organized to assist in the achievement and maintenance of a superior program of public education and community participation within the El Camino Community College District (the "College") by receiving contributions from the general public, raising funds, and making donations to educational, arts, cultural, athletic, and other programs of the College.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparison of operations year over year. Accordingly, these comparative financial statements should be read in conjunction with our audited financial statements for the fiscal year ended June 30, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Foundation determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible. Conditional promises to give are not included as support until the conditions are substantially met. For the fiscal years ended June 30, 2019 and 2018, the Foundation did not receive any conditional promises to give.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

Assets Held Under Split-Interest Agreements

Charitable Gift Annuities

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiary is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as contribution without donor restrictions. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the fiscal year.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Beneficial Interests in Charitable Trusts Held by Others

The Foundation has been named as an irrevocable beneficiary of multiple charitable trusts held by and administered by independent trustees. This trusts were created independently by the donor and administered by outside agents designated by the donor. Therefore, the Foundation does not have possession nor control over the assets of the trust. At the date the Foundation received notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in charitable trust held by others is recorded in the statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Therefore, the beneficial interest in trust is reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

Net Assets

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 follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor imposed restrictions. The expirations of donor-imposed restrictions are recognized 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.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program service revenue and event sponsorships received in advance are deferred to the applicable period in which the related services are performed or event occurs.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Donated Goods, Services, and Facilities

The College provides personnel services and office space to the Foundation. In addition, the Foundation benefits from contributions of time and service of individuals in an effort to advance the programs and services of the Foundation. Since the College meets the criteria for an affiliate organization, the Foundation is required to recognize the direct personnel costs incurred by the affiliate at the fair market value of services provided. Donated services received from an affiliate during the fiscal years ended June 30, 2019 and 2018 totaled $183,310 and $162,247, respectively. Donated office space during the fiscal years ended June 30, 2019 and 2018 totaled $19,800 and $19,200, respectively.

The Foundation also receives contributions of goods and services which are recognized at estimated fair market value as of the date of donation. Donated goods received during the fiscal years ended June 30, 2019 and 2018 totaled $6,753 and $59,301, respectively. Donated services received during the fiscal years ended June 30, 2019 and 2018 totaled $6,000 and $2,650, respectively. All donated goods and services were used for programmatic activities.

Income Tax Status

The Foundation has received tax-exempt status from the Internal Revenue Service and Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

Since the Foundation is exempt from federal and state income tax, no provision is made for current or deferred income taxes. The Foundation uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state information returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

On December 22, 2017, the President of the United States signed into law *H.R. 1*, originally known as the Tax Cuts and Jobs Act. The new law (Public Law No. 115-97) includes substantial changes to the taxation of individuals, businesses, multinational enterprises and others. In addition to many generally applicable provisions, the law contains several specific provisions applicable to tax-exempt organizations and their donors. The Foundation has reviewed these provisions and their potential impact and concluded the enactment of Public Law No. 115-97 will not have a material effect on operations.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of the mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Board of Directors. Although fair values of investments are subject to fluctuations on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. The reclassifications have no impact on previously reported net assets.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-14 Not-For-Profit Entities (Topic 985) Presentation of Financial Statements of Not-For-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a Not-For-Profit entity's liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Recent Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers, particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for nonpublic business entities for annual reporting periods beginning after December 15, 2018. The Foundation is in the process of evaluating the impact of this statement and potential effects of the financial statements.

In November 2016, Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Restricted Cash, a consensus of the FASB Emerging Issues Task Force.* ASU 2016-18 requires an entity to include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents when reconciling beginning and ending balances on the statement of cash flows. ASU 2016-18 is effective for nonpublic business entities for annual reporting periods beginning after December 15, 2018. The Foundation is in the process of evaluating the impact of this statement and potential effects of the financial statements.

In June of 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this update are designed to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The Foundation is in the process of evaluating the impact of this statement and potential effects of the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases.* ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2019. The Foundation is in the process of evaluating the impact of this statement and potential effects of the financial statements.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Recent Accounting Pronouncements (continued)

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments to Topic 820 makes changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. ASU 2018-13 is effective for nonpublic business entities for the annual reporting period beginning after December 31, 2019. The Foundation is in the process of evaluating the impact of this statement and potential effects of the financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through January 6, 2020, which is the date the financial statements were available to be issued and determined there were no other items to disclose other than the information about the El Camino College Compton Center's CCCS Endowment discussed in Note 12.

