

**SAN BERNARDINO VALLEY
COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)**

**Financial Statements
with
Independent Auditors' Report**

**For the Year Ended
June 30, 2025**

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Independent Auditors' Report

To the Board of Directors
San Bernardino Valley College Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of San Bernardino Valley College Foundation (a California nonprofit public benefit corporation) (the Foundation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 San Bernardino Valley College Foundation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Bernardino Valley College Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 San Bernardino Valley 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 San Bernardino Valley 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 San Bernardino Valley 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, on our consideration of San Bernardino Valley College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Bernardino Valley College Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Bernardino Valley College Foundation's internal control over financial reporting and compliance.

Spafford & Landry, Inc.

March 24, 2026

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Statement of Financial Position

June 30, 2025

ASSETS

Current assets

Unrestricted cash and cash equivalents	\$ 1,721,219
Receivables	
Grants receivable	20,500
Prepaid expenses	<u>83,307</u>
Total current assets	<u>1,825,026</u>

Noncurrent assets

Investments - unrestricted	373,387
Investments - restricted	6,329,876
Beneficial interest in assets held at the Foundation for CA Community Colleges	<u>328,086</u>
	<u>7,031,349</u>

Total assets	<u>\$ 8,856,375</u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 179,819
Conditional grant liability	<u>1,474,222</u>
	<u>1,654,041</u>

Net assets

Without donor restrictions	
Undesignated	457,750
Board designated - operating reserves	86,622
With donor restrictions	
Purpose restrictions	4,281,017
Perpetual in nature	<u>2,376,945</u>
Total net assets	<u>7,202,334</u>

Total liabilities and net assets	<u>\$ 8,856,375</u>
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The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Statement of Activities

For the Year Ended June 30, 2025

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 2,022,286	\$ 528,199	\$ 2,550,485
Contributions - San Bernardino Valley College	326,195	-	326,195
Grant income	-	493,387	493,387
Investment income/loss, net	26,876	652,461	679,337
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>1,021,758</u>	<u>(1,021,758)</u>	<u>-</u>
 Total support and revenues	 <u>3,397,115</u>	 <u>652,289</u>	 <u>4,049,404</u>
 Expenses			
Program services	2,910,428	-	2,910,428
Management and general	359,365	-	359,365
Fundraising	<u>30,885</u>	<u>-</u>	<u>30,885</u>
 Total expenses	 <u>3,300,678</u>	 <u>-</u>	 <u>3,300,678</u>
 Change in net assets	 96,437	 652,289	 748,726
 Net assets			
Balance, beginning of year	<u>447,935</u>	<u>6,005,673</u>	<u>6,453,608</u>
 Balance, end of year	 <u>\$ 544,372</u>	 <u>\$ 6,657,962</u>	 <u>\$ 7,202,334</u>

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

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Scholarships	\$ 446,801	\$ -	\$ -	\$ 446,801
Valley Bound books and tuition	235,603	-	-	235,603
Program supplies and expenses	2,166,894	-	-	2,166,894
In-kind salaries and benefits	32,620	293,575	-	326,195
Supplies for community relations	28,510	-	-	28,510
Administrative supplies and expenses	-	65,790	-	65,790
Fundraising supplies and event expenses	-	-	30,885	30,885
 Total functional expenses	 \$ 2,910,428	 \$ 359,365	 \$ 30,885	 \$ 3,300,678

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

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Statement of Cash Flows

For the Year Ended June 30, 2025

Cash flows from operating activities	
Change in net assets	\$ 748,726
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Contributions restricted for long-term purposes	(69,277)
Interest and dividends restricted for reinvestment	(145,480)
Net realized/unrealized (gain) loss on investments	(576,542)
(Increase) decrease in:	
Receivables	207,856
Prepaid expenses	(83,307)
Increase (decrease) in:	
Accounts payable and accrued liabilities	178,319
Conditional grant liability	<u>474,222</u>
Net cash provided by (used in) operating activities	<u>734,517</u>
 Cash flows from investing activities	
Proceeds from sale of investments	4,198,771
Purchase of investments	<u>(4,879,589)</u>
Net cash provided by (used by) investing activities	<u>(680,818)</u>
 Cash flows from financing activities	
Collections of contributions restricted for long-term purposes	69,277
Other financing activities:	
Interest and dividends restricted for reinvestment	<u>145,480</u>
Net cash provided by financing activities	<u>214,757</u>
 Net change in cash and cash equivalents	268,456
 Cash and cash equivalents	
Balance, beginning of year	<u>1,452,763</u>
Balance, end of year	<u>\$ 1,721,219</u>

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

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Foundation

San Bernardino Valley College Foundation (the Foundation), located in San Bernardino County, was formed as a California nonprofit public benefit corporation on March 6, 1973. The Foundation supports the San Bernardino Community College District (the District) by fundraising for and administering the payment of student scholarships and support for other educational programs of San Bernardino Valley College (the College). In addition, the Foundation oversees the Valley Bound Commitment program, which serves to remove economic barriers and improve achievement for low-income students from the San Bernardino Valley area. The Foundation is supported primarily through public donations, grants, and investment income.

