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CABRILLO COLLEGE FOUNDATION

AUDIT REPORT

JUNE 30, 2025 AND 2024

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CABRILLO COLLEGE FOUNDATION
TABLE OF CONTENTS
JUNE 30, 2025 AND 2024

INDEPENDENT AUDITORS' REPORT 1
FINANCIAL STATEMENTS:
STATEMENTS OF FINANCIAL POSITION 3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS 4
STATEMENTS OF FUNCTIONAL EXPENSES 6
STATEMENTS OF CASH FLOWS 8
NOTES TO FINANCIAL STATEMENTS 9

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cabrillo College Foundation
Aptos, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Cabrillo College Foundation (the "Foundation"), as of and for the years ended June 30, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation as of June 30, 2025, and 2024, and the changes to 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audit. 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 the 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 beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards:

- 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.

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.

CWDL, Certified Public Accountants

San Diego, California
November 17, 2025

FINANCIAL STATEMENTS

CABRILLO COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents (note 5)	$ 4,563,490	$ 4,254,968
Contributions receivable, net (note 2)	94,685	103,952
Accounts receivable	67,117	66,732
Split-interest agreements (note 3)	16,050	54,729
Prepaid and other assets	29,886	32,700
Investments (note 5)	58,328,117	51,882,428
TOTAL ASSETS	$ 63,099,345	$ 56,395,509
LIABILITIES		
Scholarships, payables and accrued compensation (note 8)	$ 2,152,290	$ 2,241,146
Unfunded pension obligation (note 11)	591,312	594,822
Other post-employment benefits (note 12)	132,663	173,235
TOTAL LIABILITIES	2,876,265	3,009,203
NET ASSETS		
Net assets without donor restrictions (note 10)	3,598,230	2,173,519
Net assets with donor restrictions (note 10)	56,624,850	51,212,787
TOTAL NET ASSETS	60,223,080	53,386,306
TOTAL LIABILITIES AND NET ASSETS	$ 63,099,345	$ 56,395,509

CABRILLO COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, net of uncollectible amounts	$ 1,225,535	$ 4,955,723	$ 6,181,258
Net investment income	350,053	3,730,926	4,080,979
Endowment management fee	757,191	-	757,191
In-kind contributions	29,221	76,633	105,854
Other income	185,601	-	185,601
Net assets released from restrictions	3,351,219	(3,351,219)	-
Total Support and Revenue	5,898,820	5,412,063	11,310,883
EXPENSES			
Program services			
Scholarships and awards	1,688,317	-	1,688,317
College support	2,028,071	-	2,028,071
Supporting services			
Management and general	428,991	-	428,991
Fundraising	328,730	-	328,730
Total Expenses	4,474,109	-	4,474,109
Change in Net Assets	1,424,711	5,412,063	6,836,774
Net Assets - Beginning of Year	2,173,519	51,212,787	53,386,306
Net Assets - End of Year	$ 3,598,230	$ 56,624,850	$ 60,223,080

See accompanying notes to financial statements

CABRILLO COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, net of uncollectible amounts	$ 679,934	$ 7,039,316	$ 7,719,250
Net investment income	224,891	5,733,683	5,958,574
Endowment management fee	630,163	-	630,163
In-kind contributions	26,400	102,311	128,711
Other income	305,371	-	305,371
Net assets released from restrictions	3,066,170	(3,066,170)	-
Total Support and Revenue	4,932,929	9,809,140	14,742,069
EXPENSES			
Program services			
Scholarships and awards	1,788,162	-	1,788,162
College support	1,805,481	-	1,805,481
Supporting services			
Management and general	403,003	-	403,003
Fundraising	309,576	-	309,576
Total Expenses	4,306,222	-	4,306,222
Change in Net Assets	626,707	9,809,140	10,435,847
Net Assets - Beginning of Year	1,546,812	41,403,647	42,950,459
Net Assets - End of Year	$ 2,173,519	$ 51,212,787	$ 53,386,306

