



Transforming lives

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2021 and 2020



LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Activities	5 - 6
Consolidated Statements of Cash Flows	7
Consolidated Statements of Functional Expenses	8 - 9
Notes to Consolidated Financial Statements	10 - 22
Supplementary Information:	
Consolidating Schedules of Financial Position	23 - 26
Consolidating Schedules of Activities	27 - 28

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lane Community College Foundation and Subsidiary
Eugene, Oregon

We have audited the accompanying consolidated financial statements of Lane Community College Foundation (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Right People Beside You.

> jr CPA.com

BEND 300 SW Columbia Street
Suite 201
Bend, OR 97702
phone (541) 382-3590
fax (541) 382-3587

EUGENE 260 Country Club Road
Suite 100
Eugene, OR 97401
phone (541) 687-2320
fax (541) 485-0960

HILLSBORO 5635 NE Elam Young Pkwy.
Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lane Community College Foundation and subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Jones & Roth, P.C.
Eugene, Oregon
October 28, 2021

CONSOLIDATED FINANCIAL STATEMENTS

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,264,154	\$ 694,679
Prepaid expenses	48,342	1,511
Notes receivable, current portion	22,665	21,562
Other receivables	31	4,295
Unconditional promises to give, current portion	<u>103,040</u>	<u>129,389</u>
Total current assets	<u>3,438,232</u>	<u>851,436</u>
Noncurrent assets		
Investments	20,283,342	18,693,121
Notes receivable, net of current portion	104,109	128,754
Unconditional promises to give, noncurrent, less allowance for uncollectible promises	<u>68,456</u>	<u>126,791</u>
Total noncurrent assets	<u>20,455,907</u>	<u>18,948,666</u>
Total assets	<u><u>\$ 23,894,139</u></u>	<u><u>\$ 19,800,102</u></u>

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 9,079	\$ 8,610
Deferred event revenue	<u>12,500</u>	<u>40,500</u>
Total current liabilities	21,579	49,110
Noncurrent liabilities		
Obligations under split-interest agreements	<u>750,443</u>	<u>672,765</u>
Total liabilities	<u>772,022</u>	<u>721,875</u>
Net assets		
Without donor restrictions	750,223	723,536
With donor restrictions	<u>22,371,894</u>	<u>18,354,691</u>
Total net assets	<u>23,122,117</u>	<u>19,078,227</u>
Total liabilities and net assets	<u>\$ 23,894,139</u>	<u>\$ 19,800,102</u>

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

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Donations	\$ 214,398	\$ 2,114,696	\$ 2,329,094
Change in split-interest agreements	-	(77,677)	(77,677)
Net investment income	2,388	186,966	189,354
Net realized and unrealized gains	19	3,673,119	3,673,138
Special project income	25,700	-	25,700
In-kind administrative contributions by LCC	302,188	-	302,188
In-kind program contributions	2,620	241,665	244,285
Administrative fee income	412,846	-	412,846
Other program income	20	8,299	8,319
Net assets released from restrictions	<u>2,129,865</u>	<u>(2,129,865)</u>	<u>-</u>
 Total revenue and other support	 <u>3,090,044</u>	 <u>4,017,203</u>	 <u>7,107,247</u>
Expenses			
Program services	1,713,786	-	1,713,786
Management and fundraising	<u>1,349,571</u>	<u>-</u>	<u>1,349,571</u>
 Total expenses	 <u>3,063,357</u>	 <u>-</u>	 <u>3,063,357</u>
Change in net assets	26,687	4,017,203	4,043,890
Net assets, beginning of year	<u>723,536</u>	<u>18,354,691</u>	<u>19,078,227</u>
Net assets, end of year	<u>\$ 750,223</u>	<u>\$ 22,371,894</u>	<u>\$ 23,122,117</u>

