



**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2023 and 2022**



LANE COMMUNITY COLLEGE FOUNDATION  
FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lane Community College Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Lane Community College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lane Community College 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 Lane Community College Foundation's ability to continue as a going concern for a reasonable period of time.

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



Jones & Roth, P.C.  
Eugene, Oregon  
October 31, 2023

## FINANCIAL STATEMENTS

LANE COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,702,867	\$ 3,824,769
Prepaid expenses	58,670	41,651
Notes receivable, current portion	26,947	25,636
Other receivables	22,500	15
Unconditional promises to give, current portion	<u>1,033,686</u>	<u>88,480</u>
Total current assets	<u>2,844,670</u>	<u>3,980,551</u>
<b>Noncurrent assets</b>		
Investments	21,114,675	17,427,593
Notes receivable, net of current portion	51,029	78,210
Unconditional promises to give, noncurrent, less allowance for uncollectible promises and unamortized discount	<u>2,262,742</u>	<u>78,591</u>
Total noncurrent assets	<u>23,428,446</u>	<u>17,584,394</u>
<b>Total assets</b>	<u><u>\$ 26,273,116</u></u>	<u><u>\$ 21,564,945</u></u>

	<u>2023</u>	<u>2022</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 15,439	\$ 3,787
Deferred event revenue	<u>76,500</u>	<u>60,000</u>
Total current liabilities	91,939	63,787
<b>Noncurrent liabilities</b>		
Obligations under split-interest agreements	<u>620,633</u>	<u>601,961</u>
Total liabilities	<u>712,572</u>	<u>665,748</u>
<b>Net assets</b>		
Without donor restrictions	665,765	701,830
With donor restrictions	<u>24,894,779</u>	<u>20,197,367</u>
Total net assets	<u>25,560,544</u>	<u>20,899,197</u>
<b>Total liabilities and net assets</b>	<u>\$ 26,273,116</u>	<u>\$ 21,564,945</u>

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support</b>			
Donations	\$ 246,705	\$ 5,603,906	\$ 5,850,611
Change in split-interest agreements	-	(18,672)	(18,672)
Net investment income	59,075	280,272	339,347
Net realized and unrealized gains (losses)	-	1,306,218	1,306,218
Special project income	81,424	27,100	108,524
In-kind administrative contributions by LCC	399,308	-	399,308
In-kind contributions, equipment	-	107,937	107,937
In-kind contributions, auction items	19,732	-	19,732
In-kind contributions, other	1,445	33,453	34,898
Administrative fee income	167,032	-	167,032
Other program income	-	2,488	2,488
Net assets released from restrictions	<u>2,645,290</u>	<u>(2,645,290)</u>	<u>-</u>
 Total revenue and other support	 <u>3,620,011</u>	 <u>4,697,412</u>	 <u>8,317,423</u>
<b>Expenses</b>			
Program services	2,193,718	-	2,193,718
Management and fundraising	<u>1,462,358</u>	<u>-</u>	<u>1,462,358</u>
 Total expenses	 <u>3,656,076</u>	 <u>-</u>	 <u>3,656,076</u>
<b>Change in net assets</b>	(36,065)	4,697,412	4,661,347
Net assets, beginning of year	<u>701,830</u>	<u>20,197,367</u>	<u>20,899,197</u>
<b>Net assets, end of year</b>	<u>\$ 665,765</u>	<u>\$ 24,894,779</u>	<u>\$ 25,560,544</u>



2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 265,861	\$ 2,329,112	\$ 2,594,973
-	148,481	148,481
218	244,587	244,805
-	(2,803,230)	(2,803,230)
49,608	5,133	54,741
313,939	-	313,939
-	-	-
18,455	-	18,455
1,407	26,139	27,546
164,451	-	164,451
-	5,594	5,594
<u>2,130,343</u>	<u>(2,130,343)</u>	<u>-</u>
<u>2,944,282</u>	<u>(2,174,527)</u>	<u>769,755</u>
1,756,818	-	1,756,818
<u>1,235,857</u>	<u>-</u>	<u>1,235,857</u>
<u>2,992,675</u>	<u>-</u>	<u>2,992,675</u>
(48,393)	(2,174,527)	(2,222,920)
<u>750,223</u>	<u>22,371,894</u>	<u>23,122,117</u>
<u>\$ 701,830</u>	<u>\$ 20,197,367</u>	<u>\$ 20,899,197</u>

