

**| ROGUE COMMUNITY COLLEGE FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022
WITH
INDEPENDENT AUDITOR'S REPORT**



**Certified
Public
Accountants, LLP**

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Rogue Community College Foundation

Years ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rogue Community College Foundation
Grants Pass, Oregon

Opinion

We have audited the accompanying financial statements of Rogue Community College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

KDP Certified Public Accountants, LLP

KDP Certified Public Accountants, LLP
Medford, Oregon
September 12, 2023

ROGUE COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>(As Restated) 2022</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 548,540	\$ 163,292
Prepaid expenses	10,720	44,906
Unconditional promises to give due in one year, net	<u>1,000</u>	<u>1,393</u>
Total current assets	<u>560,260</u>	<u>209,591</u>
Non-current assets:		
Student loans receivable, Whitaker Fund	104,613	92,518
Investments	13,798,652	13,107,986
Charitable remainder trust	233,379	222,314
Property and equipment, net	2,114	-
Real property	<u>59,577</u>	<u>59,577</u>
Total non-current assets	<u>14,198,335</u>	<u>13,482,395</u>
TOTAL ASSETS	<u><u>\$ 14,758,595</u></u>	<u><u>\$ 13,691,986</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 13,770	\$ 20,924
Accrued paid time off	<u>3,164</u>	<u>10,415</u>
Total current liabilities	<u>16,934</u>	<u>31,339</u>
Long-term liabilities:		
Liability under trust agreement	101,493	100,385
Agency obligations, Whitaker Fund	<u>1,103,775</u>	<u>1,018,445</u>
Total long-term liabilities	<u>1,205,268</u>	<u>1,118,830</u>
Total liabilities	<u>1,222,202</u>	<u>1,150,169</u>
Net Assets:		
Without donor restrictions	3,038,540	2,607,988
With donor restrictions	<u>10,497,853</u>	<u>9,933,829</u>
Total net assets	<u>13,536,393</u>	<u>12,541,817</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 14,758,595</u></u>	<u><u>\$ 13,691,986</u></u>

ROGUE COMMUNITY COLLEGE FOUNDATION

Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions and grants	\$ 46,910	\$ 783,340	\$ 830,250
Contributed services and facilities	164,129	-	164,129
Investment income, net	477,994	857,002	1,334,996
Change in value of charitable trust, net of liability	-	9,957	9,957
Administrative assessments	235,439	(173,880)	61,559
Net assets released from restrictions	912,395	(912,395)	-
Total revenues and support	<u>1,836,867</u>	<u>564,024</u>	<u>2,400,891</u>
EXPENSES:			
Program services:			
Scholarships	836,645	-	836,645
College projects	167,038	-	167,038
College support	33,477	-	33,477
Total program services	<u>1,037,160</u>	<u>-</u>	<u>1,037,160</u>
Support services:			
Management and general	149,016	-	149,016
Fundraising	220,139	-	220,139
Total support services	<u>369,155</u>	<u>-</u>	<u>369,155</u>
Total expenses	<u>1,406,315</u>	<u>-</u>	<u>1,406,315</u>
CHANGE IN NET ASSETS	430,552	564,024	994,576
NET ASSETS AT BEGINNING OF YEAR	<u>2,607,988</u>	<u>9,933,829</u>	<u>12,541,817</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,038,540</u>	<u>\$ 10,497,853</u>	<u>\$ 13,536,393</u>

ROGUE COMMUNITY COLLEGE FOUNDATION

Statement of Activities (As Restated)