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of financial statements. A description of the significant accounting policies employed in the preparation of these financial statements is as follows:

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Foundation is required to report information regarding its financial position and activities in two classes of net assets:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions or law.
- *Net assets with donor restrictions* are net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as without donor restrictions. Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions are with donor restrictions, perpetual in nature. Restrictions stipulate that resources must be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreements.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Cash and Cash Equivalents

Cash and cash equivalents for the purposes of the statement of cash flows consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days, when purchased and available for current operations.

The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2025, \$623,302 of the cash balances was in excess of the FDIC insurance limit.

Support and Expenses

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as without donor restrictions.

Promises to Give

Promises to give are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the appropriate classification of net assets as contributions with donor restrictions. When a restriction expires through either the passage of time or use, the assets are reclassified as assets released from restrictions in the statement of activities.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are recorded in the appropriate classification of net assets. Investments are classified as short or long term based upon the Foundation's intent to use for current operations.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Contributions and Grants

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the Statement of Activities as net assets released from restrictions. Grants that are considered conditional are recorded as revenue when the condition is met. Advanced payments on conditional grants are recorded as deferred revenue until the condition is met.

Revenue from governmental contracts is recognized on a cost reimbursement basis. Performance obligation is met when the services are provided and the related costs are incurred.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services. The Foundation utilizes certain employees employed by the District and District office space. The cost of the employees is determined based upon the actual expenditure of the District, and a percentage of time spent on the Foundation activities. The cost of the facilities has not been determined and is not reflected in these financial statements.

Income Taxes

The Foundation is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service (IRS) as other than a private Foundation. Contributions received qualify as tax deductible gifts as provided in Section 170(b)(1)(A)(vi). The Foundation is also exempt from California State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements.

The Foundation's Federal Form 990, *Return of Foundation Exempt From Income Tax*, and State Form 109, *California Exempt Foundation Business Income Tax Return*, are subject to examination by the IRS for three years, and by the State Franchise Tax Board for four years, after they were filed. The Foundation is not aware of any such examinations at this time. The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Functional Allocation of Expenses

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

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function and therefore, require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, supplies and other expenses. These expenses are either allocated on a basis of time efforts and purpose or square footage.

Fair Value Measurements

The Foundation has adopted standards for fair value measurements. These standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 – measurements) and the lowest priority to unobservable inputs (Level 3 – measurements). The three levels of the fair value hierarchy are as follows: Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For purposes of financial reporting, the Foundation has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at June 30, 2025, based on their short maturities and/or the terms available to the Foundation in financial markets.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fair Value Measurements (Continued)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2025.

Foundation Investments

The investments are valued at quoted market prices, which represent the net asset value of shares held by the Foundation at yearend.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

2. Investments

Investments are recorded at fair value on the statement of financial position. The following table summarizes the investment returns which are recorded in the statement of activities:

Realized gains (losses) on investments	\$ 295,355
Unrealized gains on investments	281,187
Interest and dividends	<u>165,441</u>
Total investment income	741,983
Investment expenses	<u>(62,646)</u>
 Total	 <u>\$ 679,337</u>

Investment Policies

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested to meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the style of investment management.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

2. Investments (Continued)

Investment Policies (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation may not exceed five percent of the average net assets over the past three years ending June 30 of the preceding fiscal year. In establishing this policy, the Foundation considered the long-term expected return on its endowment and the need to maintain some investment income in reserve to plan for the potential of scholarship awards exceeding investment income.

3. Market Value of Financial Assets and Liabilities

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2025.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Assets				
Common stock	\$ 4,809,321	\$ -	\$ -	\$ 4,809,321
Fixed Income bond funds	-	1,843,942	-	1,843,942
Artwork	-	-	50,000	50,000
Funds held with the Foundation for CA Community Colleges	<u>-</u>	<u>-</u>	<u>328,086</u>	<u>328,086</u>
Total investments	<u>\$ 4,809,321</u>	<u>\$ 1,843,942</u>	<u>\$ 378,086</u>	<u>\$ 7,031,349</u>

4. Beneficial Interest in Assets Held by the Foundation for California Community Colleges

The Foundation participated in The Foundation for California Community Colleges (The FCCC) Osher Scholarship Challenge. This program challenged community colleges and their related foundations to raise additional contributions to be designated as part of a permanent endowment for The FCCC's Osher Scholarship Endowment. Foundations participating in this challenge campaign are guaranteed scholarship monies for qualifying students of their community college districts. The funds are held by The FCCC and are included as permanently restricted net assets of the Foundation.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

4. Beneficial Interest in Assets Held by the Foundation for California Community Colleges
(Continued)

The Foundation receives no additional interest or dividends on the balance held at The FCCC, and the Foundation does not participate in the investment management of the funds.