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

LANE COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,661,347	\$ (2,222,920)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized (gains) losses	(1,306,218)	2,803,230
Donations of investments	(753,814)	(697,028)
(Increase) decrease in:		
Prepaid expenses	(17,019)	6,691
Other receivables	(22,485)	16
Unconditional promises to give	(3,129,357)	4,425
Increase (decrease) in:		
Accounts payable	11,652	(5,292)
Deferred revenue	16,500	47,500
Obligations under split-interest agreements	18,672	(148,482)
	<u>(520,722)</u>	<u>(211,860)</u>
 <b>Cash flows from investing activities</b>		
Proceeds from sale of investments	7,853,725	7,427,257
Purchase of investments	(9,480,775)	(6,677,710)
Collection of principal on notes receivable	25,870	22,928
	<u>(1,601,180)</u>	<u>772,475</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	 (2,121,902)	 560,615
 Cash and cash equivalents, beginning of year	 <u>3,824,769</u>	 <u>3,264,154</u>
 <b>Cash and cash equivalents, end of year</b>	 <u>\$ 1,702,867</u>	 <u>\$ 3,824,769</u>

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 For the Years Ended June 30, 2023 and 2022

	2023		
	Program Services	Management and Fundraising	Total
Scholarships	\$ 1,223,794	\$ -	\$ 1,223,794
Grants	58,626	-	58,626
Awards and stipends	1,961	-	1,961
Special project expense	-	154,382	154,382
Personnel expenses	106,807	481,906	588,713
Personnel expenses provided by LCC	-	399,308	399,308
Administrative fee expense	-	167,123	167,123
Other office expenses	-	185,905	185,905
Faculty support	315,085	-	315,085
Program support	155,514	-	155,514
Buildings and improvements support	76,169	-	76,169
Other program expenses	114,372	-	114,372
Payments to grantors	-	73,734	73,734
Distribution of in-kind contributions	141,390	-	141,390
	<u>\$ 2,193,718</u>	<u>\$ 1,462,358</u>	<u>\$ 3,656,076</u>
Total functional expenses	<u>\$ 2,193,718</u>	<u>\$ 1,462,358</u>	<u>\$ 3,656,076</u>

2022		
Program Services	Management and Fundraising	Total
\$ 919,487	\$ -	\$ 919,487
24,629	-	24,629
3,265	-	3,265
-	77,624	77,624
146,806	458,393	605,199
-	313,939	313,939
-	164,540	164,540
-	141,674	141,674
256,082	-	256,082
164,545	-	164,545
196,559	-	196,559
19,306	-	19,306
-	79,687	79,687
26,139	-	26,139
<u>\$ 1,756,818</u>	<u>\$ 1,235,857</u>	<u>\$ 2,992,675</u>

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO 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.

**Basis of Accounting**

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

**Cash and Cash Equivalents**

For the purposes of the 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 has 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 accounts may exceed the federally insured limits. At June 30, 2023 and 2022, the Foundation had \$141,828 and \$57,104 in excess of federally insured limits, respectively.

**Concentrations of Receivables**

Approximately 90 percent and 60 percent of the Foundation's receivables were due from two and three individuals or businesses as of June 30, 2023 and 2022, respectively.

**Investments**

Investments are carried at market value, and realized and unrealized gains and losses are reflected in the 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.

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

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

**Concentration of Revenues**

During the years ended June 30, 2023 and 2022, contributions from a single donor respectively made up approximately 37 and 14 percent of total revenues, excluding unrealized loss on investments.

**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, 2023 and 2022.

**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 4.2 percent and 3.6 percent for the years ended June 30, 2023 and 2022, respectively, 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 on the statements of activities. The net revaluation of split-interest agreements as of June 30, 2023 and 2022, was (\$18,672) and \$148,481, 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.