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions and grants	\$ 37,116	\$ 919,887	\$ 957,003
Contributed services and facilities	202,881	-	202,881
In-kind gifts	-	16,149	16,149
Investment income, net	(470,448)	(853,165)	(1,323,613)
Change in value of charitable trust, net of liability	-	(21,222)	(21,222)
Administrative assessments	238,369	(168,880)	69,489
Net assets released from restrictions	633,113	(633,113)	-
Total revenues and support	641,031	(740,344)	(99,313)
EXPENSES:			
Program services:			
Scholarships	597,455	-	597,455
College projects	127,713	-	127,713
College support	54,912	-	54,912
Total program services	780,080	-	780,080
Support services:			
Management and general	149,192	-	149,192
Fundraising	259,931	-	259,931
Total support services	409,123	-	409,123
Total expenses	1,189,203	-	1,189,203
CHANGE IN NET ASSETS	(548,172)	(740,344)	(1,288,516)
NET ASSETS AT BEGINNING OF YEAR	3,156,160	10,674,173	13,830,333
NET ASSETS AT END OF YEAR	\$ 2,607,988	\$ 9,933,829	\$ 12,541,817

ROGUE COMMUNITY COLLEGE FOUNDATION
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

2023

	Program Services				Support Services		Total Support Services	Total
	Scholarships	College Projects	College Support	Total Program Services	Management and General	Fundraising		
Expenses:								
Personnel costs	\$ 60,314	\$ 26,320	\$ 31,681	\$ 118,315	\$ 26,283	\$ 165,892	\$ 192,175	\$ 310,490
Office expenses	3,420	1,492	1,796	6,708	4,933	35,412	40,345	47,053
Administrative expenses	-	-	-	-	116,743	18,835	135,578	135,578
Scholarships and grants	772,911	139,226	-	912,137	-	-	-	912,137
Program enhancements	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	1,057	-	1,057	1,057
Total expenses	<u>\$ 836,645</u>	<u>\$ 167,038</u>	<u>\$ 33,477</u>	<u>\$ 1,037,160</u>	<u>\$ 149,016</u>	<u>\$ 220,139</u>	<u>\$ 369,155</u>	<u>\$ 1,406,315</u>

2022

	Program Services				Support Services		Total Support Services	Total
	Scholarships	College Projects	College Support	Total Program Services	Management and General	Fundraising		
Expenses:								
Personnel costs	\$ 64,519	\$ 30,613	\$ 37,126	\$ 132,258	\$ 65,570	\$ 210,356	\$ 275,926	\$ 408,184
Office expenses	2,845	1,350	1,637	5,832	7,886	41,044	48,930	54,762
Administrative expenses	-	-	-	-	75,736	8,531	84,267	84,267
Scholarships and grants	530,091	95,750	-	625,841	-	-	-	625,841
Program enhancements	-	-	16,149	16,149	-	-	-	16,149
Depreciation	-	-	-	-	-	-	-	-
Total expenses	<u>\$ 597,455</u>	<u>\$ 127,713</u>	<u>\$ 54,912</u>	<u>\$ 780,080</u>	<u>\$ 149,192</u>	<u>\$ 259,931</u>	<u>\$ 409,123</u>	<u>\$ 1,189,203</u>

See accompanying notes to financial statements

ROGUE COMMUNITY COLLEGE FOUNDATION

Statements of Cash Flows Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets:	\$ 994,576	\$ (1,288,516)
Items not requiring (providing) cash:		
Change in value of liability under trust agreement	1,108	(25,661)
Depreciation	1,057	-
Realized and unrealized (gain) loss on investments, net	(1,366,401)	1,349,890
Contributions restricted for long-term purposes	(175,968)	(292,573)
Changes in:		
Prepaid expenses	34,186	(43,882)
Unconditional promises to give	393	49,970
Student loans receivable, Whitaker Fund	(12,095)	17,057
Accounts payable	(7,154)	2,011
Accrued paid time off	(7,251)	(4,799)
Net cash provided (used) by operating activities	<u>(537,549)</u>	<u>(236,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	764,839	15,909
Purchases of property and equipment	<u>(3,171)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>761,668</u>	<u>15,909</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	175,968	292,573
Payments on liability under trust agreement	<u>(14,839)</u>	<u>(15,909)</u>
Net cash provided (used) by financing activities	<u>161,129</u>	<u>276,664</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	385,248	56,070
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>163,292</u>	<u>107,222</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 548,540</u></u>	<u><u>\$ 163,292</u></u>

