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THE FOUNDATION FOR  
GROSSMONT AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)

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**FINANCIAL STATEMENTS**

Fiscal Year Ended June 30, 2022 and 2021

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
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JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Foundation for Grossmont and Cuyamaca Colleges  
El Cajon, California

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Foundation for Grossmont and Cuyamaca Colleges, a California Nonprofit Organization, (the "Foundation"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for Grossmont and Cuyamaca Colleges as of June 30, 2022 and 2021, and the changes to 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. 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 for Grossmont and Cuyamaca Colleges 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 the Foundation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards:

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

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

### ***Other Matters***

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, 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 December 1, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the Foundation's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
December 1, 2022

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND JUNE 30, 2021**

	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 24,376,557	\$ 18,755,950
Investments	3,169,804	1,890,262
Beneficial interest in CCCS endowment	953,080	1,149,700
Special Investments	-	1,042,211
Accounts receivable	304,360	-
Due From related entities	1,775,949	1,131,483
<b>Total current assets</b>	<b>30,579,750</b>	<b>23,969,606</b>
Noncurrent assets:		
Equipment	5,704	5,704
Less accumulated depreciation	(5,704)	(5,704)
Total capital assets, net	-	-
<b>Total assets</b>	<b>\$ 30,579,750</b>	<b>\$ 23,969,606</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,021,189	\$ 1,078,978
Accrued payroll liabilities	196,690	195,981
Due to related entities	1,141,369	1,261,710
Compensated absences	228,600	225,448
<b>Total liabilities</b>	<b>2,587,848</b>	<b>2,762,117</b>
<b>NET ASSETS</b>		
Net assets without donor restrictions	2,251,114	2,400,630
Net assets with donor restrictions	25,740,788	18,806,859
<b>Total net assets</b>	<b>27,991,902</b>	<b>21,207,489</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,579,750</b>	<b>\$ 23,969,606</b>

See accompanying notes to financial statements

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>June 30, 2022</b>	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Categorical allowances	\$ -	\$ 39,162,476	\$ 39,162,476
Contract education and services	-	14,549	14,549
Contributions	-	1,180,497	1,180,497
Interest Income	-	6,469	6,469
Net investment income	-	(304,555)	(304,555)
Special events	-	51,705	51,705
Other local revenue	123,985	-	123,985
Operational indirect offset	-	225,763	225,763
GCCCD support	-	335,197	335,197
Net assets released from restrictions	307,978	(307,978)	-
<b>Total Support and Revenue</b>	<b>431,963</b>	<b>40,364,123</b>	<b>40,796,086</b>
<b>OPERATING EXPENSES</b>			
Program services	565,826	32,507,108	33,072,934
Management and General	15,653	923,086	938,739
<b>Total Expenses</b>	<b>581,479</b>	<b>33,430,194</b>	<b>34,011,673</b>
<b>Change in Net Assets</b>	<b>(149,516)</b>	<b>6,933,929</b>	<b>6,784,413</b>
<b>Net Assets - Beginning of Year</b>	<b>2,400,630</b>	<b>18,806,859</b>	<b>21,207,489</b>
<b>Net Assets - End of Year</b>	<b>\$ 2,251,114</b>	<b>\$ 25,740,788</b>	<b>\$ 27,991,902</b>

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021**

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<b>June 30, 2021</b>	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Categorical allowances	\$ -	\$ 39,242,611	\$ 39,242,611
Contract education and services	-	11,786	11,786
Contributions	-	549,764	549,764
Net investment income	-	488,588	488,588
Other local revenue	302,795	-	302,795
Operational indirect offset	-	268,861	268,861
GCCCD support	-	396,463	396,463
Net assets released from restrictions	597,290	(597,290)	-
<b>Total Support and Revenue</b>	<b>900,085</b>	<b>40,360,783</b>	<b>41,260,868</b>
<b>OPERATING EXPENSES</b>			
Program services	520,928	35,789,912	36,310,840
Management and General	114,789	886,861	1,001,650
<b>Total Expenses</b>	<b>635,717</b>	<b>36,676,773</b>	<b>37,312,490</b>
<b>Change in Net Assets</b>	<b>264,368</b>	<b>3,684,010</b>	<b>3,948,378</b>
<b>Net Assets - Beginning of Year</b>	<b>2,087,557</b>	<b>15,122,849</b>	<b>17,210,406</b>
<b>Adjustments</b>	<b>48,705</b>	<b>-</b>	<b>48,705</b>
<b>Net Assets - End of Year</b>	<b>\$ 2,400,630</b>	<b>\$ 18,806,859</b>	<b>\$ 21,207,489</b>