2020		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 242,747	\$ 856,305	\$ 1,099,052
-	152,507	152,507
31,079	170,292	201,371
-	351,140	351,140
109,701	1,865	111,566
294,993	-	294,993
11,154	43,574	54,728
349,681	-	349,681
-	6,053	6,053
<u>2,380,994</u>	<u>(2,380,994)</u>	<u>-</u>
<u>3,420,349</u>	<u>(799,258)</u>	<u>2,621,091</u>
2,122,602	-	2,122,602
<u>1,338,120</u>	<u>-</u>	<u>1,338,120</u>
<u>3,460,722</u>	<u>-</u>	<u>3,460,722</u>
(40,373)	(799,258)	(839,631)
<u>763,909</u>	<u>19,153,949</u>	<u>19,917,858</u>
<u>\$ 723,536</u>	<u>\$ 18,354,691</u>	<u>\$ 19,078,227</u>

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

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 4,043,890	\$ (839,631)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains	(3,673,138)	(351,140)
Loss on disposal of QALICB project	-	101,458
Donations of investments	(431,334)	(45,892)
Donation of real estate	(533,500)	-
(Increase) decrease in:		
Prepaid expenses	(46,831)	5,483
Other receivables	4,264	4,840
Unconditional promises to give	84,684	698,705
Increase (decrease) in:		
Accounts payable	469	(20,105)
Deferred revenue	(28,000)	(75,412)
Obligations under split-interest agreements	77,678	(152,508)
	<u>(501,818)</u>	<u>(674,202)</u>
Net cash used by operating activities		
	<u>(501,818)</u>	<u>(674,202)</u>
Cash flows from investing activities		
Proceeds from sale of investments	10,265,524	9,214,252
Purchase of investments	(7,737,773)	(9,228,481)
Proceeds from sale of real estate	520,000	-
Collection of principal on notes receivable	23,542	174,575
	<u>3,071,293</u>	<u>160,346</u>
Net cash provided by investing activities		
	<u>3,071,293</u>	<u>160,346</u>
Net increase (decrease) in cash and cash equivalents	2,569,475	(513,856)
Cash and cash equivalents, beginning of year	<u>694,679</u>	<u>1,208,535</u>
Cash and cash equivalents, end of year	<u>\$ 3,264,154</u>	<u>\$ 694,679</u>

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

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	2021				
	Program Services			Management and Fundraising	Total
	Lane Community College Foundation	Downtown Campus QALICB, LLC	Total Program Services		
Functional expenses					
Scholarships	\$ 905,749	\$ -	\$ 905,749	\$ -	\$ 905,749
Grants	30,525	-	30,525	-	30,525
Awards and stipends	2,370	-	2,370	-	2,370
Special project expense	-	-	-	29,074	29,074
Personnel expenses	89,614	-	89,614	380,175	469,789
Personnel expenses provided by LCC	-	-	-	302,188	302,188
Administrative fee expense	-	-	-	415,327	415,327
Other office expenses	-	-	-	139,941	139,941
Faculty support	257,713	-	257,713	-	257,713
Program support	65,460	-	65,460	-	65,460
Buildings and improvements support	110,750	-	110,750	-	110,750
Other program expenses	9,940	-	9,940	-	9,940
Payments to grantors	-	-	-	82,866	82,866
Distribution of in-kind contributions	241,665	-	241,665	-	241,665
Loss on disposal of QALICB project	-	-	-	-	-
Total functional expenses	<u>\$ 1,713,786</u>	<u>\$ -</u>	<u>\$ 1,713,786</u>	<u>\$ 1,349,571</u>	<u>\$ 3,063,357</u>

2020

Program Services				
Lane Community College Foundation	Downtown Campus QALICB, LLC	Total Program Services	Management and Fundraising	Total
\$ 1,008,463	\$ -	\$ 1,008,463	\$ -	\$ 1,008,463
30,793	-	30,793	-	30,793
8,150	-	8,150	-	8,150
-	-	-	110,270	110,270
80,702	-	80,702	369,157	449,859
-	-	-	294,993	294,993
-	-	-	349,842	349,842
-	5,542	5,542	133,147	138,689
373,025	-	373,025	-	373,025
149,199	-	149,199	-	149,199
308,598	-	308,598	-	308,598
13,098	-	13,098	-	13,098
-	-	-	80,711	80,711
43,574	-	43,574	-	43,574
-	101,458	101,458	-	101,458
<u>\$ 2,015,602</u>	<u>\$ 107,000</u>	<u>\$ 2,122,602</u>	<u>\$ 1,338,120</u>	<u>\$ 3,460,722</u>

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

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Lane Community College Foundation (the Foundation) is a charitable corporation formed to encourage and involve the community in further developing educational opportunities by augmenting the facilities and functions of Lane Community College (LCC).