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The Rogue Community College Foundation (Foundation) is an Oregon nonprofit corporation established to support and promote the education activities of Rogue Community College (the College). The Foundation's exempt purpose includes fostering community interest in the development and broadening of educational opportunities and services of the College, maintaining a fundraising program to encourage contributions to the Foundation, and administering scholarships and grants for the benefit of students and faculty at the College. The Foundation is a component unit of the College.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Board of Directors (the Board).

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include cash, money market accounts, and all highly liquid investments with an original maturity of three months or less at acquisition that are not otherwise held by an investment advisor.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is made and as assets or expenses depending on the form of the benefits received. For the years ended June 30, 2023 and 2022, management considers all promises to give as collectible.

Unconditional promises to give due in subsequent years are reported at fair value, estimated using the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the Statement of Financial Position. The alternative investments, which are not readily marketable, are carried at net asset value per share (or its equivalent). The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Investment income and loss are included in the change in net assets in the accompanying Statement of Activities.

Investment Pools

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

The Foundation records purchases of property and equipment at cost. It is the Foundation's policy to capitalize individual items with a cost over \$500. Equipment is depreciated using the straight-line method over the estimated useful life of three years. The Foundation reports its real properties at the fair values the properties were donated to the Foundation.

Revenue with and without Donor Restrictions

Contributions, including unconditional promises to give, are recognized when received. Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

Donated Services

The Foundation receives services and facility use from the College. For the years ended June 30, 2023 and 2022, the Foundation recorded contributed salaries of \$146,129 and \$184,881, respectively, and contributed rent of \$18,000 for each year.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Account Policies (continued)

In-Kind Contributions and Expenses

The Foundation records the fair value of donated supplies, equipment and other items when those gifts are received. In-kind donations have been reported as contributions revenue in the appropriate asset class.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Tax Status

The Foundation is a not-for-profit organization which is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. No income of the Foundation is considered unrelated business income, and accordingly, no provision for revenue taxes has been accrued.

The Foundation has determined that it has no uncertain tax positions requiring accrual or disclosure. The federal income tax returns of the Foundation are subject to examination by the IRS generally for three years after they are filed.

Concentrations

The Foundation maintains cash balances at a single financial institution. The Federal Deposit Insurance Corporation (FDIC) insures account balances at each institution for amounts up to \$250,000. Any balance in excess of the \$250,000 FDIC coverage is subject to deposit credit risk. Deposit credit risk is the risk that the financial institution will not fulfill its obligations to the Foundation concerning those cash balances. To mitigate the risk of loss, the Foundation deposits only with high quality financial institutions. Management believes this policy reduces the risk of loss and does not believe the cash deposits are exposed to significant credit risk. At June 30, 2023, the bank balance of cash totaled \$456,816, leaving \$206,816 not covered by the FDIC.

The Foundation maintains accounts with a stock brokerage firm. The accounts contain cash and securities. The Securities Investor Protection Corporation (SIPC) insures account balances for amounts up to \$500,000 with a limit of \$100,000 for cash. SIPC insurance coverage does not protect accounts against market fluctuations. Cash accounts held by the brokerage are FDIC insured deposits for amounts up to \$250,000. At June 30, 2023, the investment cash balance totaled \$122,713 leaving \$0 not covered by the FDIC.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 1. Summary of Significant Account Policies (continued)

Use of Estimates

Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimated.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Restatement of Prior Year Statements

During the fiscal year ended June 30, 2023, the Foundation determined the portfolio fee related to management of its endowments was not reported for the fiscal year ended June 30, 2022. The effects of the restatement are noted below:

	Balance June 30, 2022 (As Previously Reported)	Restatement	Balance June 30, 2022 (As Resated)
LIABILITIES			
Agency obligations, Whitaker Fund	\$ 1,040,480	\$ (22,035)	\$ 1,018,445
NET ASSETS			
Without donor restrictions	2,417,073	190,915	2,607,988
With donor restrictions	10,102,709	(168,880)	9,933,829
Net change		<u>\$ -</u>	
	Activities for the Year Ended June 30, 2022 (As Previously Reported)	Restatement	Activities for the Year Ended June 30, 2022 (As Resated)
REVENUES AND SUPPORT			
Contributions and grants (without donor restrictions)	\$ 84,570	\$ (47,454)	\$ 37,116
Administrative assessments (without donor restrictions)	-	238,369	238,369
Administrative assessments (with donor restrictions)	-	(168,880)	(168,880)
Net change		<u>\$ 22,035</u>	

Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842

Effective July 1, 2022, the Foundation adopted *FASB ASC 842, Leases*. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other terms and circumstances.

The adoption of FASB ASC 842 did not have a material impact on the Foundation.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 2. Availability and Liquidity

The Foundation regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing scholarships and support to the College as well as the conduct of services undertaken to support those activities to be general expenditures. At June 30, 2023 and 2022, the following financial assets could readily be made available within one year of the Statement of Financial Position to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Total financial assets:	\$ 14,581,571	\$ 13,494,985
Less amounts not available to be used within one year:		
Endowments	(8,106,634)	(7,515,694)
Board-designated endowments	(1,936,309)	(1,770,856)
Agency obligations for Whitaker Fund less student loans receivable	(999,162)	(925,927)
Time-restricted scholarship funds (Cogswell)	(362,761)	(403,067)
Charitable remainder trust	<u>(233,379)</u>	<u>(222,314)</u>
Financial assets available to meet general expenditures within one year:	<u>\$ 2,943,326</u>	<u>\$ 2,657,127</u>

Additional Information on Liquidity That May Be Appropriate to Add to The Qualitative Disclosures

The Foundation's Board has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At June 30, 2023 and 2022, the total amount of Board-designated endowment funds was \$1,936,309 and \$1,770,856, respectively.

Note 3. Promises to Give

Unconditional promises to give are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Promises to give expected to be collected in less than one year	\$ 1,000	\$ 1,393
Total promises to give	<u>1,000</u>	<u>1,393</u>
Less allowance for uncollectible promises	<u>-</u>	<u>-</u>
Net promises to give	<u>\$ 1,000</u>	<u>\$ 1,393</u>

Management provides for probable uncollectible amounts for subsequent years through a provision for uncollectible pledges based on its assessment of the current status of individual pledges.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 4. Investments

Investments are carried at fair value on the Statement of Financial Position. The fair values of securities held at June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 121,284	\$ 319,913
Fixed income	2,539,104	2,313,528
Equities	8,607,055	7,609,714
Mutual funds	1,799,229	2,153,979
Exchange traded funds	502,072	471,103
REIT	140,974	153,290
Alternative investments	<u>88,934</u>	<u>86,459</u>
Total investments	<u><u>\$ 13,798,652</u></u>	<u><u>\$ 13,107,986</u></u>

Total investment income is comprised of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 325,874	\$ 461,793
Unrealized gain (loss) on investments	1,035,934	(2,085,623)
Realized gain (loss) on investments	52,093	398,874
Investment fees	<u>(78,905)</u>	<u>(98,657)</u>
	<u><u>\$ 1,334,996</u></u>	<u><u>\$ (1,323,613)</u></u>

Alternative investments

The value of the alternative investment that has been estimated using the net asset value per share as a practical expedient consist of the following:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
June 30, 2023				
Hatteras TEI Institutional Fund	\$ 88,934	\$ -	Quarterly	65 days
June 30, 2022				
Hatteras TEI Institutional Fund	\$ 86,459	\$ -	Quarterly	65 days