See accompanying notes to financial statements



**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>June 30, 2022</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
<b>Operating Expenses</b>			
Salaries	\$ 4,903,060	\$ 276,437	\$ 5,179,497
Benefits	1,731,533	53,422	1,784,955
Grants and scholarships	307,978	-	307,978
Supplies	100,340	5,861	106,201
Contract services	25,854,589	267,509	26,122,098
Travel and conferences and mileage	66,641	4,016	70,657
Membership dues and fees	23,104	89,601	112,705
Equipment	38,104	-	38,104
Operational Indirect	-	241,893	241,893
Rental and leases	31,733	-	31,733
Advertising and promotion	13,137	-	13,137
GCCCD program support	2,715	-	2,715
<b>Total Operating Expenses</b>	<b>\$ 33,072,934</b>	<b>\$ 938,739</b>	<b>\$ 34,011,673</b>

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>June 30, 2021</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
<b>Operating Expenses</b>			
Salaries	\$ 5,409,719	\$ 305,003	\$ 5,714,722
Benefits	2,265,664	70,029	2,335,693
Grants and scholarships	174,818	-	174,818
Supplies	62,126	3,629	65,755
Contract services	27,967,373	289,369	28,256,742
Travel and conferences and mileage	30,568	1,842	32,410
Membership dues and fees	15,060	58,404	73,464
Equipment	73,164	-	73,164
Utilities	41,773	2,596	44,369
Operational Indirect	-	268,861	268,861
Contract maintenance	795	186	981
Rental and leases	93	-	93
Printing and binding	58,210	1,098	59,308
Advertising and promotion	555	-	555
Postage and freight	2,674	633	3,307
GCCCD program support	208,248	-	208,248
<b>Total Operating Expenses</b>	<b>\$ 36,310,840</b>	<b>\$ 1,001,650</b>	<b>\$ 37,312,490</b>

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

<b>Year Ended June 30,</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,784,413	\$ 3,948,378
Reconciliation to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Due from related entities	(644,466)	10,047
Effect on changes in:		
Accounts payable	(57,789)	415,891
Accrued payroll	709	58,405
Compensated absences	3,152	(48,707)
Due to related entities	(120,341)	(110,570)
Deferred revenue	-	(15,483,018)
Prior period audit adjustment - see note 10	-	48,705
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>5,965,678</u>	<u>(11,160,869)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (gains) losses on investments	(541,691)	(512,274)
Net losses on FCCC endowment	196,620	(201,970)
<b>Net cash provided (used) by Investing Activities</b>	<u>(345,071)</u>	<u>(714,244)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	5,620,607	(11,875,113)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>18,755,950</u>	<u>30,631,063</u>

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES**

**Reporting Entity:** The Foundation for Grossmont and Cuyamaca Colleges (the “Foundation”) was incorporated in the State of California on March 1, 2000 for the purpose of promoting and assisting the Grossmont-Cuyamaca Community College District (the “District”). The Foundation was formed by the District and is authorized to operate as an Foundation organization of the District under the provisions of California Education Code and the District’s implementing regulations. The Foundation’s primary role is to raise funds for the District and administer various federal and state grants and programs for the District.

**Basis of Accounting:** The Foundation’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

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

**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 net assets without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Equipment donated for the use of either the Grossmont or Cuyamaca College is passed through to the Grossmont-Cuyamaca Community College District. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as net assets without donor restrictions.

**Financial Statement Presentation:**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions or net assets with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financial interrelated organizations as defined by 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.

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

**Revenue Recognition:** Contributions received are recorded as new assets without donor restrictions or new assets with donor restrictions depending upon the existence and/or nature of any donor restrictions. Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give (contributions receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. Event revenues received in advance are deferred and recognized in the period as the events occur. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are recorded as contributions based on the estimated fair value at the date of donation. Donated services are recorded as contributions at their estimated fair value only in those instances where the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

**In Kind Donations:** During the year, many individuals donate significant amounts of time and services to the District in an effort to advance the programs and objectives of the Foundation. These services have not been recorded in the financial statements because the criteria for recognition of such volunteer effort have not been satisfied.

**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 reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Net Assets:** The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

**Allowance for Uncollectible Receivables:** The Foundation computes the allowance for doubtful accounts base on the actual uncollectible accounts receivable. Uncollectible accounts over the history of the Foundation have been considered immaterial and inconsistent. Therefore, no amounts have been included for an allowance for doubtful accounts.

**Capital Assets:** The Foundation has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or is requiring the Foundation to hold the asset for a specified period of time. Capital assets are depreciated using the straight-line method.