The Foundation receives support from the local community in the form of cash and other noncash contributions. These contributions are received from individuals, as well as from the business sector. Other sources of revenue periodically include special projects as determined by the Foundation's Board of Trustees.

Downtown Campus QALICB, LLC is wholly owned by the Foundation and was formed in April 2012 to acquire, develop, rehabilitate, own, and operate property that is used to support LCC. The activities of Downtown Campus QALICB, LLC concluded during the year ended June 30, 2020.

Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Foundation and those of its wholly owned subsidiary, Downtown Campus QALICB, LLC. Significant inter-company transactions and balances are eliminated in consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting.

Recent Accounting Standard Adopted

During the year ended June 30, 2021, the Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued and clarifying ASUs. Topic 606 and related ASUs supersede most previous revenue recognition principles for exchange transactions and establish a core principle requiring the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for such goods or services. The Foundation adopted the new standard effective July 1, 2020, using the full retrospective approach in these consolidated financial statements.

The Foundation primarily enters into exchange transactions for administrative fees and special project and event purposes. Those arrangements represent a single performance obligation to transfer goods or services at a point in time. The Foundation does not have any long-term written contracts and there is no variable consideration related to the Foundation's revenue arrangements.

For the reasons noted above, the adoption of ASU 2014-09 and all subsequently issued clarifying ASUs did not have a significant impact on the Foundation's consolidated financial statements. Based on the Foundation's evaluation process and review of its contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption, and the adoption has not resulted in the recognition of additional assets or liabilities.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Foundation considers cash to be all highly liquid investments available for current use with an initial maturity of three months or less. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Concentrations of Credit Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments.

Cash and cash equivalents are maintained at one financial institution. The Foundation and its subsidiary have not experienced any losses on its cash and cash equivalents. The FDIC secures accounts in insured institutions up to \$250,000 per depositor. At times, the balance of the Foundation and its subsidiary's accounts may exceed the federally insured limits. At June 30, 2021 and 2020, the Foundation and its subsidiary did not have any cash balances in excess of federally insured limits.

Concentrations of Receivables

Approximately 85 percent and 82 percent of the Foundation's receivables were due from three individuals or businesses as of June 30, 2021 and 2020, respectively.

Investments

Investments are carried at market value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Gains or losses are reported as increases or decreases in net assets without donor restrictions unless the donor places temporary or perpetual restrictions on the gains and losses. Investment income is also reported as an increase in net assets with or without donor restrictions, depending on the existence or absence of donor restrictions.

Investments consist of real property and funds that are managed by professional fund managers chosen by the Board of Trustees and are invested in U.S. Government and Agency obligations, corporate bonds, equity securities, mortgage-backed securities, money market accounts, and certificates of deposit.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated equipment is recorded at fair market value at the time the property is received. Expenses for maintenance and repairs are expensed, while renewals and improvements are capitalized. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method. There was no depreciation expense recorded for the years ended June 30, 2021 and 2020.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are primarily from the Lane County, Oregon area.

Obligations Under Split-interest Agreements

Obligations under split-interest agreements and charitable remainder trusts are recorded when incurred at the present value, discounted at rates of 1.2 percent and 0.6 percent for the years ended June 30, 2021 and 2020, of the distributions to be made to the donor-designated beneficiaries. Distributions under charitable remainder annuity trusts are fixed amounts, while distributions under charitable remainder unitrusts are a specified percentage of the trust assets' fair value determined annually. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service (IRS) and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been met, are recorded as increases/decreases in contributions in the consolidated statements of activities. The net revaluation of split-interest agreements as of June 30, 2021 and 2020, was (\$77,677) and \$152,507, respectively.