NOTE 3 – Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Total financial assets	$ 16,190,696
Donor imposed restrictions:	
Funds subject to time restrictions	(5,177,274)
Endowments	(9,383,014)
Board-designated funds:	
Challenge grant program	(665,459)
Reserve	(706,611)
Total financial assets available within one year	$ 258,338

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is maintained in short-term investments.

All funds are unencumbered by restrictions and are available for general use.

NOTE 4 – Fair Value Measurement

The Foundation applies Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to measurements involving significant unobservable inputs. The three levels of the fair value hierarchy are as follows:

- *Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- *Level 3* inputs are unobservable inputs for the asset.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of assets held under split interest agreements, net, which are managed and administered by an unrelated third party, are based on the fair value of underlying assets and the present value of annuity payments discounted using factors published by the Internal Revenue Service. The fair value of the beneficial interest in CCCS Endowment, which is held by an unrelated third party, is based on the fair value of fund investments, as reported by the third-party. The beneficial interest in charitable trust held by others is determined by using the present value method over the expected remaining life of the donor using data available from the Social Security Administration and an interest rate of three percent. These are all considered Level 3 investments.

EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH SUMMARY COMPARATIVE INFORMATION FOR 2018

NOTE 4 – Fair Value Measurement *(continued)*

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2019:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equities	$ 3,703,783	$ 3,703,783	$ --	$ --
Exchange traded funds	3,463,889	3,463,889	--	--
Bond	4,757,172	--	4,757,172	--
Total investments	11,924,844	7,167,672	4,757,172	--
Assets held under split interest agreements, net	267,188	--	--	267,188
Beneficial interest in CCCS endowment	1,929,586	--	--	1,929,586
Beneficial interest in charitable trust held by others	1,845,029	--	--	1,845,029
Total	$ 15,966,647	$ 7,167,672	$ 4,757,172	$ 4,041,803

NOTE 4 – Fair Value Measurement *(continued)*

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2018:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equities	$ 3,225,428	$ 3,225,428	$ --	$ --
Exchange traded funds	2,022,027	2,022,027	--	--
Bond	4,190,414	--	4,190,414	--
Total investments	9,437,869	5,247,455	4,190,414	--
Assets held under split interest agreements, net	268,189	--	--	268,189
Beneficial interest in CCCS endowment	1,918,123	--	--	1,918,123
Beneficial interest in charitable trust held by others	1,758,442	--	--	1,758,442
Total	$ 13,382,623	$ 5,247,455	$ 4,190,414	$ 3,944,754

The changes in Level 3 assets are summarized as follows for the fiscal year ended June 30, 2019:

	Assets Held Under Split Interest Agreements, net	Beneficial Interest in CCCS Endowment	Beneficial Interest in Charitable Trust Held by Others
Beginning balance	$ 268,189	$ 1,918,123	$ 1,758,442
Contributions	31,979	--	86,587
Investment return, net	(32,980)	105,330	--
Distributions	--	(93,867)	--
Ending balance	$ 267,188	$ 1,929,586	$ 1,845,029

NOTE 4 – Fair Value Measurement *(continued)*

The changes in Level 3 assets are summarized as follows for the fiscal year ended June 30, 2018:

	Assets Held Under Split Interest Agreements, net	Beneficial Interest in CCCS Endowment	Beneficial Interest in Charitable Trust Held by Others
Beginning balance	$ 422,138	$ 1,887,696	$ 1,758,442
Contributions	31,141	--	--
Investment return, net	68,531	117,694	--
Distributions	(253,621)	(87,267)	--
Ending balance	$ 268,189	$ 1,918,123	$ 1,758,442

NOTE 5 – Contributions Receivable

Contributions receivable are summarized as follows at June 30:

	2019	2018
Unconditional contributions expected to be collected in:		
Less than one year	$ 15,000	$ --
Total	$ 15,000	$ --

There was no net present value discount deemed necessary by management at June 30, 2019, as all items were expected to be collected within one year. There was also no allowance for doubtful accounts deemed necessary by management at June 30, 2019, as all items were expected to be collected in full. At June 30, 2019, one donor accounted for the balance of total contributions receivable.