This category of alternative investment invests substantially all of its assets through a master-feeder structure in a master fund. This is a multi-strategy fund providing diversified exposure to private investments for potential enhancement and hedged investments for potential volatility and risk mitigation. Private investment strategies may include, but are not limited to private equity, private real estate, private energy, and natural resources and private credit. Hedged investment strategies may include, but are not limited to, long/short equity, relative value, event driven and global macro. The investment's board has complete discretion on the amount of redemptions provided at any given period.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 5. Property and Equipment

The following is a summary of property and equipment, less accumulated depreciation at June 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 48,818	\$ 45,647
Accumulated depreciation	(46,704)	(45,647)
Net property and equipment	<u>\$ 2,114</u>	<u>\$ -</u>

Depreciation expense charged to operations for the years ended June 30, 2023 and 2022 was \$1,057 and \$0, respectively.

Note 6. Real Property

Real property consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land and timber, Sunny Valley, Oregon	\$ 59,577	\$ 59,577
Total real property	<u>\$ 59,577</u>	<u>\$ 59,577</u>

In 1986, the Foundation received a contribution of 80 acres of land and timber located near Sunny Valley, Oregon. The land and timber were originally recorded at \$67,152, the estimated fair market value on the date of the gift. The original amount was reduced by \$7,575, representing the portion of the basis allocable to timber harvested in 1991. The gift provides that the Foundation is not to sell the property for at least 100 years from the date of the gift. The gift also requires that at least sixty percent of the income derived from the property, including proceeds from future sales of timber, be used for scholarships. Income not used for scholarships is to be used to augment the educational programs of the College.

Note 7. Interest in Charitable Gift Annuity

In December 2002, the Foundation was named the remainder beneficiary of a fifty percent interest in a charitable gift annuity. The annuity provides for payments to the donors for their joint lives with the assets remaining at the end of the annuity period reverting to the Foundation. The donor restricted the gift to fund scholarships for business students. The charitable gift annuity assumes a rate of return of six percent annually. The present value of the Foundation's interest in the annuity is determined by an outside fiscal agent who administers the gift annuity. The present value of the annuity was zero for the years ended June 30, 2023 and 2022, respectively.

Note 8. Agency Obligations from Whitaker Fund

The Helen M. Whitaker Education Fund (the Whitaker Fund) was established in December 1999 under terms of an agreement between the Estate of Helen M. Whitaker, the Omega Chapter of Delta Kappa Gamma Society International, and the Foundation. The original amount provided to the Foundation was \$566,635. Under the terms of the agreement, the Foundation acts as an agent to perform activities as directed by the donor's estate.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 8. Agency Obligations from Whitaker Fund (continued)

The Whitaker Fund offers low interest loans to teachers and administrators who serve Josephine County, Oregon and who pursue a higher degree in education or educational advancement that will be of assistance to the field of education. Upon completion or termination of the educational program, loans must be repaid to the Foundation in equal monthly installments including interest computed at three percent per annum over a period not to exceed five years. The loans are not secured. Terms of the loans provide for performance standards and carry other limiting provisions.

Amounts available for new loans from the Whitaker Fund are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Principal and accumulated earnings of the Whitaker Fund	\$ 1,103,775	\$ 1,018,445
Student loans receivable	(104,613)	(92,518)
Amounts available for new loans	<u>\$ 999,162</u>	<u>\$ 925,927</u>

Changes in the Whitaker Fund are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,018,445	\$ 1,165,513
Principal and interest payments on student loans	10,482	31,741
New student loan amounts paid	(23,117)	(13,377)
Change in value	106,830	(126,340)
Fee to administer by Foundation	(21,160)	(22,035)
Change in student loans receivable	12,295	(17,057)
Balance, end of year	<u>\$ 1,103,775</u>	<u>\$ 1,018,445</u>

At June 30, 2023 and 2022, loans approved but not yet funded by the Whitaker Fund loan program totaled \$4,540 and \$0, respectively. Based on management's knowledge and historical collection rates, no bad debt allowance is deemed necessary.

