

**LOWER COLUMBIA
COLLEGE FOUNDATION**

Audited Financial Statements

June 30, 2025 and 2024

LOWER COLUMBIA COLLEGE FOUNDATION

Audited Financial Statements

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AUDITED FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors
Lower Columbia College Foundation
Longview, Washington

Opinion

We have audited the financial statements of Lower Columbia College Foundation (a nonprofit Foundation) (the "Foundation"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

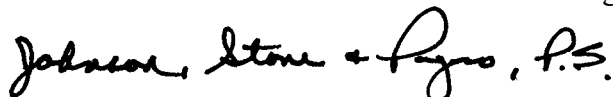
Auditor's Responsibilities for the Audit of the Financial Statements

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

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

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



JOHNSON, STONE & PAGANO, P.S.
Fircrest, Washington

December 2, 2025

AUDITED FINANCIAL STATEMENTS

LOWER COLUMBIA COLLEGE FOUNDATION**STATEMENTS OF FINANCIAL POSITION**

June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,287,722	\$ 17,319	\$ 3,305,041
Promises to give, net	770,300	929,714	1,700,014
Investments	2,964,919	29,285,158	32,250,077
Prepaid expenses	2,082		2,082
Real estate held for sale		835,171	835,171
Vehicles held for resale	17,227		17,227
Property and equipment, net	14,710		14,710
TOTAL ASSETS	\$ 7,056,960	\$ 31,067,362	\$ 38,124,322
<u>LIABILITIES AND NET ASSETS</u>			
Accounts payable	\$ 147,241		\$ 147,241
Total Liabilities	147,241		147,241
NET ASSETS			
Without donor restrictions			
Undesignated	6,510,495		6,510,495
Board-designated for endowments	399,224		399,224
With donor restrictions			
Purpose, time or perpetual restrictions for the College		\$ 3,950,873	3,950,873
Purpose restricted for endowments		7,130,483	7,130,483
Perpetually restricted for endowments		19,986,006	19,986,006
Total Net Assets	6,909,719	31,067,362	37,977,081
TOTAL LIABILITIES AND NET ASSETS	\$ 7,056,960	\$ 31,067,362	\$ 38,124,322

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

LOWER COLUMBIA COLLEGE FOUNDATION**STATEMENTS OF FINANCIAL POSITION (Continued)**

June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,320,556		\$ 2,320,556
Promises to give, net	969,082	\$ 1,160,050	2,129,132
Investments	2,659,203	26,516,560	29,175,763
Prepaid expenses	985		985
Real estate held for sale		230,000	230,000
Vehicles held for resale	18,869		18,869
Property and equipment, net	24,200		24,200
TOTAL ASSETS	\$ 5,992,895	\$ 27,906,610	\$ 33,899,505
<u>LIABILITIES AND NET ASSETS</u>			
Accounts payable	\$ 69,126		\$ 69,126
Total Liabilities	69,126		69,126
NET ASSETS			
Without donor restrictions			
Undesignated	5,524,545		5,524,545
Board-designated for endowments	399,224		399,224
With donor restrictions			
Purpose, time or perpetual restrictions for the College		\$ 3,475,233	3,475,233
Purpose restricted for endowments		5,182,756	5,182,756
Perpetually restricted for endowments		19,248,621	19,248,621
Total Net Assets	5,923,769	27,906,610	33,830,379
TOTAL LIABILITIES AND NET ASSETS	\$ 5,992,895	\$ 27,906,610	\$ 33,899,505

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

LOWER COLUMBIA COLLEGE FOUNDATION**STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions			
Individuals	\$ 360,536	\$ 1,579,111	\$ 1,939,647
In-kind	901,211		901,211
Net investment income	120,574	3,429,094	3,549,668
Special events income	13,078	18,725	31,803
Vending machine income	23,152		23,152
Rent income	25,000		25,000
Sale of assets	1,810		1,810
Net assets released from restrictions	<u>1,866,178</u>	<u>(1,866,178)</u>	
Total Revenue and Support	3,311,539	3,160,752	6,472,291
EXPENSES			
Program	1,872,111		1,872,111
Management and general	293,652		293,652
Fundraising	<u>159,826</u>		<u>159,826</u>
Total Expenses	<u>2,325,589</u>		<u>2,325,589</u>
CHANGE IN NET ASSETS	985,950	3,160,752	4,146,702
Net Assets at Beginning of Year	<u>5,923,769</u>	<u>27,906,610</u>	<u>33,830,379</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,909,719</u>	<u>\$ 31,067,362</u>	<u>\$ 37,977,081</u>