Net Assets

Net assets of the Foundation consisted of the following:

Without donor restrictions – These net assets are available for general obligations of the Foundation.

With donor restrictions – These net assets are restricted by donors to be used for specific purposes or as perpetually restricted endowment funds.

Endowment Fund Policy

The Board of Trustees has established guidelines for the utilization of the Endowment Fund maintained to benefit the general purposes of the Foundation. The policy sets forth that the Foundation shall accept current and deferred gifts to the Endowment Fund. The Foundation's policy is to maintain the principal of the fund in perpetuity. The policy allows up to 4 percent of the endowments fair market value based on a 3-year rolling average balance, including interest earned, to be expended in a given fiscal year as determined by the Board of Trustees.

If an endowment's fair market value falls below the required minimum investment at the time the endowment was executed, the Foundation will not distribute any payout until the assets exceed that minimum. Any income not utilized in a given year may be retained for future use according to the endowment's established purpose or reinvested in the endowment's principal. The Foundation's Board of Trustees is responsible for determining the annual distribution percentage and the method of calculation as deemed to be in the best interest of the Endowment Fund.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Endowment Fund Policy, continued

Endowment Fund assets are pooled in the Foundation's Endowment Fund and managed by professional investment firms. The goal of the Endowment Fund is to maintain the principal with sufficient returns to both grow the Endowment Fund and meet the income requirements for annual distributions to support the Endowment Fund's established purpose such as providing annual scholarships. The Endowment Fund's investment strategy is a conservative growth model which includes stocks, bonds, mutual funds, real estate investment trust, and other assets.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Administrative Fees

Administrative fees are charged on donor restricted gifts for the Foundation's administration of the gifts and are recorded as revenue without donor restrictions.

Donated Administrative Support

Donated administrative support received from LCC is recorded as revenue. This type of support is also recorded as an expense in the accompanying consolidated statements of activities. LCC provides for a portion of the Foundation's operating budget, including a percentage of salaries and related expenses.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. The Foundation allocates expense as the donated assets are used to the appropriate program or supporting service.

Functional Expenses

Expenses for the Foundation are summarized according to functional classifications of program services and support services. The Foundation's purpose is entirely fundraising; therefore, this amount is not separately stated in support services.

The Foundation allocates its expenses on a functional basis among its program services and support services. Expenses that can be identified with a specific program or support service are allocated directly to that program or support service according to their natural expenditure classification. Other expenses that are common to multiple functions are allocated amongst program and support services based on estimated personnel hours worked in each area.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Functional Expenses, continued

Program Services – Costs that are identifiable with a program and are clearly described by that program.

Support Services – Management, general, and fundraising expenses.

Advertising Expenses

Advertising expenses are expensed when incurred. Advertising costs totaled \$7,694 and \$6,467 for the years ended June 30, 2021 and 2020, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles of the United States of America requires the Foundation to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a charitable organization exempt from payment of federal income taxes and Oregon excise taxes. All filing requirements of Internal Revenue Code (IRC) Section 501(c)(3) and Oregon Revised Statutes (ORS) 128.670 have been met. 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)(iv). The Foundation's information returns are generally subject to examination by taxing authorities for a period of three years after filing.

Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation. Such reclassifications have no effect on the previously reported change in net assets.

2. Investments

Substantially all of the Foundation's investments are held in a pooled account managed by a professional fund manager selected by the Board of Trustees. Investment management fees are recorded when incurred.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Investments, continued

At June 30, the summary of investments was as follows:

	<u>2021</u>	<u>2020</u>
Money market/cash management accounts	\$ 368,217	\$ 369,008
Certificate of deposits	-	2,337,000
U.S. Government and Agency bonds and obligations	2,567,875	2,803,360
Equity securities	13,768,051	10,928,306
Corporate bonds	2,052,841	1,610,679
Other fixed income	<u>1,526,358</u>	<u>644,768</u>
 Total investments	 <u>\$ 20,283,342</u>	 <u>\$ 18,693,121</u>

Donor restricted investment income has been reduced by investment expense of \$107,567 and \$73,150 for the years ended June 30, 2021 and 2020, respectively.

