Financial Statements
June 30, 2025 and 2024

Saddleback College Foundation

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Independent Auditor's Report 1

Financial Statements

Statements of Financial Position 3
Statements of Activities 4
Statements of Functional Expenses 5
Statements of Cash Flows 6
Notes to Financial Statements 7

Independent Auditor's Report

Board of Directors
Saddleback College Foundation
Mission Viejo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saddleback College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Saddleback College Foundation as of June 30, 2025 and 2024, 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 for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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.

Eide Bailly LLP

Rancho Cucamonga, California
December 18, 2025

Saddleback College Foundation

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 1,247,265	$ 862,982
Accounts receivable	18,050	64,495
Due from South Orange County Community College District	571,911	531,609
Investments	624,984	397,810
Promises to give, current portion	84,000	84,000
Prepaid expenses	7,355	107,297
Total Current Assets	2,553,565	2,048,193
Noncurrent Assets		
Investments	10,518,607	9,473,002
Promises to give, net of discount	1,358,265	1,288,443
Beneficial interest in assets held by the Foundation for California Community Colleges (FCCC)	1,080,341	1,010,232
Total Noncurrent Assets	12,957,213	11,771,677
Total Assets	$ 15,510,778	$ 13,819,870
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 8,649	$ 23,055
Due to South Orange County Community College District	82,940	64,444
Pass-through scholarships payable	81,353	31,037
Total Current Liabilities	172,942	118,536
Net Assets		
Without donor restrictions	5,079,672	4,285,582
With donor restrictions	10,258,164	9,415,752
Total Net Assets	15,337,836	13,701,334
Total Liabilities and Net Assets	$ 15,510,778	$ 13,819,870

Saddleback College Foundation

Statements of Activities

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	$ 589,237	$ 1,153,862	$ 1,743,099	$ 531,371	$ 674,689	$ 1,206,060
Special events - fundraising	128,282	-	128,282	207,142	-	207,142
Campus programs	94,440	2,952	97,392	81,310	2,528	83,838
Donated services	1,255,679	-	1,255,679	1,209,484	-	1,209,484
Donated professional fees	11,915	-	11,915	36,955	-	36,955
In-kind donations	48,686	-	48,686	36,229	-	36,229
Total Revenues	2,128,239	1,156,814	3,285,053	2,102,491	677,217	2,779,708
Expenses						
Program	1,886,815	-	1,886,815	1,902,377	-	1,902,377
Management and general	351,416	-	351,416	357,915	-	357,915
Fundraising	489,873	-	489,873	402,696	-	402,696
Total Expenses	2,728,104	-	2,728,104	2,662,988	-	2,662,988
Other Income (Expenses)						
Investment income, net of expenses	202,369	807,075	1,009,444	144,805	706,498	851,303
Change in beneficial interest in assets held by the FCCC	-	70,109	70,109	-	63,554	63,554
Administrative fees	148,861	(148,861)	-	131,017	(131,017)	-
Net assets released from restrictions	1,042,725	(1,042,725)	-	675,949	(675,949)	-
Total Other Income (Expenses)	1,393,955	(314,402)	1,079,553	951,771	(36,914)	914,857
Change in Net Assets	794,090	842,412	1,636,502	391,274	640,303	1,031,577
Net Assets, Beginning of Year	4,285,582	9,415,752	13,701,334	3,894,308	8,775,449	12,669,757
Net Assets, End of Year	$ 5,079,672	$ 10,258,164	$ 15,337,836	$ 4,285,582	$ 9,415,752	$ 13,701,334