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

LOWER COLUMBIA COLLEGE FOUNDATION**STATEMENTS OF ACTIVITIES (Continued)**

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions			
Individuals	\$ 1,575,221	\$ 5,395,265	\$ 6,970,486
In-kind	570,497		570,497
Net investment income	362,220	2,691,184	3,053,404
Special events income	2,575	13,935	16,510
Vending machine income	24,902		24,902
Net assets released from restrictions	<u>1,571,367</u>	<u>(1,571,367)</u>	
Total Revenue and Support	4,106,782	6,529,017	10,635,799
EXPENSES			
Program	1,760,911		1,760,911
Management and general	274,999		274,999
Fundraising	<u>128,431</u>		<u>128,431</u>
Total Expenses	<u>2,164,341</u>		<u>2,164,341</u>
CHANGE IN NET ASSETS	1,942,441	6,529,017	8,471,458
Net Assets at Beginning of Year	<u>3,981,328</u>	<u>21,377,593</u>	<u>25,358,921</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,923,769</u>	<u>\$ 27,906,610</u>	<u>\$ 33,830,379</u>

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

LOWER COLUMBIA COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Support	Management and General	Fundraising	Totals
Scholarships	\$ 716,909			\$ 716,909
Grants	123,885			123,885
College support	733,899			733,899
Equipment contributed to the College	3,993			3,993
Art contributed to the College	100			100
Salaries	194,797	\$ 177,603	\$ 104,176	476,576
Office expenses	88,983	22,152	297	111,432
Special event direct costs			27,260	27,260
Donor recognition			19,938	19,938
In-kind rent expense	5,169	11,992	3,515	20,676
Professional services		25,300		25,300
Advertising	4,376	1,094	45	5,515
Software		42,123		42,123
Insurance		5,647		5,647
Bad debts			4,595	4,595
Depreciation		7,741		7,741
TOTAL EXPENSES	\$ <u>1,872,111</u>	\$ <u>293,652</u>	\$ <u>159,826</u>	\$ <u>2,325,589</u>

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

LOWER COLUMBIA COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2024

	Program Support	Management and General	Fundraising	Totals
Scholarships	\$ 571,041			\$ 571,041
Grants	108,194			108,194
College support	769,372			769,372
Equipment contributed to the College	59,801			59,801
Art contributed to the College	1,000			1,000
Salaries	179,642	\$ 166,753	\$ 94,019	440,414
Office expenses	62,369	15,625	286	78,280
Special event direct costs			21,189	21,189
Donor recognition			9,446	9,446
In-kind rent expense	5,068	11,757	3,446	20,271
Professional services		23,100		23,100
Advertising	4,424	1,106	45	5,575
Software		41,588		41,588
Insurance		3,580		3,580
Depreciation		11,490		11,490
TOTAL EXPENSES	\$ <u>1,760,911</u>	\$ <u>274,999</u>	\$ <u>128,431</u>	\$ <u>2,164,341</u>

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

LOWER COLUMBIA COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,146,702	\$ 8,471,458
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	7,741	11,490
Donated securities	(319,003)	(162,000)
Donated land and equipment	(605,170)	(237,000)
Gain on sale of assets	(1,810)	
Allowance for credit losses	(2,369)	
Discount on pledges		22,621
Amortization of discounts	(27,337)	
Reinvested earnings	(60,411)	(859,919)
Contributions restricted for long-term purposes	(410,085)	(4,504,446)
Unrealized and realized gains on investments	(2,673,387)	(2,336,597)
Change in assets and liabilities		
(Increase) decrease in promises to give	458,824	(896,733)
Increase in prepaid expenses	(1,097)	(68)
Increase in accounts payable	78,115	5,901
Net Cash Provided (Used) by Operating Activities	<u>590,713</u>	<u>(485,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,996,212)	(20,131,894)
Proceeds from sale of investments	5,974,699	16,740,267
Proceeds from sale of property and equipment	5,200	
Net Cash Used by Investing Activities	<u>(16,313)</u>	<u>(3,391,627)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	<u>410,085</u>	<u>4,504,446</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	984,485	627,526
Cash and Cash Equivalents at Beginning of Year	<u>2,320,556</u>	<u>1,693,030</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,305,041</u>	<u>\$ 2,320,556</u>