At June 30, net realized and unrealized gains were as follows:

	<u>2021</u>	<u>2020</u>
Net realized gains	\$ 890,751	\$ 232,706
Net unrealized gains	<u>2,782,387</u>	<u>118,434</u>
	<u>\$ 3,673,138</u>	<u>\$ 351,140</u>

3. Notes Receivable

At June 30, notes receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Promissory note, HUD, interest at 4.89%, monthly payments of \$2,087 plus property taxes until 2025, secured by real estate.	\$ 80,646	\$ 101,076
Promissory note, individual, interest at 5.00%, monthly payments of \$455 plus property taxes, due March 2032, secured by trust deed.	<u>46,128</u>	<u>49,240</u>
	126,774	150,316
Current portion	<u>(22,665)</u>	<u>(21,562)</u>
 Notes receivable, net of current portion	 <u>\$ 104,109</u>	 <u>\$ 128,754</u>

All notes receivable are considered fully collectible.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Unconditional Promises to Give

At June 30, unconditional promises to give consisted of the following:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 7,826	\$ 30,481
With donor restrictions (purpose restrictions)	167,833	235,019
With donor restrictions (perpetual restrictions)	300	1,432
Allowance for uncollectible promises to give	<u>(2,639)</u>	<u>(4,051)</u>
	173,320	262,881
Unamortized discount	<u>(1,824)</u>	<u>(6,701)</u>
Unconditional promises to give, net	<u>\$ 171,496</u>	<u>\$ 256,180</u>
Amounts due in:		
Less than one year	\$ 103,040	\$ 129,389
One to five years	<u>68,456</u>	<u>126,791</u>
	<u>\$ 171,496</u>	<u>\$ 256,180</u>

The unconditional promises to give unamortized discount has been discounted using rates of 0.74 percent and 1.46 percent for the years ended June 30, 2021 and 2020, respectively.

5. Net Assets with Donor Restrictions

Net assets with purpose or time restrictions at June 30, 2021 and 2020, in the amount of \$9,824,017 and \$6,536,060, respectively, consisted of tuition scholarships, student support, and other program services.

Net assets with perpetual restrictions at June 30, 2021 and 2020, in the amount of \$12,547,877 and \$11,818,631, respectively, consisted of endowment funds, which are permanently restricted as stipulated by the donors.

6. Endowment Fund

At June 30, the Endowment Fund consisted of the following:

	<u>2021</u>	<u>2020</u>
With donor restrictions:		
Purpose or time restrictions	\$ 4,594,032	\$ 2,126,999
Perpetual restrictions	<u>12,547,877</u>	<u>11,818,631</u>
Total Endowment Fund	<u>\$ 17,141,909</u>	<u>\$ 13,945,630</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Endowment Fund, continued

A summary of Endowment Fund activity was as follows:

	<u>2021</u>	<u>2020</u>
Balance, July 1	\$ 13,945,630	\$ 13,976,184
Contributions	<u>729,245</u>	<u>267,397</u>
Appropriated expenditures	<u>(920,990)</u>	<u>(790,815)</u>
Investment returns:		
Net unrealized gain on endowment	2,408,715	103,886
Net return on endowment investments	<u>975,401</u>	<u>388,978</u>
Investment returns	<u>3,384,116</u>	<u>492,864</u>
Other revenue	<u>3,908</u>	<u>-</u>
Balance, June 30	<u>\$ 17,141,909</u>	<u>\$ 13,945,630</u>

7. Special Projects

The Foundation sponsored special project events with the following income and expenses as of June 30:

	<u>2021</u>	<u>2020</u>
Project income	\$ 25,700	\$ 111,566
Project expenses	<u>(29,074)</u>	<u>(110,270)</u>
Special projects, net	<u>\$ (3,374)</u>	<u>\$ 1,296</u>

8. In-kind Administrative Contributions by LCC

At June 30, in-kind administrative contributions by LCC consisted of the following:

	<u>2021</u>	<u>2020</u>
Personnel expenses provided by LCC	<u>\$ 302,188</u>	<u>\$ 294,993</u>

9. Split-interest Agreements

At June 30, total assets held under the split-interest agreements consisted of the following:

	<u>2021</u>	<u>2020</u>
Investments held under split-interest agreements	<u>\$ 1,570,888</u>	<u>\$ 1,367,031</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Net Assets Released from Restrictions

During 2021 and 2020, net assets in the amount of \$2,129,865 and \$2,380,994, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

11. Deferred Payment Charitable Gift Annuity Agreement

During 2005, the Foundation entered into an annuity agreement with a donor. The donor contributed \$10,168 in stock which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. Payments will begin no earlier than the 63rd year (year 2010) of the donor and no later than the 67th year (year 2014). These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	2021	2020
Gift amount	\$ 10,168	\$ 10,168
Realized and unrealized gains	3,070	1,777
Estimated annuity liability	(7,533)	(7,884)
Present value of charitable gift, net	\$ 5,705	\$ 4,061

During 2010, the Foundation entered into an annuity agreement with a donor. The donor contributed \$20,000 in cash which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	2021	2020
Gift amount	\$ 20,000	\$ 20,000
Realized and unrealized losses	719	(1,621)
Estimated annuity liability	(8,179)	(8,633)
Present value of charitable gift, net	\$ 12,540	\$ 9,746

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the entity's various financial instruments. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB ASC 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with FASB ASC 820, the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Fair Value Measurements, continued

Fair value of assets measured on a recurring basis at June 30, was as follows:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments	\$ 20,283,342	\$ -	\$ -	\$ 20,283,342
	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments	\$ 18,693,121	\$ -	\$ -	\$ 18,693,121

13. Downtown Campus QALICB, LLC

In April 2012, the Foundation created Downtown Campus QALICB, LLC, a wholly-owned subsidiary. Downtown Campus QALICB, LLC was organized to acquire, develop, rehabilitate, own, and operate real property.

Downtown Campus QALICB, LLC entered into a lease agreement with LCC to lease real property constructed by LCC under a capital lease, which was paid in full during 2012. The lease was for a term of 65 years and was financed with long-term debt. The lease agreement restricted the use of the property and states that Downtown Campus QALICB, LLC shall sublease the premises to LCC.

Downtown Campus QALICB, LLC entered into an operating lease agreement in June 2012 with LCC to lease the property to LCC commencing on July 1, 2012. The lease called for quarterly payments of \$50,260 during 2013 through June 2019, and \$215,304 for each quarter thereafter, increasing by 1.96 percent annually, ending June 30, 2045. Management cancelled the lease during 2019.

LCC agreed to assume the building and related debt in June 2019, and the related lease was cancelled. There was a consolidated loss of \$-0- and \$101,458 recorded on the transaction for the years ended June 30, 2021 and 2020, respectively.

The activities of Downtown Campus QALICB, LLC concluded during the year ended June 30, 2020.

As of June 30, the assets, liabilities, and member's capital of the subsidiary consisted of the following:

	2021	2020
Cash	\$ -	\$ -
Total assets	\$ -	\$ -
Investment from the Foundation	\$ -	\$ -
Members' capital	-	-
Total liabilities and member's capital	\$ -	\$ -

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Downtown Campus QALICB, LLC, continued

For the year ended June 30, income from operations activity of the subsidiary consisted of the following:

	<u>2021</u>	<u>2020</u>
Revenue:		
Rent	\$ -	\$ -
Expenses:		
Interest expense	-	-
Depreciation	-	-
Management fees	-	5,542
Donated facilities	-	-
Loss on QALICB disposal	-	101,458
	<u>-</u>	<u>107,000</u>
Total expenses		107,000
Change in net assets	<u>\$ -</u>	<u>\$ (107,000)</u>