Note 9. Liability Under Trust Agreement

The Foundation administers a charitable remainder unitrust: The Frits and Hanna R. Gomperts Unitrust. A charitable remainder trust provides for the payment of distributions to the beneficiary over the trust's term (the designated beneficiary's lifetime). At the end of the trust's terms, the remaining assets are available for the Foundation's use. In the period the trust was established, the portion of the trust attributable to the present value of the future benefits to be received by the Foundation was recorded in the Statement of Activities as a contribution with donor restrictions. Assets held in the charitable remainder trust totaled \$233,379 and \$222,314 at June 30, 2023 and 2022, respectively. On an annual basis, the Foundation revalues the distributions to the designated beneficiary based on six percent of the market value of the trust at December 31. The present value of the estimated future payments (\$101,493 and \$100,385 at June 30, 2023 and 2022, respectively) is calculated using a discount rate of six percent and applicable mortality tables. The estimated net value of the standard unitrust is \$131,886 and \$121,929 at June 30, 2023 and 2022, respectively.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 10. Fair Value of Financial Assets and Financial Liabilities

The Foundation's investments are reported at fair value in the accompanying Statements of Financial Position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides 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 (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – consists of financial instruments whose value is based on quoted market prices for identical financial instruments in an active market.

Level 2 – consists of financial instruments that are valued using models or other valuation methodologies. These models use inputs that are observable either directly or indirectly; Level 2 inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for similar assets or liabilities in markets that are not active, (iii) pricing models whose inputs are observable for substantially the full term of the financial instrument and (iv) pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the financial instrument.

Level 3 – consists of financial instruments whose values are determined using pricing models that utilize significant inputs that are primarily unobservable, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 10. Fair Value of Financial Assets and Financial Liabilities (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities valued on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair Value - June 30, 2023				
Assets:				
Investments:				
Cash and cash equivalents	\$ 121,284	\$ -	\$ -	\$ 121,284
Treasury and corporate bonds	-	2,539,104	-	2,539,104
Equities	8,607,055	-	-	8,607,055
Mutual funds	1,799,229	-	-	1,799,229
Exchange traded funds	502,072	-	-	502,072
REIT	140,974	-	-	140,974
Alternative investments (a)	-	-	-	88,934
Total	\$ 11,170,614	\$ 2,539,104	\$ -	\$ 13,798,652
Charitable remainder trust:				
Cash and cash equivalents	\$ 1,429	\$ -	\$ -	\$ 1,429
Fixed Income	-	49,465	-	49,465
Mutual funds	45,284	-	-	45,284
Exchange traded funds	137,201	-	-	137,201
Total	\$ 183,914	\$ 49,465	\$ -	\$ 233,379
Liabilities:				
Liability under trust agreement	\$ -	\$ -	\$ 101,493	\$ 101,493
Fair Value - June 30, 2022				
Assets:				
Investments:				
Cash and cash equivalents	\$ 319,913	\$ -	\$ -	\$ 319,913
Treasury and corporate bonds	-	2,313,528	-	2,313,528
Equities	7,609,714	-	-	7,609,714
Mutual funds	2,153,979	-	-	2,153,979
Exchange traded funds	471,103	-	-	471,103
REIT	153,290	-	-	153,290
Alternative investments (a)	-	-	-	86,459
Total	\$ 10,707,999	\$ 2,313,528	\$ -	\$ 13,107,986
Charitable remainder trust:				
Cash and cash equivalents	\$ 1,348	\$ -	\$ -	\$ 1,348
Mutual funds	47,614	-	-	47,614
Exchange traded funds	173,352	-	-	173,352
Total	\$ 222,314	\$ -	\$ -	\$ 222,314
Liabilities:				
Liability under trust agreement	\$ -	\$ -	\$ 100,385	\$ 100,385