**THE FOUNDATION FOR GROSSMONT  
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(A CALIFORNIA NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

**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 supports and improves community interaction with the Grossmont-Cuyamaca Community College District. In its capacity as community liaison, the Foundation procures public support for the Grossmont-Cuyamaca Community College District, which is recorded in the Foundation’s accounting records. Materials and other assets received as donations recorded and reflected in the financial statements at their fair values on the date of receipt.

**Use of 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 affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** The Foundation considers an original maturity of less than ninety days to be cash equivalents. The Foundation’s method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities.

**Income Taxes:** The Foundation is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private organization. The Foundation is also exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code.

Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Foundation did not have any net unrelated business income for the years ended June 30, 2022 and 2021.

The Foundation has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.

**THE FOUNDATION FOR GROSSMONT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES, continued**

**Allocation of Functional Expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

**Change in Accounting Principle:** ASU 2020-07 Presentation and Discussion by Not-for-Profit Entities for Contributed Nonfinancial Assets improves generally accepted accounting principles (GAAP) by increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in the update address public concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFP's as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The Foundation has implemented the provisions of this ASU as of June 30, 2022, because management believes it improves the Foundation's financial reporting.

**New Accounting Pronouncements:** In November, FASB issued ASU 2021-09, Leases (ASU 2021-09). ASU 2021-09 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2021-09 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2021-09 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

**Evaluation of Subsequent Events:** has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 1, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact, on the current year financial statements

**THE FOUNDATION FOR GROSSMONT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 2 – MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Effective July 1, 2008, the Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

*Level 1* – 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 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

*Level 2* – Observable inputs other than Level 1 prices such as 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 assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S.

Government and agency mortgage-backed securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and 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 the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.



**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 24,376,557	\$ 18,755,950
Due From related entities	1,775,949	1,131,483
Total Financial assets, at year-end	<u>\$ 26,152,506</u>	<u>\$ 19,887,433</u>
Restrictions for specific purposes:		
Donor restrictions for specific purposes	\$ (25,740,788)	\$ (18,806,859)
Total contractual or donor-imposed restrictions	<u>(25,740,788)</u>	<u>(18,806,859)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 411,718</u>	<u>\$ 1,080,574</u>

**NOTE 4 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2022 and 2021, consist of cash in checking and money market accounts in the amount of \$24,376,557 and \$18,755,950, respectively.

Custodial credit risk is the risk that in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Foundation does not have a policy for custodial credit risk of deposits. The FDIC insures up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2022 and 2021, the Foundation is exposed to \$23,940,714 and \$18,505,950 of custodial credit risk, respectively.

**THE FOUNDATION FOR GROSSMONT  
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**NOTE 5 – DUE FROM RELATED PARTIES**

As described in Note 1, the Foundation's purpose is to support the District; therefore, transactions between the Foundation, the District, and other affiliate agencies of the District, are expected. Per the terms of its implementing regulations and master agreement, the Foundation is authorized to use facilities and property of the District and is covered under the District's insurance. The Foundation has not recognized the coverage of these expenses by the District as non-cash contributions.

The Foundation is governed by a Board of Directors separate from that of the District Trustees; however, the Foundation's Board of Directors is comprised of the Chancellor of the District, and other representatives of the District, the colleges and its affiliates.

The Foundation's primary source of income is federal and state grant awards passed through the District to the Foundation. During the years ended June 30, 2022 and 2021, these awards totaled \$39,162,476 and \$45,029,305, respectively. In turn, the Foundation provides support for various programs of the District. Awards due to District programs, departments, and affiliates totaled \$1,141,369 and \$1,261,710 at the years ended June 30, 2022 and 2021, respectively.

Amounts due to and from the District for cost reimbursement are generated through the normal course of operation. As of June 30, 2022 and 2021, \$1,775,949 and \$1,131,483, respectively, was receivable from the District for federal and state pass-through grants.

**NOTE 6 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2022 and 2021 consist of employee reimbursements and vendor payables of \$1,021,189 and \$1,078,978, respectively.

**NOTE 7 – COMPENSATED ABSENCES**

Accrued payroll liabilities at June 30, 2022 and 2021 of \$228,600 and \$225,448, respectively, consist of employee benefits and salaries earned but not yet paid.

**NOTE 8 – PENSION PLANS**

**Plan Description:** The Foundation contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**THE FOUNDATION FOR GROSSMONT  
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JUNE 30, 2022 AND 2021**

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**NOTE 8 – PENSION PLANS, continued**

**Benefits Provided:** The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions:** Active plan members who entered the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.75% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The Foundation is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 and 2021 was 17.79% and 20.70% of annual payroll, respectively. Contributions to the plan from the Foundation were \$372,924 and \$494,003 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Foundation has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities. Also, as of June 30, 2022 and 2021, CalPERS has estimated the Organization's share of withdrawal liability to be \$122,732 and \$101,715, respectively. The Foundation does not currently intend to withdraw from CalPERS. Refer to Note 8 for additional information on employee retirement plans.