**Advertising Expenses**

Advertising expenses are expensed when incurred. Advertising costs totaled \$5,518 and \$6,681 for the years ended June 30, 2023 and 2022, respectively.

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

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

**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.

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.

**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 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.

**Use of Estimates**

The preparation of 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 financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

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

**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.

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

*Support Services* – Management, general, and fundraising expenses.

**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.

**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.

**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.

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

	<u>2023</u>	<u>2022</u>
Money market/cash management accounts	\$ 2,063,084	\$ 578,673
Certificates of Deposit	1,000,000	-
U.S. Government and Agency bonds and obligations	1,990,091	1,959,356
Equity securities	12,266,125	11,102,795
Corporate bonds	1,758,840	1,972,277
Other fixed income	<u>2,036,535</u>	<u>1,814,492</u>
Total investments	<u>\$ 21,114,675</u>	<u>\$ 17,427,593</u>



LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

**2. Investments, continued**

Donor restricted investment income has been reduced by investment expense of \$104,450 and \$98,883 for the years ended June 30, 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Net realized gains (losses)	\$ (166,111)	\$ 1,125,305
Net unrealized gains (losses)	<u>1,472,329</u>	<u>(3,928,535)</u>
	<u>\$ 1,306,218</u>	<u>\$ (2,803,230)</u>

**3. Notes Receivable**

At June 30, notes receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Promissory note, HUD, interest at 4.89%, monthly payments of \$2,087 plus property taxes until 2025, secured by real estate.	\$ 38,591	\$ 61,023
Promissory note, individual, interest at 5.00%, monthly payments of \$455 plus property taxes, due March 2032, secured by trust deed.	<u>39,385</u>	<u>42,823</u>
	77,976	103,846
Current portion	<u>(26,947)</u>	<u>(25,636)</u>
Notes receivable, net of current portion	<u>\$ 51,029</u>	<u>\$ 78,210</u>

All notes receivable are considered fully collectible.

**4. Unconditional Promises to Give**

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

	<u>2023</u>	<u>2022</u>
Without donor restrictions	\$ 30,725	\$ 38,719
With donor restrictions (purpose restrictions)	3,584,115	128,101
With donor restrictions (perpetual restrictions)	<u>4,150</u>	<u>8,000</u>
	3,618,990	174,820
Allowance for uncollectible promises to give	(54,285)	(2,621)
Unamortized discount	<u>(268,277)</u>	<u>(5,128)</u>
Unconditional promises to give, net	<u>\$ 3,296,428</u>	<u>\$ 167,071</u>
Amounts due in:		
Less than one year	\$ 1,033,686	\$ 88,480
One to five years	<u>2,585,304</u>	<u>86,340</u>
	<u>\$ 3,618,990</u>	<u>\$ 174,820</u>

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

**4. Unconditional Promises to Give, continued**

The unconditional promises to give unamortized discount has been discounted using rates of 3.23 percent and 1.95 percent for the years ended June 30, 2023 and 2022, respectively.

**5. Net Assets with Donor Restrictions**

Net assets with purpose or time restrictions at June 30, 2023 and 2022, in the amount of \$10,576,876 and \$6,881,235, respectively, consisted of tuition scholarships, student support, and other program services.

Net assets with perpetual restrictions at June 30, 2023 and 2022, in the amount of \$14,317,904 and \$13,316,132, 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:

	2023	2022
With donor restrictions:		
Purpose or time restrictions	\$ 2,105,566	\$ 1,629,742
Perpetual restrictions	14,317,904	13,316,132
Total Endowment Fund	\$ 16,423,470	\$ 14,945,874

A summary of Endowment Fund activity was as follows:

	2023	2022
Balance, July 1	\$ 14,945,874	\$ 17,141,909
Contributions	991,322	778,705
Appropriated expenditures	(960,440)	(918,996)
Investment returns:		
Net unrealized gain(losses) on endowment	1,254,836	(3,460,626)
Net return on endowment investments	191,878	1,404,882
Investment returns	1,446,714	(2,055,744)
Other revenue	-	-
Balance, June 30	\$ 16,423,470	\$ 14,945,874

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

**7. Special Projects**

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

	<u>2023</u>	<u>2022</u>
Project income	\$ 108,524	\$ 54,741
Project in-kind income	19,732	18,455
Project expenses	<u>(154,382)</u>	<u>(77,624)</u>
Special projects, net	<u>\$ (26,126)</u>	<u>\$ (4,428)</u>

**8. In-kind Contributions**

The Foundation's financial statements include the following contributions of nonfinancial assets:

**Administrative Contributions by LCC**

The Foundation receives donated professional services from LCC that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value, and are expensed, when the services are rendered. The fair value of these services is estimated by LCC using staff hourly wages.