See accompanying notes to financial statements

CABRILLO COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program				
	Scholarships and Awards	**College Support**	**Management and General**	**Fundraising**	**Total**
Direct Program Support					
Scholarships and awards	$ 1,467,052	$ -	$ -	$ -	$ 1,467,052
College support	-	1,654,954	-	-	1,654,954
Supporting Services					
Salaries	148,791	217,744	231,424	126,330	$ 724,289
Employee benefits	34,711	80,427	83,746	34,740	233,624
Payroll taxes	8,003	18,523	21,269	8,795	56,590
Insurance	1,502	3,479	4,272	1,702	10,955
Printing	3,349	3,349	11,121	3,347	21,166
Consultants	8,110	8,110	12,169	12,169	40,558
Advertising	167	167	251	251	836
Office supplies	-	-	7,745	202	7,947
Office equipment	417	417	782	414	2,030
Software and maintenance	8,588	8,588	8,588	8,575	34,339
Postage and delivery	3,045	3,045	3,530	3,044	12,664
Bank charges	1,222	1,222	1,223	4,481	8,148
Miscellaneous	3,360	3,350	3,350	3,315	13,375
Training	-	-	7,124	-	7,124
In-kind supplies/materials	-	-	32,397	48,636	81,033
Occupancy	-	24,696	-	125	24,821
Public relations	-	-	-	72,604	72,604
Total	$ 1,688,317	$ 2,028,071	$ 428,991	$ 328,730	$ 4,474,109

See accompanying notes to financial statements

CABRILLO COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program				
	Scholarships and Awards	College Support	Management and General	Fundraising	Total
Direct Program Support					
Scholarships and awards	$ 1,594,478	$ -	$ -	$ -	$ 1,594,478
College support	-	1,471,692	-	-	1,471,692
Supporting Services					
Salaries	127,025	189,664	208,340	97,389	622,418
Employee benefits	31,923	73,890	76,811	35,086	217,710
Payroll taxes	6,751	15,625	17,941	7,419	47,736
Insurance	1,473	3,411	4,189	1,670	10,743
Printing	2,506	2,506	8,321	2,504	15,837
Consultants	9,358	9,358	14,042	14,042	46,800
Advertising	692	692	1,038	1,038	3,460
Office supplies	-	-	8,967	233	9,200
Office equipment	275	275	516	274	1,340
Software and maintenance	6,423	6,423	6,423	6,414	25,683
Postage and delivery	3,171	3,171	3,676	3,170	13,188
Bank charges	1,328	1,328	1,329	4,869	8,854
Miscellaneous	2,759	2,750	2,750	2,722	10,981
Training	-	-	7,125	-	7,125
In-kind supplies/materials	-	-	41,535	62,355	103,890
Occupancy	-	24,696	-	125	24,821
Public relations	-	-	-	70,266	70,266
Total	$ 1,788,162	$ 1,805,481	$ 403,003	$ 309,576	$ 4,306,222

See accompanying notes to financial statements

CABRILLO COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,836,774	$10,435,847
Adjustments to reconcile change in net assets to net cash		
Realized/unrealized (gain)/loss on investment	(3,534,666)	(5,577,389)
Change in valuation of split interest agreements	38,679	(10,783)
Change in operating assets and liabilities		
Contributions receivable, net	9,267	(93,554)
Accounts receivable	(385)	(40,874)
Prepaid and other assets	2,814	3,360
Scholarships, payables and accrued compensation	(132,938)	53,441
Other post-employment benefits	(3,510)	(6,446)
Unfunded pension obligation	(40,572)	8,023
Net Cash Provided by/(Used in) by Operating Activities	3,175,463	4,771,625
CASH FLOWS FROM INVESTING ACTIVITES		
Purchase of investments	(15,941,759)	(25,739,228)
Proceeds from sale of investments	13,074,818	18,932,530
Net Cash Provided by/(Used in) in Investing Activities	(2,866,941)	(6,806,698)
Net Increase/(Decrease) in Cash and Cash Equivalents	308,612	(2,035,073)
Cash and Cash Equivalents - Beginning of Year	4,254,968	6,290,041
Cash and Cash Equivalents - End of Year	$ 4,563,490	$ 4,254,968
Supplemental data for noncash investing activities:		
In-kind contributions	$ 105,854	$ 128,711