14. Liquidity and Availability of Resources

The Foundation has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2021 and 2020, the Foundation's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 630,197	\$ 354,933
Receivables	7,740	34,273
Investments	72,533	368,234
	<u>710,470</u>	<u>757,440</u>
Less: Board designated funds	<u>-</u>	<u>-</u>
Financial assets available for general expenditure	<u>\$ 710,470</u>	<u>\$ 757,440</u>

15. Economic Uncertainties

The Foundation held its primary fundraising event virtually during the year ended June 30, 2021. The event is typically a significant source of revenue for the Foundation. The Foundation's management does not anticipate adverse impacts to the Foundation's future financial condition due to the ongoing COVID-19 coronavirus pandemic. However, as of the date of the independent auditor's report, there still exists certain economic uncertainties related to the COVID-19 coronavirus pandemic. These continuing uncertainties could negatively impact the Foundation's future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Subsequent Events

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

SUPPLEMENTARY INFORMATION

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021			
	Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 3,264,154	\$ -	\$ -	\$ 3,264,154
Prepaid expenses	48,342	-	-	48,342
Note receivable, current portion	22,665	-	-	22,665
Other receivables	31	-	-	31
Unconditional promises to give, current portion	103,040	-	-	103,040
Total current assets	3,438,232	-	-	3,438,232
Noncurrent assets				
Investments	20,283,342	-	-	20,283,342
Notes receivable, net of current portion	104,109	-	-	104,109
Unconditional promises to give, noncurrent, less allowance for uncollectible promises	68,456	-	-	68,456
Total noncurrent assets	20,455,907	-	-	20,455,907
Total assets	\$ 23,894,139	\$ -	\$ -	\$ 23,894,139

2020

Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
\$ 694,679	\$ -	\$ -	\$ 694,679
1,511	-	-	1,511
21,562	-	-	21,562
4,295	-	-	4,295
<u>129,389</u>	<u>-</u>	<u>-</u>	<u>129,389</u>
<u>851,436</u>	<u>-</u>	<u>-</u>	<u>851,436</u>
18,693,121	-	-	18,693,121
128,754	-	-	128,754
<u>126,791</u>	<u>-</u>	<u>-</u>	<u>126,791</u>
<u>18,948,666</u>	<u>-</u>	<u>-</u>	<u>18,948,666</u>
<u>\$ 19,800,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,800,102</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION, Continued
June 30, 2021 and 2020

	2021			
	Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 9,079	\$ -	\$ -	\$ 9,079
Deferred event revenue	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Total current liabilities	21,579	-	-	21,579
Noncurrent liabilities				
Obligations under split-interest agreements	<u>750,443</u>	<u>-</u>	<u>-</u>	<u>750,443</u>
Total liabilities	<u>772,022</u>	<u>-</u>	<u>-</u>	<u>772,022</u>
Net assets				
Without donor restrictions	750,223	-	-	750,223
With donor restrictions	<u>22,371,894</u>	<u>-</u>	<u>-</u>	<u>22,371,894</u>
Total net assets	<u>23,122,117</u>	<u>-</u>	<u>-</u>	<u>23,122,117</u>
Total liabilities and net assets	<u><u>\$ 23,894,139</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,894,139</u></u>