**Equipment**

Equipment is regularly donated restricted for use in LCC's vocational programs. These donations are recognized as in-kind contributions at fair value determined by the donor with a corresponding expense allocated to the programs benefitted as they are used.

**Auction Items**

The Foundation receives donated items to be auctioned off during annual fundraising events. The donated items are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the programs benefitted. The valuation of these items is determined by the donor.

**Other**

Other in-kind contributions consist primarily of supplies and other items to be used for various LCC programs. These items are recognized as in-kind contributions at fair value, with a corresponding expense as they are used. The valuation of these items is determined by the donor. During the year ended June 30, 2022 and 2021, the Foundation received \$26,139 and \$16,665, respectively, of other in-kind contributions with donor-imposed restrictions.

The Foundation received the following in-kind contributions during the year ended June 30:

	<u>2023</u>	<u>2022</u>
Administrative contributions by LCC	\$ 399,308	\$ 313,939
Equipment	107,937	-
Auction items	19,732	18,455
Other	<u>34,898</u>	<u>27,546</u>
Total nonfinancial in-kind contributions	<u>\$ 561,875</u>	<u>\$ 359,940</u>

LANE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

**9. Split-interest Agreements**

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

	2023	2022
Investments held under split-interest agreements	<u>\$ 1,337,397</u>	<u>\$ 1,306,383</u>

**10. Net Assets Released from Restrictions**

During 2023 and 2022, net assets in the amount of \$2,645,290 and \$2,130,343, 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:

	2023	2022
Gift amount	\$ 10,168	\$ 10,168
Realized and unrealized gains	(74)	372
Estimated annuity liability	<u>(5,882)</u>	<u>(7,188)</u>
Present value of charitable gift, net	<u>\$ 4,212</u>	<u>\$ 3,352</u>

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:

	2023	2022
Gift amount	\$ 20,000	\$ 20,000
Realized and unrealized gains(losses)	(3,364)	(3,181)
Estimated annuity liability	<u>(6,531)</u>	<u>(7,740)</u>
Present value of charitable gift, net	<u>\$ 10,105</u>	<u>\$ 9,079</u>

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## 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.

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**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, 2023			
	Level 1	Level 2	Level 3	Total
Investments	\$ 17,997,771	\$ -	\$ 866,904	\$ 18,864,675

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments	\$ 16,818,269	\$ -	\$ 609,324	\$ 17,427,593

The changes in valuation of Level 3 assets using significant unobservable inputs are as follows:

	2023	2022
Balance, July 1	\$ 609,234	\$ -
Contributions	282,533	468,180
Investment returns:		
Net unrealized gain (losses) on endowment	4,075	11,738
Net return on endowment investments	10,231	153,587
Investment returns	14,306	165,325
Other revenue (expenses)	(39,189)	(24,271)
Balance, June 30	\$ 866,904	\$ 609,234

Level 3 investments include investments in a fund that holds non-publicly traded Investment Partnerships. The fund is measured at the quoted value provided by the third-party fund manager but there are significant delays in the valuation being provided to the Foundation. The last valuation date of the fund was March 31, 2023. The balance at June 30, 2023 includes the March 31, 2023 valuation as well as any transfers in or out of the fund initiated by the Foundation between that date and June 30, 2023.

**13. 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, 2023 and 2022, the Foundation's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2023	2022
Cash and cash equivalents	\$ 545,727	\$ 608,458
Receivables	52,764	38,154
Investments	68,901	62,722
	667,392	709,334
Less: Board designated funds	-	-
Financial assets available for general expenditure	\$ 667,392	\$ 709,334

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**14. Subsequent Events**

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