NOTE 6 – Assets Held Under Split Interest Agreements

The Foundation is the beneficiary of several split interest agreements related to charitable gift annuities held by an unrelated third party administrator. The Foundation recognizes the estimated future benefits as contributions revenue and the related receivable recognized at present value in the period received. Adjustments to the receivable to reflect amortization of the discount on the lifetime annuity payments to the donor(s), as well as net appreciation or depreciation on the investments, are recognized in the statement of activities as investment income.

As of June 30, 2019, the Foundation was the beneficiary of seventeen (17) split interest agreements. The fair value of the funds was $482,885 and the present value of lifetime annuity payments to the donors was $215,697. Thus, contributions receivable from split interest agreements as of June 30, 2019 was $267,188.

NOTE 7 – Beneficial Interest in Charitable Trust Held by Others

In April 2013, the Foundation received a promise to give of $2,000,000 toward a named endowment for the purpose of establishing the Noble Endowment (see Note 8 on endowments). In late 2014, it became clear that the terms of the promise to give were to be transferred to the Foundation upon death of the donor.

During the fiscal year ended June 30, 2014, the Foundation received a check in the amount of $20,858 towards the pledge. As of June 30, 2019, the fair value of the pledge totaled $1,758,442. The pledge has been adjusted to present value based on an estimate of 5 years from time of payment and interest rate of 3 percent. As such, the pledge receivable as of June 30, 2019 is valued at $1,979,142. The discounted amount attributed to the pledge has been recorded as a donor-restricted contribution in the fiscal year ended June 30, 2019. Each year the pledge receivable will be reevaluated and adjusted until paid to increase the pledge receivable as well as record contribution income.

The balance is comprised as follows for the fiscal years ended June 30:

	2019	2018
Beneficial interest in charitable trust held by others	$ 1,979,142	$ 1,979,142
Less discount to net present value	(220,700)	(220,700)
Total	$ 1,758,442	$ 1,758,442

NOTE 8 – Endowments

The Foundation's Board of Directors is charged with the responsibility for 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. Additionally, the endowment spending policy is in compliance with the regulation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted by the State of California in 2009, to ensure the prudent management of endowed funs in the disbursement of current earnings in support of the College, and to meet future needs established by the donor. The Foundation has established a target annual spending policy of 5.5% of the most recent 36-month average market value of the endowed fund.

The Foundation classifies net assets with donor restrictions in perpetuity as (a) the value of endowed gifts as of the date of the original donation, and (b) subsequent gifts to a named endowment fund, less distributions that draw the fund balance below its previously endowed balance when the Foundation deems it prudent to make such distributions. Earnings on endowed funds are classified as net assets with donor restrictions subject to the passage of time or appropriation until such time as the Board of Directors adopts a resolution for appropriation.

The Foundation's endowed funds, by net asset classification, were as follows as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Named Endowments	$ 83,405	$ 8,590,516	$ 8,673,921
CCCS Endowments	--	2,042,736	2,042,736
Total	$ 83,405	$ 10,633,252	$ 10,716,657

The Foundation's endowed funds, by net asset classification, were as follows as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Named Endowments	$ 83,405	$ 6,493,372	$ 6,576,777
CCCS Endowments	--	2,051,841	2,051,841
Total	$ 83,405	$ 8,545,213	$ 8,628,618

NOTE 8 – Endowments *(continued)*

Named Endowments

The Foundation will establish a named endowment fund at the request of a donor for a minimum initial gift of $25,000 that will be held in perpetuity. Following the creation of the fund, scholarships, grants, and/or awards will be disbursed from the earnings on the endowed funds and in keeping with the donor's designations. As of June 30, 2019, the Foundation held fifty-three (63) separate named endowments totaling $8,673,921. Included in that amount is $1,765,319 held in the Ella Rose Madden Endowment Fund, the income from which is to be used for cancer education in the training of persons in the care and special needs of cancer patients, and $1,632,673 in the Charles and Mary Haag Endowment Fund, which was recognized during the fiscal year ending June 30, 2019. Also included in the total named endowments amount is $1,758,442 that was committed on April 30, 2013 for the purpose of establishing the Noble Endowment, to support an endowed chair in the business department of the College. The committed amount of $1,758,442 includes discounts to present value as discussed in Note 7.