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

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation

The Lower Columbia College Foundation (the "Foundation"), a not-for-profit corporation established in the state of Washington, operates in support of Lower Columbia College (the "College"). The Foundation is dedicated to providing a conduit for private support of the College through scholarship endowments, program grants and similar types of support. The following is a summary of the significant accounting policies applied by management in the preparation of these financial statements.

Basis of Accounting

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

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time and net assets subject to donor-imposed stipulations that are to be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all, or part, of the income earned on any related investments for general or specific purposes. The Foundation requires a minimum contribution of \$25,000 to establish a new endowment fund.

Revenue Recognition

Contributions and promises to give, including unconditional promises to give, are recognized as revenues in the period received.

Unconditional promises to give that extend beyond one year are recorded at net present value, which approximates fair value, net of an allowance for credit losses. The allowance for credit losses is determined based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Conditional promises to give are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a temporary restriction expires, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Interest income, realized and unrealized gains or losses on investments, are recognized when earned or incurred. Dividend income is recorded when received.

Contributions of assets other than cash are recorded at their estimated fair value on the date of the gift. The Foundation receives a wide array of gifts for the different College programs, including vehicles, consumable materials and supplies and artwork. Non-cash donations with estimated values of \$500 or less are passed on to the College. Donations with estimated values greater than \$500 follow IRS guidelines for valuation and disposal.

In-kind Materials and Services

The Foundation has an agreement with Lower Columbia College to seek to accrue contributions, gifts, bequests, etc. for the benefit of the College and to provide management of those resources. In exchange, the Foundation receives office space and certain employee services required for its operations. These items are recorded as in-kind contributions, in-kind rent expense and payroll expenses in the Foundation's financial statements. In-kind rent and services received from the College totaled \$297,196 and \$275,271 for the years ended June 30, 2025 and 2024, respectively.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all unrestricted highly liquid financial instruments with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Net gains and losses on investments include realized and unrealized gains and losses. Unrealized gains and losses result from changes in the fair value of the investments. Investments consist of open-end mutual funds and exchange traded funds registered as investment companies with fair value based upon daily quoted prices. Capital gains or losses on sale of investments are calculated using the average cost method.

Net investment income (defined as dividends, interest, net realized and unrealized gains and losses on investments, capital gains and net of investment management fees) is reported as follows:

- As increases or decreases in net assets with donor restrictions if the terms of the underlying endowment funds designate the purpose for specific departments, programs or otherwise stipulated by the donor.
- As increases or decreases in net assets without donor restrictions if the terms of the underlying individual endowment funds and gifts are board-designated.

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

- As increases or decreases in net assets without donor restrictions if the terms of the underlying individual funds and gifts are not endowed or restricted for specific purposes.

Vehicles Held for Resale

Vehicles held for resale consist of donated vehicles the Foundation intends to sell. Donor gifts of vehicles are recorded at the donor's estimate of fair value of the vehicle at the time of the gift. If no value is provided, the Foundation estimates the fair value using available information. Vehicles held for resale are not depreciated. Proceeds from the sale of vehicles are distributed to the College for use in various programs and in accordance with the intent of the donor.

Real Estate Held for Resale

Real Estate held for resale consist of donated real estate the Foundation intends to sell. The Foundation receives an appraisal from a third-party appraiser to assess the fair value of the real estate at the time of the gift. Real estate held for resale is not depreciated. Proceeds from the sale of real estate are distributed to the College for use in various programs and in accordance with the intent of the donor.

Property and Equipment

The Foundation accepts contributions of non-cash items in the form of personal property. Carrying values are generally determined by the donor's estimate of fair value at the time of the gift. If no value is provided, the Foundation estimates the fair value using available information. At the financial statement date, donated property and equipment consisted of various equipment. The Foundation has granted the College the right to use the equipment items as teaching aids as applicable. Items used as teaching aids are depreciated using the straight-line method over the estimated useful lives of the related assets, which is usually five years. Upon disposition of the equipment, proceeds are distributed to the College for use in various programs and in accordance with the intent of the donor.