See accompanying notes to financial statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: The Cabrillo College Foundation (the "Foundation") was incorporated in the State of California in 1965, as a nonprofit public benefit corporation. The Foundation was organized to operate for the advancement of education, to provide financial support to students and various programs of Cabrillo Community College District (the "District"), and to provide a link between the District and the community.

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 presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended June 30, 2025 and 2024, from which the summarized information was derived.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of Presentation: The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *"Audit and Accounting Guide for Not-for-Profit Organizations"* (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

All donor-restricted contributions are recorded as increases in net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as "net assets released from restrictions."

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Possible expirations of net assets with donor restriction are (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and cash Equivalents: The Foundation considers all highly liquid investments with original maturity dates of three months or less as cash equivalents.

Investments: Investments in marketable securities are carried at fair value. Net change in the fair value of investments, which consists of realized gains/(losses)and the unrealized gains/(losses) of those investments is reported in the statement of activities and changed in net assets. Investment income, which consists of interest, dividends, realized gains/(losses) and the unrealized gains/(losses) of those investments, is reported in the statement of activities and changes in net assets. Investment income is accrued as earned. Security transactions are recorded on a trade date basis.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land held for investments: Land held for investments is carried at the lower of cost or fair value. Declines in the value of the investment is recognized if the aggregate fair value is less than the carrying amount, recoveries of aggregate fair value in subsequent periods is recorded in those periods subject only to the limitation that the carrying amount shall not exceed the original cost.

Net Assets: Net assets and revenues, and gains and losses are classified based on the existence or absence of donor- imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified 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. The Foundation's board may designate assets without restrictions for specific operational purpose from time to time.
- 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.

Accounts Receivable: Accounts receivable consist primarily of noninterest-bearing amounts due for services performed. The Foundation does not consider that the allowance for doubtful accounts is necessary as management believes all receivables are collectible. Uncollectible receivable will be written off in the year it deemed uncollectible. As of June 30, 2025 and 2024, no amounts were written off.

Revenue Recognition: An investment management fee is charged by the Foundation and recognized as the services are performed for the management of the endowment. Unconditional grants and contributions are recognized when promised and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Management believes all contributions are collectible and no allowance for doubtful accounts is necessary. Contributions are written off when deemed uncollectible. As of June 30, 2025 and 2024, no contributions were written off.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment: Equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed on the straight-line method based on the assets' estimated useful lives ranging from three to five years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss in included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation expense for the years ended June 30, 2025, and 2024 were $-0- and $-0-, respectively.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts

The Foundation has been named as a beneficiary in various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace the Foundation as the beneficiary of the trust asset, the asset is not recorded. If the trust is irrevocable, and the amount to be received is known, the trust assets are recorded as a receivable. When the trust asset is distributed, any funds in excess of the receivable is recorded as a contribution.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets. Contributed assets are recorded at fair value on the date of receipt. Payments to the annuitant are made through a third party. Annually during the course of the audit the balance of the annuity is updated with the balance of assets remaining.

In-kind Contributions: In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, 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.