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended for reconciliation of the fair value hierarchy to the amounts presented on the Statement of Financial Position.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 10. Fair Value of Financial Assets and Financial Liabilities (continued)

The following table summarized information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements) for the years ended June 30, 2023 and 2022:

	Liability Under Trust Agreement
Balance at July 1, 2021	\$ 126,046
Investment return, net	(35,413)
Change in value of liability	25,661
Distribution to beneficiary	<u>(15,909)</u>
Balance at June 30, 2022	100,385
Investment return, net	17,054
Change in value of liability	(1,107)
Distribution to beneficiary	<u>(14,839)</u>
Balance at June 30, 2023	<u>\$ 101,493</u>

Note 11. Endowments and Board-Designated Endowments

The Foundation's endowment consists of 119 individual funds established for scholarships and a loan fund. The endowment includes 114 donor-restricted endowment funds and five funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Board Interpretation of Relevant Law

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

- 1) the duration and preservation of the fund,
- 2) the purposes of the Foundation and the donor-restricted endowment fund,
- 3) general economic conditions,
- 4) the possible effect of inflation and deflation,
- 5) the expected total return from income and the appreciation of investments,
- 6) other resources of the Foundation,
- 7) the investment policies of the Foundation.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 11. Endowments and Board-Designated Endowments (continued)

Investment Return Objectives and Risk Parameters

The investment portfolio objective is to generate returns in excess of the appropriate benchmark. Benchmarks are established for each asset class. The three portfolio priorities are (1) preservation of principal, (2) generation of income and (3) growth of capital. The portfolio is invested so all assets are well diversified, with the intent of minimizing the risk of loss. The asset allocation plan includes distribution of assets among major asset classes, acknowledging that over long investment horizons, the allocation among various asset classes will outweigh security selection. The fund objectives are based on a five-to-ten-year investment horizon, to allow a complete market cycle and to keep interim volatility in the appropriate perspective.

Strategies Employed for Achieving Objectives

Diversification within the full spectrum of traditional sectors of domestic and foreign equity and fixed income markets, as well as other asset classes such as real estate investment trusts and cash may be used. In general, investments will approximate sixty-five percent equities, twenty-eight percent fixed income and seven percent in other asset classes. The allocation may deviate from the normal allocation within a permitted range, as market conditions warrant. The Foundation believes this balance provides the stability to preserve the principal value and the opportunity for real long-term capital growth without excessive risk.

Spending Policy

Periodic distributions from the endowment fund are made at an approximate spending rate of three to five percent annually. The spending rate is based on the assumption of long-term investment returns of approximately eight percent. The Board may choose to not appropriate spendable funds depending on the needs of the Foundation. Amounts not appropriated are reinvested and identified as time-restricted net assets. Expenditures are approved by the Board in consultation with the management of the Foundation.

The earnings on the endowment, when appropriated for expenditure, are expended in accordance with donor stipulations for use of the endowment earnings. The Board expects to appropriate money for the purpose of scholarships annually.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

At June 30, 2023, the Foundation had 15 individual donor-restricted endowments that were underwater that totaled \$30,456. The individual deficits ranged from \$156 to \$10,116. At June 30, 2022, the Foundation had 18 individual donor-restricted endowments that were underwater that totaled \$60,881. The individual deficits ranged from \$69 to \$10,093.