Taxes

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to income taxes on any net income derived from a trade or business, regularly carried on and not in furtherance of the purposes for which it was granted exemption.

Advertising

The Foundation expenses advertising costs as they are incurred. Advertising costs totaled \$5,515 and \$5,575 for the years ended June 30, 2025 and 2024, respectively.

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk

The Foundation maintains deposits with financial institutions and with investment companies that may exceed federal depository insurance or security investor protection limits or are not insured. The Foundation makes such investments with high credit quality entities and has not incurred any credit related losses.

Investments in general are subject to risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that change in the value of investment securities will occur in the near term and that such changes could materially affect the amounts in the financial statements.

Estimates

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

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The Foundation has evaluated subsequent events through December 2, 2025, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are comprised of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,305,041	\$ 2,320,556
Promises to give, receivable in less than one year	717,471	746,833
Investments	<u>32,250,077</u>	<u>29,175,763</u>
	36,272,589	32,243,152

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

	<u>2025</u>	<u>2024</u>
Less financial assets with restrictions and designations		
Board-designated investments	\$ 399,224	\$ 399,224
Promises to give, time or purpose restricted	717,471	746,833
Investments with purpose restrictions	9,393,772	7,267,939
Financial assets to be held in perpetuity	<u>19,986,006</u>	<u>19,248,621</u>
	<u>30,496,473</u>	<u>27,662,617</u>
 Total Financial Assets Available for General Use	 \$ <u>5,776,116</u>	 \$ <u>4,580,535</u>

The Foundation's investment funds consist of donor-restricted and board-designated endowment funds. Although the Foundation does not intend to spend from its board-designated endowment (other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances with banks, and money market funds with trust companies. Cash balances in banks are insured under the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. Investments, including cash, are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, with a \$250,000 limit for cash held in SIPC insured accounts. Cash and investment balances exceed FDIC and SIPC insured limits.

NOTE 4 - PROMISES TO GIVE

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

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 717,471	\$ 746,833
Receivable in one to five years	1,023,274	1,450,736
Receivable over five years	<u>2,000</u>	<u>2,000</u>
	<u>1,740,745</u>	<u>2,199,569</u>
 Less allowance for credit losses	 4,078	 6,447
Less discount to present value	<u>36,653</u>	<u>63,990</u>
 Promises to Give, net	 \$ <u>1,700,014</u>	 \$ <u>2,129,132</u>

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 5 - INVESTMENTS

Investments are classified as follows for June 30:

	<u>2025</u>	<u>2024</u>
Without donor restriction	\$ 2,964,919	\$ 2,659,203
With donor restriction	<u>29,285,158</u>	<u>26,516,560</u>
	<u>\$ 32,250,077</u>	<u>\$ 29,175,763</u>

Net investment income is comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Unrealized and realized gain	\$ 2,673,387	\$ 2,336,597
Dividends, interest and capital gains	1,008,332	823,488
Investment fees	<u>(132,051)</u>	<u>(106,681)</u>
	<u>\$ 3,549,668</u>	<u>\$ 3,053,404</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of fair value hierarchy are as follows:

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Level 3 inputs are based on the Foundation's own assumptions on how knowledgeable parties would price assets or liabilities and are developed using the best information available in the circumstances.

Fair values of assets measured on a recurring basis at June 30, are as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements</u>		
		<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2025</u>				
Bond mutual funds	\$ 13,350,731	\$ 13,350,731		
Equity mutual funds	<u>18,899,346</u>	<u>18,899,346</u>	<u> </u>	<u> </u>
Total Investments	<u>\$ 32,250,077</u>	<u>\$ 32,250,077</u>	<u>\$ </u>	<u>\$ </u>

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

		Fair Value Measurements		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2024				
Bond mutual funds	\$ 12,951,991	\$ 12,951,991		
Equity mutual funds	<u>16,223,772</u>	<u>16,223,772</u>		
Total Investments	\$ <u>29,175,763</u>	\$ <u>29,175,763</u>	\$ _____	\$ _____

Investments in open-end mutual funds and exchange traded funds are valued at the closing net asset value per share ("NAV") of each underlying fund as reported on each business day.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of equipment used in teaching totaling \$80,950 and \$108,430, respectively, net of accumulated depreciation of \$66,240 and \$84,230 as of June 30, 2025 and 2024, respectively.