In-kind contributions for the years ended June 30, 2025 and 2024, are as follows:

	2025	2024
Occupancy - allocated to programs and supporting services	$ 24,821	$ 24,821
Supplies and materials - restricted for program use	81,033	103,890
Total	$ 105,854	$ 128,711

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions -continued: Office space was provided by the Cabrillo Community College District on behalf of the Foundation. The valuation is based on the square footage of the office space at the market price that they would have to pay if not contributed. Donated supplies and materials include items donated to the Foundation for the use of the Foundation or the District. The value of the supplies and materials is based on the fair value of the same or similar products in the local market.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the 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.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. The Foundation strives to maintain cash balances in financial institutions which are insured up to $250,000. At June 30, 2025 and 2024, bank balances in excess of Federal depository insurance coverage were $422,111 and $243,818, respectively.

Income Taxes: The Foundation is a nonprofit corporation exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material 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.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk: Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from other foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Change in the Accounting Principle: In February 2016, the Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) Topic 842, *Leases*, by issuing Accounting Standards Update (ASU) No. 2016-02, which is effective January 1, 2022, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On June, 30, 2025 and 2024, the Foundation had no leases requiring recognition under ASC Topic 842.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give, which have been made by donors, but not received. Discounting for contributions receivable in two to five years was not performed as the amount of the discount was immaterial. Contributions receivable at June 30, 2025 and 2024 were as follows:

	2025	2024
Receivable within one year	$ 94,685	$ 103,952
Total contributions receivable, net	$ 94,685	$ 103,952

For the year ended June 30, 2025, three receivable balances provided approximately 73% of total net contributions receivable. Conditional promises to give are recognized only when the conditions are substantially met. Conditional promises that are not recorded as of June 30, 2025, consist of amounts for which the Foundation has been notified of being named a beneficiary of various estates with an expected value of approximately $32,045,868. This amount is not recorded in the financial statement because they are revocable planned gifts.

NOTE 3 – SPLIT INTEREST AGREEMENTS

The Foundation is a beneficiary of a charitable lead trust, a charitable remainder trust, and several charitable gift annuities. The charitable lead trust provides annual payments to the Foundation until the trust terminates. The charitable gift annuities are assets contributed by the donors. The split interest agreements are reported at fair value. The split interest agreements are revalued on an annual basis, and the change in the net present value is recorded as a gain or loss in the statement of activities and changes in net assets. At June 30, 2025 and 2024, the beneficial interest was valued as follows:

	2025	2024
Split-Interest agreements		
Charitable trusts	$ 4,411	$ 15,924
Charitable gift annuities	11,639	38,805
Total	$ 16,050	$ 54,729

NOTE 4 - RELATED PARTY TRANSACTIONS

Foundation board members donated a total of $243,477 to the Foundation during the fiscal year ended June 30, 2025.

NOTE 5 – INVESTMENTS

Investments are stated at fair market value and consist of the following:

	2025	2024
Investments	$ 58,328,117	$ 51,882,428
Investments - cash equivalents	3,691,656	3,562,294
Total Investments	62,019,773	55,444,722
Cash	871,834	692,674
Total cash, cash equivalents, and investments	$ 62,891,607	$ 56,137,396

	2025	2024
Funds invested in common stock	$ 7,459,191	$ 7,273,242
Funds invested in fixed income securities	5,826,039	17,814,494
Funds invested in U.S. Government Securities	5,849,414	-
Funds invested in closed end funds, structured products and action rights	28,215,919	23,337,944
Funds invested in real estate	612,247	490,413
Funds invested in managed certificates of deposits and money markets	2,372,899	1,383,463
Funds invested in mutual funds	7,992,408	1,582,872
Total	$ 58,328,117	$ 51,882,428

NOTE 5 – INVESTMENTS (Continued)

Investment activity for the year ended June 30, 2025 and 2024, consisted of the following:

	2025	2024
Realized gains/(losses) on investments	$ 2,076,725	$ 465,106
Unrealized gains/(losses) on investments	1,457,941	5,112,283
Interest and dividends	1,403,428	1,121,576
Gain/(loss) on split interest agreements	67,618	(10,783)
Total investment income/(loss)	5,005,712	6,688,182
Investment expenses - investment fees	(167,542)	(115,383)
Investment expenses - management fees	(757,191)	(614,225)
Total investment income/(loss), management fees, net of investment expenses and investment fees	$ 4,080,979	$ 5,958,574

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that future changes in risks could materially affect account balances and the amounts reported in the accompanying financial statements.