**THE FOUNDATION FOR GROSSMONT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**NOTE 10 – RELATED PARTY MERGER AND FINANCIAL STATEMENT PRESENTATION**

In 2016, the Boards of Directors of the Grossmont-Cuyamaca Auxiliary Organization (Auxiliary EIN: 33-0905402 and the Foundation for Grossmont and Cuyamaca Colleges (Foundation EIN: 45-2692818) and the Governing Board of Grossmont-Cuyamaca Community College District set a goal of merging the two nonprofit Auxiliary Organizations. Previously the Auxiliary pursued and implemented grants for the district and the Foundation raised funds from individual donors, businesses and foundations. The purpose of the merger was to increase efficiency in operations and align fundraising and grant operations. The Auxiliary was the surviving corporation of the merger. The Boards of Directors preferred the name of the Foundation for Grossmont and Cuyamaca Colleges, and so it formally changed the name of the merged corporation to the Foundation for Grossmont and Cuyamaca Colleges. The merger was certified with the California Secretary of State on August 29, 2019. On May 28, 2020, the California Secretary of State's office filed the Certificate of Amendment to our Articles of Incorporation, formally changing the name of the Grossmont-Cuyamaca Community College District Auxiliary Organization to the Foundation for Grossmont and Cuyamaca Colleges (EIN: 33-0905402).

For comparative purposes, the statements of financial position, activities and changes in net assets and cash flows for the Foundation for Grossmont and Cuyamaca Colleges and Grossmont-Cuyamaca Community College District Auxiliary Organization, were combined for the years ending June 30, 2022 and 2021.

**NOTE 11 – SUBSEQUENT EVENTS**

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 1, 2022 which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact, on the current year financial statements.



**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**

Board of Directors  
The Foundation for Grossmont and Cuyamaca Colleges  
El Cajon, California

We have audited, 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 the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Foundation for Grossmont and Cuyamaca Colleges (the Foundation) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2022.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from 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 determination of financial statement amounts. 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 on 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.



San Diego, California  
December 1, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
The Foundation for Grossmont and Cuyamaca Colleges  
El Cajon, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Foundation for Grossmont and Cuyamaca Colleges (the Foundation) compliance with the types of compliance requirements described 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, 2022. The foundation's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the 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, 2022.

***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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation for Grossmont and Cuyamaca Colleges 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 for Grossmont and Cuyamaca Colleges' 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 for Grossmont and Cuyamaca Colleges' federal programs.

## ***Auditor's 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 for Grossmont and Cuyamaca Colleges' 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 GAAS, *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 for Grossmont and Cuyamaca College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 for Grossmont and Cuyamaca Colleges 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 for Grossmont and Cuyamaca College'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation for Grossmont and Cuyamaca College'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 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.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

*CWDL, Certified Public Accountants*

San Diego, California  
December 1, 2022

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

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<b>Program</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
U.S. DEPARTMENT OF EDUCATION			
Title III STEM Guided Pathway	84.031C	P031C160231	\$ 222,593
Title V - Hispanic Serving Institutions Program	84.031S	P031S150052	99,133
Title V-HSI	84.031S	P031S160149	140,941
Career & Technical Education			
CTE IB - Regional Consortium	84.048	*	100,000
CTE IB JSPAC	84.048	*	150,000
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
California Dept. of Public Health Bi National Border	93.069	*	590,613
Foster Care Education (Federal & State)	93.658	*	352,747
Headstart	93.600	*	13,667
U.S. DEPARTMENT OF VETERAN'S AFFAIRS			
Veteran Resource Center Allocation	64.000	*	64,629
<b>Total</b>			<b>\$ 1,734,323</b>

\*Pass-Through number is either not available or not applicable

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

The accompanying schedule of federal expenditures of federal awards included the federal grant activity of the Foundation and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
SUMMARY OF AUDITORS' RESULTS  
JUNE 30, 2022**

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**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>93.069</u>	<u>California Dept. of Public Health Bi National Border</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

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**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required in accordance with Government Auditing Standards.

***There were no financial statement findings or questioned costs identified during 2021-22.***

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

***There were no federal award findings or questioned costs identified during 2021-22.***

**THE FOUNDATION FOR GROSSMONT  
AND CUYAMACA COLLEGES  
(A CALIFORNIA NONPROFIT ORGANIZATION)  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2022**

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*There were no findings and questioned costs during fiscal year 2021.*