NOTE 8 - ENDOWMENT FUNDS

The net asset classification of donor-restricted endowment funds for a not-for-profit is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). Disclosures about donor-restricted endowment funds are required.

The Foundation's endowment consists of individual donor-restricted funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the enacted version of UPMIFA as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions a) the original value of the gifts donated to the endowment in perpetuity, b) the original value of subsequent gifts to the endowment in perpetuity and c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 8 - ENDOWMENT FUNDS (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restriction for perpetual duration is classified as net assets with donor restriction for time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The investment policies of the Foundation.

Investment Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that seek the growth of funds so that the principal can build value while providing a predictable stream of funding to programs supported by its endowment funds.

Strategies Employed for Achieving Objectives

The performance objective is to preserve and enhance the purchasing and earning power of the funds by seeking an annual real rate of return of 4% or total return of Consumer Price Index, plus 4%. This objective shall be measured over the long-term, 10 - 15-year time frame, with the intent to preserve over time the principal value of the assets as measured in real inflation adjusted terms. To achieve its long-term rate of return objectives, the Foundation relies on an active strategic asset allocation strategy. Total return is achieved through both capital appreciation and current yield. Investments are diversified among mutual funds comprised of U.S. and international issues, including equities, bonds, multi-asset pooled portfolios and alternative investments.

Funds with Deficiencies (Underwater Endowments)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. At the years ended June 30, 2025 and 2024, the fair value of the investments exceeded the Foundations endowment funds' original gift amount.

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 8 - ENDOWMENT FUNDS (Continued)

Spending Policy

The Foundation's endowment spending policy aims to preserve the purchasing power of the endowment. 4% of a three-year rolling average of the value of the endowment may be used to support the fund's purpose for the following academic year. An additional 2% may be transferred to the operating fund for an administrative fee. No assets shall be appropriated for spending whenever the current value of an endowment gift is less than the historic gift amount.

Endowment funds include specific amounts received from outside donors and from donations received from others, income generated thereon, restricted for a purpose or for a period of time, and funds subsequently designated by the Foundation.

Endowment net asset composition by type of fund as of June 30, 2025, is as follows:

	Without Donor Restriction - Board- Designated	<u>With Donor Restriction</u>		
		For Time or Purpose	For Perpetual Duration	Total
Cash and cash equivalents	\$ 269,178			\$ 269,178
Investments	<u>130,046</u>	<u>\$ 7,130,483</u>	<u>\$ 19,986,006</u>	<u>27,246,535</u>
	<u>\$ 399,224</u>	<u>\$ 7,130,483</u>	<u>\$ 19,986,006</u>	<u>\$ 27,515,713</u>

Changes in endowment funds for the years ended June 30, 2025, are as follows:

	Without Donor Restrictions - Board- Designated	<u>With Donor Restrictions</u>		
		For Time or Purpose	For Perpetual Duration	Total
Endowment Net Assets at Beginning of Year 2024	\$ 399,224	\$ 5,182,756	\$ 19,248,621	\$ 24,830,601
Net investment income		2,936,552		2,936,552
Contributions			410,085	410,085
Distributions per spending policy		(397,292)		(397,292)
Board approved distributions		(264,233)		(264,233)
Net assets released, designated or transferred	<u> </u>	<u>(327,300)</u>	<u>327,300</u>	<u> </u>
Endowment Net Assets at End of Year 2025	<u>\$ 399,224</u>	<u>\$ 7,130,483</u>	<u>\$ 19,986,006</u>	<u>\$ 27,515,713</u>

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 8 - ENDOWMENT FUNDS (Continued)

Endowment net asset composition by type of fund as of June 30, 2024, is as follows:

	Without Donor Restrictions - Board- Designated	<u>With Donor Restrictions</u>		
		For Time or Purpose	For Perpetual Duration	Total
Cash and cash equivalents	\$ 269,178			\$ 269,178
Investments	<u>130,046</u>	<u>\$ 5,182,756</u>	<u>\$ 19,248,621</u>	<u>24,561,423</u>
	<u>\$ 399,224</u>	<u>\$ 5,182,756</u>	<u>\$ 19,248,621</u>	<u>\$ 24,830,601</u>