Investment Policies

Return 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. In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested to meet or exceed the index, or blended market index that most closely corresponds to the style of investment management selected and agreed upon by the Finance Committee. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7.0 percent annually. 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 equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Endowment's spending policy has a target distribution rate of 4.0% will be calculated over a trailing 12-quarter period for endowment funds with a current market value that is greater than or equal to 80% of the historical gift balance. This policy provides for more consistent and predictable spending for the programs supported by the Foundation and has the benefit of mitigating extreme market outcomes. To meet the target distribution rate of 4% and preserve the long-term, real purchasing power of assets, the Endowment will seek a 7% - 8% target return (4.0% distribution rate + CPI + 1.5% management fee. The average U.S. inflation rate as measured by CPI over the last 30 years is 2.5%).

NOTE 5 – INVESTMENTS (Continued)

Investment Policies (Continued)

Endowment Fund Corpus: The Cabrillo College Foundation's Endowment (the Endowment) consists of approximately 470 individual funds established by donors to provide annual funding for specific activities. The Endowment also include certain net assets with donor restrictions that have been designated by the Board of Directors.

The Board of Directors 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. As of June 30, 2025, and 2024, there were no explicit donor stipulations to the contrary. The spending policy allows the Foundation to spent up to 20% of the corpus. The Foundation considered the long-term expected return on its endowment as a result of this interpretation.

At June 30, 2025 and 2024, endowment net asset composition by type of fund is as follows:

June 30, 2025	Corpus	Accumulated Earnings	Total
Board-designated endowment funds	$ 369,190	$ 288,502	$ 657,692
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	42,362,904	7,474,829	49,837,733
Total Endowment Funds	$ 42,732,094	$ 7,763,331	$ 50,495,425

June 30, 2024	Corpus	Accumulated Earnings	Total
Board-designated endowment funds	$ 369,190	$ 225,755	$ 594,945
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	39,968,194	5,345,933	45,314,127
Total Endowment Funds	$ 40,337,384	$ 5,571,688	$ 45,909,072

NOTE 6 – 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
Operating cash	$ 871,834	$ 692,674
Contributions receivable	94,685	103,952
Accounts receivable	67,117	66,732
Operating investments and cash equivalents	3,691,656	3,562,294
Total	$ 4,725,292	$ 4,425,652

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. Annually, the Board designates a portion of any operating surplus to its nine-month operating reserve.

NOTE 7 – EQUIPMENT

Property and equipment at June 30, 2025 and 2024, consisted of the following:

	2025	2024
Equipment	$ 36,303	$ 36,303
Accumulated depreciation	(36,303)	(36,303)
Total	$ -	$ -

NOTE 8 – SCHOLARSHIPS, PAYABLES AND ACCRUED COMPENSATION

Scholarships, payables and accrued compensation represent unconditional promises made by the Foundation and are due as follows:

June 30, 2025	College Support & Scholarships	Accrued Compensation	Accounts Payable	Total
Payable in within one year	$ 936,640	$ 70,981	$ 187,634	$ 1,195,255
Payable in two to five years	747,035	-	-	747,035
Payable in more than five years	210,000	-	-	210,000
Total payable	$ 1,893,675	$ 70,981	$ 187,634	$ 2,152,290

June 30, 2024	College Support & Scholarships	Accrued Compensation	Accounts Payable	Total
Payable in within one year	$ 1,001,447	$ 83,722	$ 258,407	$ 1,343,576
Payable in two to five years	687,570	-	-	687,570
Payable in more than five years	210,000	-	-	210,000
Total payable	$ 1,899,017	$ 83,722	$ 258,407	$ 2,241,146

NOTE 9 – FAIR VALUE MEASUREMENT AND DISCLOSURES

Certain assets and liabilities 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.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Foundation invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in charitable and perpetual trusts are 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 are based on the fair values of trust investments as reported by the trustees. These are considered Level 3 measurements.