5. Net Assets

At June 30, 2025, net assets are categorized as follows:

Without donor restrictions:	
Board designated - operating reserves	\$ 86,622
Undesignated	<u>457,750</u>
	<u>544,372</u>
With donor restrictions:	
Purpose restrictions:	
Programs	244,235
Grants	600,242
Scholarships	566,313
Endowment earnings	<u>2,870,227</u>
	<u>4,281,017</u>
Perpetual in nature restrictions:	
Endowments for scholarships	2,048,859
Assets held at Foundation for CA Community Colleges	<u>328,086</u>
	<u>2,376,945</u>
Total net assets	<u>\$ 7,202,334</u>

Net Assets With Donor Restrictions – Perpetual in Nature

The Foundation's net assets with donor restrictions perpetual in nature of individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. 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 or absence of donor-imposed restrictions.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

5. Net Assets (Continued)

Endowment Funds

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of 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 – perpetual in nature net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature net assets is classified as with donor purpose restrictions net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) the duration and preservation of the fund,
- (2) the purposes of the Foundation and the donor-restricted endowment fund,
- (3) general economic conditions,
- (4) the possible effect of inflation and deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Foundation and,
- (7) the investment policies of the Foundation.

The changes in endowment net assets for the year ended June 30, 2025 are as follows:

	With Donor Restrictions		
	Purpose	Perpetual	
	<u>Restriction</u>	<u>Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,493,717	\$ 2,307,668	\$ 4,801,385
Contributions	-	69,277	69,277
Investment return:			
Realized gains (losses) on investments	259,720	-	259,720
Unrealized gains (losses) on investments	247,261	-	247,261
Interest and dividends	145,480	-	145,480
Appropriation of endowment assets for expenditure or program transfer	<u>(275,951)</u>	<u>-</u>	<u>(275,951)</u>
Endowment net assets, end of year	<u>\$ 2,870,227</u>	<u>\$ 2,376,945</u>	<u>\$ 5,247,172</u>

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA is \$2,376,945 as of June 30, 2025. The portion of perpetual endowment funds subject to a time restriction with a purpose under SPMIFA is \$2,870,227 as of June 30, 2025.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

5. Net Assets (Continued)

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 SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets, when applicable.

6. Related Party Transactions

As discussed in Note 1, the San Bernardino Community College District provides administrative services to the Foundation. These services consist of salaries and benefits for the Executive Director, administrative staff, and other services. For the year ended June 30, 2025, these services were valued at \$326,195.

7. Liquid Resource Management

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2025, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 1,721,219
Receivables	<u>20,500</u>
Financial assets available for general expenditure over next 12-months	 <u>\$ 2,115,106</u>

To build upon its past achievements and ensure future sustainability, the Foundation has a long-standing policy that requires the governing board to maintain net assets without donor restrictions sufficient for one year's operating expenses. However, assets received with donor restrictions to be used in the next fiscal year for operating purposes are considered to be available for general expenditure spending as of June 30, 2025.

8. Concentrations of Credit Risk

Investment securities are exposed to various risks such as interest rate, market, and credit. The financial markets in recent years have shown heightened volatility. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the various risk factors, in the near term could materially affect investment balances and the amounts reported in the financial statements.

These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than similar types of securities of comparable U.S. companies.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

9. Commitments and Contingencies

Contracts and Grants

The Foundation's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines, and regulations, and to compare contractually reimbursable costs with reimbursements paid to the Foundation during a contract year. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. The Foundation has no provisions for the possible disallowance of program costs in its financial statements.

10. Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through March 24, 2026 which is the date the financial statements were available to be issued. Management has determined that there were no other events that require additional disclosures.

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(a Not-for-Profit Corporation)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Identifying Number	Federal Expenditures
U.S. Department of Labor			
Community Project Funding/ Congressionally Directed Funding	17.289		<u>\$ 1,496,432</u>

SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)

Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activities of San Bernardino Valley College Foundation under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of San Bernardino Valley College Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of San Bernardino Valley College Foundation.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

San Bernardino Valley College Foundation has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AUDITORS' OTHER REPORTS SECTION

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors
San Bernardino Valley College Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of San Bernardino Valley College Foundation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Spafford & Landry, Inc." The signature is written in black ink and is positioned to the right of the main text block.

March 24, 2026

**Independent Auditors' Report on Compliance for Each Major Federal Program and
on Internal Control over Compliance Required by The Uniform Guidance**

To the Board of Directors
San Bernardino Valley College Foundation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Bernardino Valley College Foundation's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2025. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Bernardino Valley College Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Spafford & Landry, Inc.

March 24, 2026

FINDINGS AND QUESTIONED COSTS SECTION

**SAN BERNARDINO VALLEY COLLEGE FOUNDATION
(A California Nonprofit Public Benefit Corporation)**

**Schedule of Findings and Questions Costs
June 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None Reported

Type of auditors’ compliance report issued? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

Identifying Number

Name of Federal Program

Federal Assistance Listing Number #17.289

Department of Labor

Community Project Funding/ Congressionally Directed Funding

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Section II – Financial Statement Findings

Nothing to report.

Section III – Federal Award Findings and Questioned Costs

Nothing to report.

Section IV – Prior Year Findings and Questioned Costs

Nothing to report.