2020

Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
\$ 8,610	\$ -	\$ -	\$ 8,610
<u>40,500</u>	<u>-</u>	<u>-</u>	<u>40,500</u>
49,110	-	-	49,110
<u>672,765</u>	<u>-</u>	<u>-</u>	<u>672,765</u>
<u>721,875</u>	<u>-</u>	<u>-</u>	<u>721,875</u>
723,536	-	-	723,536
<u>18,354,691</u>	<u>-</u>	<u>-</u>	<u>18,354,691</u>
<u>19,078,227</u>	<u>-</u>	<u>-</u>	<u>19,078,227</u>
<u>\$ 19,800,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,800,102</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Lane Community College Foundation</u>			<u>Downtown Campus QALICB, LLC</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	<u>Total</u>
	Revenue and other support					
Donations	\$ 214,398	\$ 2,114,696	\$ 2,329,094	\$ -	\$ -	\$ 2,329,094
Change in split-interest agreements	-	(77,677)	(77,677)	-	-	(77,677)
Net investment income	2,388	186,966	189,354	-	-	189,354
Net realized and unrealized gains	19	3,673,119	3,673,138	-	-	3,673,138
Special project income	25,700	-	25,700	-	-	25,700
In-kind administrative contributions by LCC	302,188	-	302,188	-	-	302,188
In-kind program contributions	2,620	241,665	244,285	-	-	244,285
Administrative fee income	412,846	-	412,846	-	-	412,846
Other program income	20	8,299	8,319	-	-	8,319
Net assets released from restrictions	<u>2,129,865</u>	<u>(2,129,865)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue and other support	 <u>3,090,044</u>	 <u>4,017,203</u>	 <u>7,107,247</u>	 <u>-</u>	 <u>-</u>	 <u>7,107,247</u>
 Expenses						
Program services	1,713,786	-	1,713,786	-	-	1,713,786
Management and fundraising	<u>1,349,571</u>	<u>-</u>	<u>1,349,571</u>	<u>-</u>	<u>-</u>	<u>1,349,571</u>
 Total expenses	 <u>3,063,357</u>	 <u>-</u>	 <u>3,063,357</u>	 <u>-</u>	 <u>-</u>	 <u>3,063,357</u>
 Change in net assets	 26,687	 4,017,203	 4,043,890	 -	 -	 4,043,890
Net assets, beginning of year	<u>723,536</u>	<u>18,354,691</u>	<u>19,078,227</u>	<u>-</u>	<u>-</u>	<u>19,078,227</u>
 Net assets, end of year	 <u>\$ 750,223</u>	 <u>\$ 22,371,894</u>	 <u>\$ 23,122,117</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 23,122,117</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2020

	<u>Lane Community College Foundation</u>			<u>Downtown Campus QALICB, LLC</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	
Revenue and other support						
Donations	\$ 242,747	\$ 856,305	\$ 1,099,052	\$ -	\$ -	\$ 1,099,052
Change in split-interest agreements	-	152,507	152,507	-	-	152,507
Net investment income	31,079	170,292	201,371	-	-	201,371
Net realized and unrealized gains	-	351,140	351,140	-	-	351,140
Special project income	109,701	1,865	111,566	-	-	111,566
In-kind administrative contributions by LCC	294,993	-	294,993	-	-	294,993
In-kind program contributions	11,154	43,574	54,728	-	-	54,728
Administrative fee income	349,681	-	349,681	-	-	349,681
Other program income	-	6,053	6,053	-	-	6,053
Net assets released from restrictions	<u>2,380,994</u>	<u>(2,380,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue and other support	 <u>3,420,349</u>	 <u>(799,258)</u>	 <u>2,621,091</u>	 <u>-</u>	 <u>-</u>	 <u>2,621,091</u>
Expenses						
Program services	3,000,602	-	3,000,602	107,000	(985,000)	2,122,602
Management and fundraising	<u>1,338,120</u>	<u>-</u>	<u>1,338,120</u>	<u>-</u>	<u>-</u>	<u>1,338,120</u>
 Total expenses	 <u>4,338,722</u>	 <u>-</u>	 <u>4,338,722</u>	 <u>107,000</u>	 <u>(985,000)</u>	 <u>3,460,722</u>
Change in net assets	(918,373)	(799,258)	(1,717,631)	(107,000)	985,000	(839,631)
Net assets, beginning of year	<u>1,641,909</u>	<u>19,153,949</u>	<u>20,795,858</u>	<u>107,000</u>	<u>(985,000)</u>	<u>19,917,858</u>
Net assets, end of year	<u>\$ 723,536</u>	<u>\$ 18,354,691</u>	<u>\$ 19,078,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,078,227</u>