The changes in the Foundation's named endowments by net asset classification were as follows during the fiscal year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	$ 83,405	$ 6,493,372	$ 6,576,777
Contributions	--	2,121,200	2,121,200
Investment return, net	--	426,918	426,918
Appropriated for expenditure	--	(450,974)	(450,974)
Ending balance	$ 83,405	$ 8,590,516	$ 8,673,921

The changes in the Foundation's named endowments by net asset classification were as follows during the fiscal year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	$ 83,405	$ 5,789,136	$ 5,872,541
Contributions	--	772,710	772,710
Investment return, net	--	309,997	309,997
Appropriated for expenditure	--	(378,471)	(378,471)
Ending balance	$ 83,405	$ 6,493,372	$ 6,576,777

NOTE 8 – Endowments *(continued)*

California Community Colleges Scholarship (CCCS) Endowment

In May 2008, the California Community Colleges Scholarship Endowment (the "CCCS Endowment") was launched via a gift of $25 million from the Bernard Osher Foundation (the "Osher Foundation") to the Foundation for California Community Colleges (the "FCCC"). The FCCC and California's community colleges were challenged with raising an additional $50 million through June 2011, for which the Osher Foundation agreed to provide a 50 percent match of up to $25 million. The purpose of the CCCS Endowment is to provide scholarships for students in California's community college system.

Based on the terms of the agreement between the Osher Foundation and the FCCC, as well as the agreement between the FCCC and the Foundation, all of the funds contributed to the CCCS Endowment, regardless of source, are irrevocable gifts to the FCCC. The Foundation has an irrevocable beneficial interest in the balance of funds contributed for the benefit of students at El Camino College and the accumulated earnings, which does not include any funds contributed by the Osher Foundation. As of June 30, 2019 and 2018, the Foundation's beneficial interest in the CCCS Endowment totaled $1,929,586 and $1,918,123, respectively; inclusive of the CCCS Endowment funds to benefit students of El Camino College Compton Education Center (see Note 11). When coupled with funds distributed but not yet disbursed, the Foundation's net assets attributable to the CCCS Endowment are $2,042,736 and $2,051,841 as of June 30, 2019 and 2018, respectively.

In relation to the CCCS Endowment, this interpretation extends to the earnings on the fund, less distributions for scholarships made in conformance with the aforementioned agreements as determined by the FCCC. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the value of endowed gifts as of the date of the donation, and (b) net earnings less allowable distributions. Scholarship distributions made from the fund are classified as net assets with donor restrictions subject to the passage of time or appropriation upon receipt of notification from the FCCC as to the amount and date of scheduled distributions.

The changes in the Foundation's beneficial interest in the CCCS Endowment balance by net asset classification were as follows during the fiscal year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	$ --	$ 2,051,841	$ 2,051,841
Contributions	--	147,400	147,400
Investment return, net	--	105,330	105,330
Appropriated for expenditure	--	(261,835)	(261,835)
Ending balance	$ --	$ 2,042,736	$ 2,042,736

NOTE 8 – Endowments *(continued)*

California Community Colleges Scholarship (CCCS) Endowment (continued)

The changes in the Foundation's beneficial interest in the CCCS Endowment balance by net asset classification were as follows during the fiscal year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	$ --	$ 1,963,715	$ 1,963,715
Contributions	--	144,100	144,100
Investment return, net	--	117,694	117,694
Appropriated for expenditure	--	(173,668)	(173,668)
Ending balance	$ --	$ 2,051,841	$ 2,051,841

NOTE 9 – Charitable Remainder Unitrust (CRUT)

During the fiscal year ended June 30, 2019, the Foundation was named as the Trustee of an irrevocable Charitable Remainder Unitrust. The Foundation recognized the investment and related contribution, however, upon the death of the donor, the Foundation will split 50% of the distributions with a second named beneficiary.