See Notes to Financial Statements

	2025			
	Program	Management and General	Fundraising	Total
Salaries and benefits	$ 70,015	$ -	$ 17,275	$ 87,290
Scholarships	552,419	-	-	552,419
Donated services	713,646	319,803	222,230	1,255,679
Donated professional fees	-	11,915	-	11,915
In-kind donations	48,686	-	-	48,686
Supplies and printing	4,354	-	-	4,354
Conferences and meetings	61,791	2,488	-	64,279
Dues and memberships	5,865	-	-	5,865
Equipment	49,795	-	-	49,795
Contract services	58,822	-	-	58,822
Special events - Fundraising	-	-	250,368	250,368
Program expenses	301,109	4,037	-	305,146
Other expenses	20,089	13,173	-	33,262
Other student support	224	-	-	224
Total Expenses	$ 1,886,815	$ 351,416	$ 489,873	$ 2,728,104

	2024			
	Program	Management and General	Fundraising	Total
Salaries and benefits	$ 56,496	$ -	$ 18,917	$ 75,413
Scholarships	555,475	-	-	555,475
Donated services	690,523	304,854	214,107	1,209,484
Donated professional fees	-	36,955	-	36,955
In-kind donations	36,229	-	-	36,229
Supplies and printing	4,371	578	-	4,949
Conferences and meetings	116,376	577	-	116,953
Dues and memberships	5,635	-	-	5,635
Equipment	25,469	-	-	25,469
Contract services	91,368	-	-	91,368
Special events - Fundraising	-	-	169,672	169,672
Program expenses	313,633	3,420	-	317,053
Other expenses	5,877	11,531	-	17,408
Other student support	925	-	-	925
Total Expenses	$ 1,902,377	$ 357,915	$ 402,696	$ 2,662,988

	2025	2024
Operating Activities		
Contributions received and special events receipts, net of amounts restricted for long-term purposes	$ 1,490,832	$ 1,978,484
Campus programs receipts	97,392	83,838
Interest and dividends, net of fees	220,202	141,777
Payments to/on behalf of employees	(68,794)	(118,605)
Payments to suppliers	(686,355)	(742,949)
Payments to/on behalf of students	(502,327)	(539,464)
Net Cash Provided by Operating Activities	550,950	803,081
Investing Activities		
Purchase of investments	(5,127,510)	(1,698,501)
Proceeds from sale of investments	4,643,973	1,447,430
Net Cash Used in Investing Activities	(483,537)	(251,071)
Financing Activities		
Collections of contributions restricted for long-term purposes	316,870	112,246
Net Cash Provided by Financing Activities	316,870	112,246
Change in Cash	384,283	664,256
Cash, Beginning of Year	862,982	198,726
Cash, End of Year	$ 1,247,265	$ 862,982
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	$ 1,636,502	$ 1,031,577
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized gain on investments	(447,610)	(486,255)
Realized gain on investments	(341,632)	(223,271)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(70,109)	(63,554)
Amortization of discount on promises to give	(73,822)	(72,558)
Contributions restricted for long-term purposes	(316,870)	(112,246)
Changes in assets and liabilities		
Accounts receivable	46,445	(63,754)
Due from South Orange County Community College District	(40,302)	727,825
Prepaid expenses	99,942	(6,213)
Promises to give, net of discount	4,000	86,015
Accounts payable	(14,406)	11,771
Due to South Orange County Community College District	18,496	(43,192)
Pass-through scholarships payable	50,316	16,936
Net Cash Provided by Operating Activities	$ 550,950	$ 803,081

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

Saddleback College Foundation (the Foundation) is a California, nonprofit public benefit corporation founded on December 5, 2003, for the purpose of receiving contributions to further the educational purposes of Saddleback College (the College) which is part of the South Orange County Community College District (the District). The principal sources of revenue for the Foundation include donor contributions and investment related income.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financially interrelated organizations as defined by ASC Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for general operations and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets with Donor Restrictions - Net assets subject to donor restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Financial Instruments and Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2025 and 2024, the Foundation's cash balances are collateralized at 110% in accordance with applicable California state law.

Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation. Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000 of which $250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against declines in market valuation. The Foundation maintains investment balances at financial institutions in excess of Securities Investor Protection Corporation (SIPC) limits. As of June 30, 2025 and 2024, the Foundation had approximately $10,644,000 and $9,371,000, respectively, in excess of SIPC insurance limits.

Concentration risk is managed by placing deposit and investment balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

Accounts Receivable

Accounts receivable consists primarily of amounts due from related parties and donations receivable. Management has deemed all amounts as collectable; therefore, no allowance for uncollectable amounts is considered necessary.

Promises to Give

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 initially 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 in the statements of activities. The Foundation determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has deemed all amounts as collectable; therefore, no allowance for doubtful accounts is considered necessary.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Campus programs revenue primarily consists of ticket sales for various campus departmental events or sales of goods, and revenue is recognized at the time the event occurs or when the sale of goods takes place. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

In-kind Contributions

Contributed nonfinancial assets include donated services, donated professional fees, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Foundation records the value of donated services and professional fees when there is an objective basis available to measure their value. Donated services and professional fees are reflected as support in the accompanying statements at their estimated values at date of donation, based on the fair value of comparable services provided by third parties. Although volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation does not sell donated gifts-in-kind.

Administrative Fee

A one-time administrative fee of 5% is assessed on all gifts. Endowed accounts will be subject to an annual fee of 2% calculated based on the rolling prior four quarterly averages of each fund's market value as of June 30. This fee is recognized as net assets released from donor restriction to support the ongoing operations of the Foundation.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of functional activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, based upon management's estimates on the basis of time and effort, donated service costs have been allocated among the programs, management and general, and fundraising activities.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California *Revenue and Taxation Code*.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2025 through December 18, 2025, which is the date the financial statements were available to be issued and has determined there are no needed recognitions or disclosures.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	2025	2024
Cash	$ 1,247,265	$ 862,982
Accounts receivable	18,050	64,495
Due from South Orange County Community College District	571,911	531,609
Investments	624,984	397,810
Total Financial Assets Available Within One Year	$ 2,462,210	$ 1,856,896

The Foundation uses these sources to meet its ongoing obligations with respect to general expenditures, liabilities, and other obligations as they become due. Cash in excess of daily requirements is invested in various short-term investments with maturities designed to meet obligations as they come due.

Note 3 - Investments

Investments are presented at fair value in the financial statements and are comprised of the following at June 30:

	2025	2024
Money market funds	$ 624,984	$ 397,810
Corporate bonds	980,468	688,689
Exchange traded funds	2,905,812	2,626,251
Treasury bills	1,297,418	860,382
Municipal bonds	257,116	229,009
Mutual funds	2,089,982	1,993,728
Equities	2,033,323	2,176,148
Alternative investments	954,488	898,795
Total	$ 11,143,591	$ 9,870,812

The following schedule summarizes the investment return and its classification in the statements of activities for the year ended June 30:

	2025	2024
Realized gain on investments	$ 341,632	$ 223,271
Unrealized gain on investments	447,610	486,255
Interest and dividends	259,389	179,030
Total Investment Income	1,048,631	888,556
Investment expenses	(39,187)	(37,253)
Total Investment Income, Net of Expenses	$ 1,009,444	$ 851,303

Note 4 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges-Osher Endowment Scholarship

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California community college students in perpetuity. The fund began in May 2008 with a $25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the Foundation and its donors have contributed $803,440. As of June 30, 2025 and 2024, the ending balance of the Osher Endowment Scholarship was $1,080,341 and $1,010,232, respectively. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

Note 5 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

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

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

The fair value of beneficial interests in charitable trusts is determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and is based on the fair value of trust investments as reported by the trustees. The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges (FCCC) is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds and real estate investment trusts, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, as of June 30:

	2025			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 624,984	$ -	$ -	$ 624,984
Corporate bonds	-	980,468	-	980,468
Exchange traded funds	2,905,812	-	-	2,905,812
Treasury bills	-	1,297,418	-	1,297,418
Municipal bonds	-	257,116	-	257,116
Mutual funds	2,089,982	-	-	2,089,982
Equities	2,033,323	-	-	2,033,323
Beneficial interest in assets held by FCCC	-	-	1,080,341	1,080,341
Total	$ 7,654,101	$ 2,535,002	$ 1,080,341	$ 11,269,444
Alternative investments measured at net asset value				$ 954,488

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 397,810	$ -	$ -	$ 397,810
Corporate bonds	-	688,689	-	688,689
Exchange traded funds	2,626,251	-	-	2,626,251
Treasury bills	-	860,382	-	860,382
Municipal bonds	-	229,009	-	229,009
Mutual funds	1,993,728	-	-	1,993,728
Equities	2,176,148	-	-	2,176,148
Beneficial interest in assets held by FCCC	-	-	1,010,232	1,010,232
Total	$ 7,193,937	$ 1,778,080	$ 1,010,232	$ 9,982,249
Alternative investments measured at net asset value				$ 898,795

The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2025 and 2024. The Foundation did not have any assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2025 and 2024.

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30:

	2025			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment trust	$ 445,509	$ -	Monthly	None
Hedge funds	508,979	-	Illiquid (1)	95 days
	$ 954,488	$ -		

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment trust	$ 435,535	$ -	Monthly	None
Hedge funds	463,260	-	Illiquid (1)	95 days
	$ 898,795	$ -		

(1) The hedge fund's board, in its sole and absolute discretion, may authorize the fund to make a tender offer to repurchase units at the net asset value per unit on June 30 and December 31 each year.

The significant investment strategies of the real estate investment trust include providing attractive current income in the form of regular, stable cash distributions; preserving and protecting invested capital; realizing appreciation in NAV from proactive investment management and asset management; and providing an investment alternative for stockholders seeking to allocate a portion of their long-term investment portfolios to commercial real estate with lower volatility than public real estate companies.

The hedge funds investment objective is capital appreciation with limited variability of returns. The hedge fund seeks to achieve this objective by allocating capital to a select group of alternative asset managers and the investment funds they operate. The hedge fund primarily invests across four core hedge fund strategies: relative value, market neutral and hedged equity, event-driven, and distressed and credit securities.

Note 6 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30:

	2025	2024
Promises to give before unamortized discount	$ 1,553,575	$ 1,557,575
Less: Unamortized discount	(111,310)	(185,132)
Promises to Give, Net of Discount	$ 1,442,265	$ 1,372,443

	2025	2024
Amounts due within one year	$ 84,000	$ 84,000
Amounts due within one to five years	240,000	240,000
Amounts due within more than five years	1,229,575	1,233,575
Less: Unamortized discount	(111,310)	(185,132)
Subtotal Long-Term Portion of Promises to Give	1,358,265	1,288,443
Total	$ 1,442,265	$ 1,372,443

As of June 30, 2025 and 2024, promises to give were discounted using a rate of 6%.

Note 7 - Pass-through Scholarships Payable

The Foundation acts as a fiscal agent for departments, organizations, and groups of Saddleback College. Accordingly, at June 30, 2025 and 2024, $81,353 and $31,037 of the Foundation's assets belong to other parties, respectively. The Foundation does not have legal access nor any discretion over the amounts held for others behalf.

Note 8 - Board Designated Net Assets

Net assets without donor restrictions that have been board designated for the Saddleback College Emeritus Institute amounted to $659,328 and $642,963 at June 30, 2025 and 2024, respectively.