NOTE 9 – FAIR VALUE MEASUREMENT AND DISCLOSURES (Continued)

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

	Level 1	Level 2	Level 3	Total
Funds invested in				
Common stock	$ 7,459,191	$ -	$ -	$ 7,459,191
Foreign/corporate/municipal issues	7,992,408	-	-	7,992,408
U.S. Government securities	-	5,849,414	-	5,849,414
Closed end funds, structured products and action rights	28,215,919	-	-	28,215,919
Real estate	-	612,247	-	612,247
Managed certificates of deposits and money markets	199,723			199,723
Mutal funds	5,626,316		2,372,899	7,999,215
Total	$ 49,493,557	$ 6,461,661	$ 2,372,899	$ 58,328,117

NOTE 10 – NET ASSETS

At June 30, 2025 and 2024, net assets without donor restrictions consisted of the following:

	2025	2024
Designated		
Hurd tribute	$ 255,758	$ 255,759
President's circle	10,000	10,000
Computers	15,000	15,000
Retiree medical benefits	132,753	173,235
Operating reserve	1,122,749	1,025,963
Undesignated		
Undesignated	2,062,060	693,562
Total	$ 3,598,320	$ 2,173,519

NOTE 10 – NET ASSETS (CONTINUED)

At June 30, 2025 and 2024, net assets with donor restrictions consist of the following scholarship and college support non-endowed and endowed funds:

	2025	2024
With Donor Restrictions		
Endowed scholarships and college support funds available	$ 3,213,985	$ 2,647,310
Endowed accumulated earnings	7,474,829	4,069,427
Subtotal	10,688,814	6,716,737
Non-endowed scholarships and college support funds available	3,573,133	4,527,856
Subtotal	14,261,947	11,244,593
Endowment corpus	42,362,903	39,968,194
Total net assets with donor restrictions	$ 56,624,850	$ 51,212,787

At June 30, 2025 and 2024, endowment net assets, for which investment and interest earnings may be used for scholarships and college support and consist of the historical gift balance of the endowed funds, are allocated as follows:

June 30, 2025	Accumulated Earnings	Corpus	Total
Endowment Funds			
Board designated-at year end	$ 288,502	$ 369,190	$ 657,692
Donor restricted beginning of year	$ 2,714,350	$ 39,968,194	$ 42,682,544
Contributions	130	2,025,519	2,025,649
Scholarships and college support	(1,955,757)	-	(1,955,757)
Investment earnings/(loss)	840,109	-	840,109
Investment and management fees	(757,191)	-	(757,191)
End of year	$ 1,130,143	$ 42,362,903	$ 43,493,046

June 30, 2024	Accumulated Earnings	Corpus	Total
Endowment Funds			
Board designated-at year end	$ 225,755	$ 369,190	$ 594,945
Donor restricted beginning of year	$ 2,467,697	$ 34,443,397	$ 36,911,094
Contributions	1,951,146	5,155,607	7,106,753
Scholarships and college support	(2,005,493)	-	(2,005,493)
Investment earnings/(loss)	705,408	-	705,408
Investment and management fees	(630,163)	-	(630,163)
End of year	$ 2,714,350	$ 39,968,194	$ 42,682,544

NOTE 10 – NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events by the donors as follows for the years ended June 30, 2025, and 2024:

	2025	2024
Satisfaction of purpose restrictions		
Scholarships and college support	$ 3,351,219	$ 3,066,170

NOTE 11 – UNFUNDED PENSION OBLIGATIONS

California Public Employees' Retirement System (CalPERS)

Plan Description

The Foundation offers eligible employees retirement benefits with CalPERS. Employees become eligible starting the first day of employment if one of the following criteria is met:

- Employee's position is full-time, seasonal, or limited term and is more than six months,
- Employee's part-time position exceeds 1,000 hours in one fiscal year, or
- Employee is a member of CalPERS by previous employment (either has funds on deposit or service credit).