Changes in endowment funds for the years ended June 30, 2024, are as follows:

	Without Donor Restrictions - Board- Designated	<u>With Donor Restrictions</u>		
		For Time or Purpose	For Perpetual Duration	Total
Endowment Net Assets at Beginning of Year 2023	\$ 399,224	\$ 3,407,100	\$ 14,933,503	\$ 18,739,827
Net investment income		2,544,582	5,572	2,550,154
Contributions		237	4,504,446	4,504,683
Distributions per spending policy		(216,945)		(216,945)
Board approved distributions		(747,118)		(747,118)
Net assets released, designated or transferred	<u> </u>	<u>194,900</u>	<u>(194,900)</u>	<u> </u>
Endowment Net Assets at End of Year 2024	<u>\$ 399,224</u>	<u>\$ 5,182,756</u>	<u>\$ 19,248,621</u>	<u>\$ 24,830,601</u>

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 9 - NET ASSETS

Net assets with donor restrictions as of June 30, 2025, consisted of the following:

	Restricted For Time or Purpose	Restricted in Perpetuity	Total
Student services	\$ 4,195,930	\$ 10,300,315	\$ 14,496,245
Exceptional faculty award	1,372,175	650,824	2,022,999
Instruction	2,020,826	3,902,546	5,923,372
Facilities	1,149,305	69,900	1,219,205
Resource development	2,044,811	5,112,522	7,157,333
Campaign	<u>248,208</u>		<u>248,208</u>
Total Net Assets	\$ <u>11,031,255</u>	\$ <u>20,036,107</u>	\$ <u>31,067,362</u>

Net assets with donor restrictions as of June 30, 2024, consisted of the following:

	Restricted For Time or Purpose	Restricted in Perpetuity	Total
Student services	\$ 3,213,268	\$ 9,962,114	\$ 13,175,382
Exceptional faculty award	1,188,338	650,825	1,839,163
Instruction	1,617,986	3,887,546	5,505,532
Facilities	1,024,214	45,100	1,069,314
Resource development	1,048,614	5,080,437	6,129,051
Campaign	<u>188,168</u>		<u>188,168</u>
Total Net Assets	\$ <u>8,280,588</u>	\$ <u>19,626,022</u>	\$ <u>27,906,610</u>

NOTE 10 - EXCEPTIONAL FACULTY AWARDS

The State of Washington has provided funds to community colleges and their foundations that can be used to provide financial awards to deserving faculty members. These grants require that a matching amount be provided by the college or foundation. The Foundation has accepted state grants toward this purpose, and the Board of Directors has designated net assets without donor restrictions to be used to match the state grants. The total funds restricted by donors or designated by the Foundation for exceptional faculty awards are shown below:

LOWER COLUMBIA COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 10 - EXCEPTIONAL FACULTY AWARDS (Continued)

	<u>2025</u>	<u>2024</u>
Without donor restrictions - board-designated	\$ 399,224	\$ 399,224
Donor restriction by the State of Washington	650,000	650,000
Donor restrictions by other donors	<u>250,825</u>	<u>250,825</u>
	\$ <u>1,300,049</u>	\$ <u>1,300,049</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The Foundation owed the College \$146,966 and \$69,126 as of June 30, 2025 and 2024, respectively. The majority of the amounts due are related to program support.

During the years ended June 30, 2025 and 2024, the Foundation provided \$840,794 and \$679,235, respectively, to the College for student scholarships and grants.

The Foundation receives contributed support under a support services agreement with the College. During the years ended June 30, 2025 and 2024, the College provided \$276,520 and \$255,000, respectively, to the Foundation under the support services agreement which are included in revenues and support and expenses in the accompanying statements of activities.

During the years ended June 30, 2025 and 2024, the Foundation received \$2,867 and \$88,550, respectively, in cash contributions and in-kind support from Foundation board members and related entities.

NOTE 12 - FUNCTIONALIZED EXPENSES

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 salaries, administrative expenses and advertising, which are allocated on the basis of management's estimates of time and effort.