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 11. Endowments and Board-Designated Endowments (continued)

Endowments by net asset classification and type of fund at June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 8,106,634	\$ 8,106,634
Board-designated endowment funds	1,936,309	-	1,936,309
	<u>\$ 1,936,309</u>	<u>\$ 8,106,634</u>	<u>\$ 10,042,943</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 7,515,694	\$ 7,515,694
Board-designated endowment funds	1,770,856	-	1,770,856
	<u>\$ 1,770,856</u>	<u>\$ 7,515,694</u>	<u>\$ 9,286,550</u>

Changes in endowments by net asset classification for the years ended June 30, 2023 and 2022:

	Without Donor	With Donor Restrictions	Total
Endowment net assets, end of the year, June 30, 2021	\$ 2,017,272	\$ 8,515,802	\$ 10,533,074
Investment return:			
Interest and dividends	48,225	203,016	251,241
Realized and unrealized gains/(losses)	(239,488)	(993,120)	(1,232,608)
Investment fees	(15,018)	(63,061)	(78,079)
Contributions and other income	-	303,371	303,371
Administrative assessments	(40,135)	(168,880)	(209,015)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(281,434)</u>	<u>(281,434)</u>
Endowment net assets, end of the year, June 30, 2022	\$ 1,770,856	\$ 7,515,694	\$ 9,286,550
Investment return:			
Interest and dividends	43,543	182,676	226,219
Realized and unrealized gains/(losses)	172,865	724,707	897,572
Investment fees	(12,036)	(50,381)	(62,417)
Contributions and other income	-	173,792	173,792
Administrative assessments	(38,919)	(163,755)	(202,674)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(276,099)</u>	<u>(276,099)</u>
Endowment net assets, end of the year, June 30, 2023	<u>\$ 1,936,309</u>	<u>\$ 8,106,634</u>	<u>\$ 10,042,943</u>

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 12. Net Assets

Net assets without donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Undesignated net assets without donor restrictions	\$ 1,102,231	\$ 837,132
Board-designated endowment funds (scholarships)	<u>1,936,309</u>	<u>1,770,856</u>
Total net assets without donor restrictions	<u><u>\$ 3,038,540</u></u>	<u><u>\$ 2,607,988</u></u>

Net assets with donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Net assets subject to purpose/time restrictions:		
Scholarships	\$ 3,751,078	\$ 3,404,498
Various projects	<u>392,381</u>	<u>348,729</u>
Total net assets subject to purpose/time restrictions	<u>4,143,459</u>	<u>3,753,227</u>
Net assets not subject to expenditure:		
Scholarships	6,294,817	6,121,025
Real property	<u>59,577</u>	<u>59,577</u>
Total net assets not subject to expenditure	<u>6,354,394</u>	<u>6,180,602</u>
Total net assets with donor restrictions	<u><u>\$ 10,497,853</u></u>	<u><u>\$ 9,933,829</u></u>

During the year, net assets were released from donor restrictions by incurring expenses satisfying the purpose or by expiration of time restrictions specified by the donor as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Scholarship related expenses	\$ 772,911	\$ 521,214
Project related expenses	139,484	95,750
College support	<u>-</u>	<u>16,149</u>
Total net assets with time and purpose restrictions released from restriction	<u><u>\$ 912,395</u></u>	<u><u>\$ 633,113</u></u>

ROGUE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

Note 13. Related Party Transactions

The Foundation has various transactions with the College, a related party. Total amounts paid to the College during the 2023 and 2022 fiscal years were \$1,067,276 and \$843,760, respectively. The payments were for reimbursement of staff salary costs, other professional services provided by the College, project and program expenses, pass-through donations, and payments for scholarship and voucher awards paid directly to the College. The transactions are governed by a memorandum of understanding between the Foundation and the College. For the years ended June 30, 2023 and 2022, the College recorded contributed salaries of \$146,129 and \$184,881, respectively, and contributed rent of \$18,000 for each year.

At June 30, 2023 and 2022, \$11,529 and \$18,287, respectively, was owed to the College from the Foundation for reimbursements payable to the College and for scholarships and awards payable directly to the College.

Note 14. Subsequent Events

The Foundation has evaluated subsequent events for disclosure and recognition through September 12, 2023, the date on which these financial statements were available to be issued.