NOTE 10 – Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions were as follows as of June 30:

	2019	2018
Board designated		
Challenge Grant program	$ 665,459	$ 639,123
Reserve	706,611	595,933
Total Board designated	1,372,070	1,235,056
Undesignated	254,991	218,806
Total net assets without donor restrictions	$ 1,627,061	$ 1,453,862

NOTE 10 – Net Assets *(continued)*

Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of June 30:

	2019	2018
Subject to expenditure for specified purpose:		
Distributable portion of endowments	$ 2,348,261	$ 1,810,992
Other scholarships and programs	2,531,825	2,277,113
Subject to the passage of time:		
Assets held under split interest agreements, net	267,188	268,189
Beneficial interest in charitable trusts held by others		
Contributions receivable without donor restrictions, but which are unavailable for expenditure until received	15,000	--
Subject to endowment spending policy and appropriation:		
Challenge Grant program	1,085,062	1,083,959
Named endowments	6,368,366	4,683,366
CCCS Endowment	1,929,586	1,918,123
Total net assets with donor restriction	$ 14,545,288	$ 12,041,742

Net assets released from donor restrictions included the following during the fiscal years ended June 30:

	2019	2018
Satisfaction of purpose restrictions:		
Challenge Grant program	$ --	$ 659,235
Grants, program, and operating support	918,922	987,575
Stewardship fees	231,291	288,454
Total release of net assets with donor restrictions	$ 1,150,213	$ 1,935,264

NOTE 11 – Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural and functional classification detail of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and payroll taxes, professional services, supplies and equipment, printing and postage, travel, conferences, and meetings, other administrative expenses, and donated salaries, benefits, and payroll taxes, and donated facilities, which are allocated on the basis of estimates of time and effort.

NOTE 12 – Related Parties

El Camino Community College District

As described in Note 1, the Foundation's purpose is to support the College's students and programs; therefore, transactions between the Foundation and the College, College personnel, students at the College, and programs of the College, are expected. Per the Foundation's Bylaws, certain College personnel serve as Ex-Officio members of the Foundation's Board of Directors by virtue of their position at the College.

In exchange for the support that the Foundation provides to the campus programs, the College contributes to the Foundation some portion of salaries and related expenses incurred and paid by the College on behalf of the Foundation. For the fiscal years ended June 30, 2019 and 2018, the College contributed $183,310 and $162,247, respectively, to the Foundation for personnel-related costs. For the fiscal years ended June 30, 2019 and 2018, the College contributed $19,800 and $19,200, respectively, in contributed use of facilities.

El Camino College Compton Education Center

In August 2006, the El Camino Community College District (ECCCD) Board of Trustees approved a Memorandum of Understanding to provide educational and related support services to the residents of Compton through the establishment of the El Camino College Compton Center (Compton Center), which had previously been known as Compton Community College. In June 2017, the Compton Center was awarded full accreditation by the Accrediting Commission of the Community and Junior Colleges and its name officially changed to Compton College.

NOTE 12 – Related Parties *(continued)*

El Camino College Compton Education Center (continued)

During the fiscal year ending June 30, 2018, the official conclusion of the historic partnership between El Camino College and Compton College was initiated after the ECCCD Board of Trustees approved a resolution authorizing the termination of the partnership. This major milestone is part of the process for Compton College to become the 114th independent college of the California Community Colleges system on June 7, 2019 at 11:59 p.m. Compton College now operates under the authority of the Compton Community College District (CCCD) Board of Trustees.

Since the CCCS Endowment (see Note 8) was formed after the Compton Center was established, the Foundation for California Community Colleges (FCCC) named the Foundation as the recipient entity for CCCS Endowment distributions benefiting the Compton Center's students. The Foundation has managed the CCCS Endowment assets as a separate fund designated in perpetuity for scholarships to students of Compton Center, which is valued at roughly fourteen percent (14%) of the total CCCS Endowment at June 30, 2019. Now that Compton College has been recognized as an independent college, the Foundation's Board initiated the reallocation of funds by the FCCC subsequent to the fiscal year ended June 30, 2019. This will be considered an extraordinary event under US GAAP.