Note 9 - Net Assets with Donor Restrictions

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30:

	2025	2024
Campus programs and scholarships	$ 1,476,329	$ 1,339,266
Endowments - accumulated and unspent earnings, and board designated balances	4,173,190	3,742,026
Total	$ 5,649,519	$ 5,081,292

Donor-restricted net assets with perpetual restrictions consist of the following at June 30:

	2025	2024
Osher endowment	$ 1,080,341	$ 1,010,232
Endowments related to scholarships	3,528,304	3,324,228
Total	$ 4,608,645	$ 4,334,460

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30:

	2025	2024
Satisfaction of Purpose Restrictions		
Campus programs and scholarships	$ 1,042,725	$ 675,949

Note 10 - Endowments

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2025 and 2024 there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund.
b. The mission of the Foundation and the purpose of the donor-restricted endowment fund.
c. General economic conditions.
d. The possible effect of inflation and/or deflation.
e. The expected total return from income and the appreciation of investments.
f. Other resources of the Foundation.
g. The investment policy of the Foundation.

Risk Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Since the purpose of endowments is to provide scholarships and other benefits in perpetuity, endowment funds are invested with a long-term perspective. The policy is to protect the principal, over the long-term, and yet maximize the investment earnings so as to maximize the benefit provided by the endowment. The Foundation expects its endowment funds, measured over a full market cycle or spending rate of ten years, to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy

The Foundation has a policy to annually designate a base spending rate on the principal of the endowment fund. In setting the base spending rate, the Foundation considers the rate of increase in the Consumer Price Index, the average annual investment return, and the operating cost rate for the previous calendar year. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Governors. In accordance with US GAAP, there are no funds with deficiencies of this nature that are reported in net assets as of June 30, 2025 and 2024, respectively.

Endowment net asset composition by type of fund as of June 30, 2025 and 2024 are as follows:

	2025	
	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	$ -	$ 8,110,448
Board-designated endowment funds	659,328	671,387
Total	$ 659,328	$ 8,781,835

	2024	
	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	$ -	$ 7,420,573
Board-designated endowment funds	642,963	655,913
Total	$ 642,963	$ 8,076,486

Changes in endowment net assets as of June 30, 2025 and 2024, are as follows:

	2025	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	$ 642,963	$ 8,076,486
Contributions	-	316,870
Investment income, net of expenses	16,365	659,072
Amounts appropriated for expenditures	-	(270,593)
Endowment net assets, end of year	$ 659,328	$ 8,781,835

	2024	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	$ 672,474	$ 7,542,378
Contributions	-	112,246
Investment income (loss), net of expenses	(29,511)	628,727
Amounts appropriated for expenditures	-	(206,865)
Endowment net assets, end of year	$ 642,963	$ 8,076,486

Note 11 - In-kind Contributions

The Foundation was given program and service support from the South Orange County Community College District. The following is a breakdown of these in-kind donated services and professional fees at June 30:

	2025	2024
Donated services	$ 1,255,679	$ 1,209,484
Donated professional fees	11,915	36,955
Total	$ 1,267,594	$ 1,246,439

During the year ended June 30, 2025 and 2024, the Foundation also received donated assets and services from various donors, which the Foundation passed through to the District for use in its programs.

	2025	2024
Donated assets passed through to the District	$ 48,686	$ 36,229
Total	$ 48,686	$ 36,229

All in-kind contributions received during the years ended June 30, 2025 and 2024 were without donor restrictions.

Note 12 - Related Party Transactions

South Orange County Community College District (the District)

To assist the Foundation in carrying out its purpose, the District provides administrative services to the Foundation. The District pays salaries and benefits of the Foundation directors and staff. Additionally, the District pays professional fees for services rendered on behalf of the Foundation. The donated services and professional fees for the year ended June 30, 2025 were valued at $1,255,679 and $11,915, respectively. The donated services and professional fees for the fiscal year ended June 30, 2024 were valued at $1,209,484 and $36,955, respectively. These amounts have been reflected in the financial statements as donated services and donated professional fees revenues and expenses.

At June 30, 2025 and 2024, the Foundation had outstanding receivables from the District in the amounts of $571,911 and $531,609, respectively. At June 30, 2025 and 2024, the Foundation had $82,940 and $64,444, respectively, in outstanding payables due to the District.