The Public Employees' Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The Foundation pays the required employer contribution, and CalPERS eligible employees contribute their required contribution. The retirement calculation for Foundation employees is as follows:

Full-time and part-time eligible employees (classic members as defined by CalPERS) hired prior to October 1, 2011 have a retirement calculation of two percent at 55. Full-time and part-time eligible employees (PEPRA members as defined by CalPERS) hired on or after January 1, 2013, will have a retirement calculation of two percent at 62. PEPRA is Public Employees' Pension Reform Act. The rates are based upon an actuarially determined rate and the actuarial methods and assumptions used for determining those rates are those adopted by the CalPERS Board of Administration.

NOTE 11 – UNFUNDED PENSION OBLIGATIONS (Continued)

Plan Valuation

Accounting Standards Codification (ASC) 718-80-35-2 requires employers providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability when reasonably estimable.

The plan is a Multiple Employer Plan where the net pension liability is allocated to the plan based on the valuation date of June 30, 2025 and 2024. Its proportion of the CalPERS Miscellaneous Risk Pool is summarized as follows:

	CalPERS - Miscellaneous Employer Pool	
	First Tier	Second Tier
Hire date	On or Before December 31, 2012	June 26, 2011 - December 31, 2012
Benefit formula	2.5% at 55	2.0% at 60
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	60
Required employee contribution rates	N/A	N/A
Required employer contribution rates:	N/A	N/A
Required unfunded liability payments to CalPERS:	$99,086	

Actuarial Assumptions and Sensitivity to Changes in the Discount Rate

The actuarial assumptions include: a discount rate of 6.90%, inflation of 2.30%, and is based on the entry age normal methodology. The following presents the net pension liability of the plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%), or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 957,880	$ 591,312	$ 290,740

The Foundation made employer contributions to CalPERS for fiscal year ended June 30, 2025, and 2024, in the amount of $99,086 and $86,375, respectively.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

The Foundation has a defined benefit post-employment health care benefits plan that provides health care benefits to Administrators and their spouses hired on or before August 19, 2009, who retire from the Foundation upon obtaining a certain age and years of service. The following is a table of plan participants on June 30, 2025, the most current actuarial study measurement:

	Number of Participants
Retirees currently receiving benefits	-
Active employees eligible for future benefits	1
	1

Approximately 100% of the other post-employment benefits obligation amount as of June 30, 2025, has been set aside, however, for it to be legally considered "funded" it would need to be in an irrevocable trust. At the Finance Committee meeting on October 10, 2019, the Finance Committee approved a motion to annually set aside an amount equal to the annual increase in the liability after the operational reserve is fulfilled and until such time as the designated amount reaches 100% of the liability.

Annual OPEB Cost and Net OPEB Obligation

The Foundation's other post-employment benefit (OPEB) cost (expense) is calculated based on an actuarially determined amount in accordance with parameters of FASB ASB 713. The objection represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial accrued liabilities. Based on an actuarial study performed as of June 30, 2025, and updated every three years, the Foundation's had a other post employment benefits obligation of $132,663 as of June 30, 2025.

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The plan is not funded by an irrevocable trust and, therefore, no table of changes in funding progress is presented.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (CONTINTUED)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation as of June 30, 2025, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.58 percent investment rate of return (net of administrative expenses). Healthcare cost trend rates were estimated at 4 percent.

NOTE 13 – SUBSEQUENT EVENTS

The Foundation concluded that no subsequent events have occurred from June 30, 2025, to November 17, 2025, the date of the financial statements, that would require recognition or disclosure in the financial statements.