

CUYAHOGA COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF CUYAHOGA COMMUNITY
COLLEGE)

CUYAHOGA COUNTY

REGULAR AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Cuyahoga Community College Foundation
700 Carnegie Avenue
Cleveland, Ohio 44115

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Community College Foundation, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 03, 2024

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***CUYAHOGA COMMUNITY
COLLEGE FOUNDATION***

*(A Component Unit of
Cuyahoga Community College)*

*Financial Statements
Years Ended June 30, 2023 and 2022
And Independent Auditor's Report*

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CUYAHOGA COMMUNITY COLLEGE FOUNDATION

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Independent Auditor's Report

To the Board of Directors
Cuyahoga Community College Foundation

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 within one year after the date that the financial statements are available to be issued.

To the Board of Directors of
Cuyahoga Community College Foundation

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, 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, 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 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.

Ciuni + Panichi, Inc.

Cleveland, Ohio
November 3, 2023

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

| ASSETS | 2023 | 2022 |
|---|-----------------------|----------------------|
| Cash and Cash Equivalents | \$ 3,180,501 | \$ 3,061,428 |
| Investments | 94,881,545 | 87,340,159 |
| Receivables: | | |
| Interest | 4,976 | 14,393 |
| Pledges - Net | 5,359,679 | 7,596,667 |
| Due from Related Party | 71,018 | 13,450 |
| Beneficial Interest in Remainder Unitrust | 377,002 | 413,663 |
| Cash Surrender Value of Insurance | 88,620 | 98,991 |
| Prepaid Expenses | 75,000 | 63,500 |
| Other Assets | 125,000 | 125,000 |
| TOTAL | <u>\$ 104,163,341</u> | <u>\$ 98,727,251</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Due to Related Party | \$ 1,661,427 | \$ 3,827,643 |
| Accounts Payable | 75,206 | 75,444 |
| Annuities Payable | 9,363 | 9,822 |
| Refundable Advance | 398,761 | 0 |
| Assets held on behalf of the College | 364,534 | 259,774 |
| Total Liabilities | <u>2,509,291</u> | <u>4,172,683</u> |
| NET ASSETS: | | |
| Without Donor Restrictions: | | |
| Undesignated | <u>263,586</u> | <u>260,236</u> |
| With Donor Restrictions: | | |
| Purpose Restrictions | 85,807,214 | 78,711,082 |
| Perpetual in Nature | <u>15,583,250</u> | <u>15,583,250</u> |
| Total With Donor Restrictions | <u>101,390,464</u> | <u>94,294,332</u> |
| Total Net Assets | <u>101,654,050</u> | <u>94,554,568</u> |
| TOTAL | <u>\$ 104,163,341</u> | <u>\$ 98,727,251</u> |

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-----------------------|
| REVENUES AND INVESTMENT ACTIVITIES: | | | |
| Contributions of Cash and Other Financial Assets | \$ 292,195 | \$ 5,192,061 | \$ 5,484,256 |
| Contributions of Nonfinancial Assets | 226,481 | 223,677 | 450,158 |
| Special Events Revenue | 488,115 | 779,186 | 1,267,301 |
| Investment Return - Net | 0 | 9,277,979 | 9,277,979 |
| Change in Value of Split-Interest Agreements | 0 | (36,661) | (36,661) |
| Net Assets Released from Restriction and Transfers | <u>8,340,110</u> | <u>(8,340,110)</u> | <u>0</u> |
| Total Revenues | <u>9,346,901</u> | <u>7,096,132</u> | <u>16,443,033</u> |
| EXPENSES: | | | |
| Program Services: | | | |
| Scholarships | 3,425,821 | 0 | 3,425,821 |
| Educational Development | 4,505,369 | 0 | 4,505,369 |
| Total Program Services | <u>7,931,190</u> | <u>0</u> | <u>7,931,190</u> |
| Administration and General | 390,501 | 0 | 390,501 |
| Fundraising | <u>1,021,860</u> | <u>0</u> | <u>1,021,860</u> |
| Total Expenses | <u>9,343,551</u> | <u>0</u> | <u>9,343,551</u> |
| CHANGES IN NET ASSETS | 3,350 | 7,096,132 | 7,099,482 |
| NET ASSETS - Beginning of year | <u>260,236</u> | <u>94,294,332</u> | <u>94,554,568</u> |
| NET ASSETS - End of year | <u>\$ 263,586</u> | <u>\$ 101,390,464</u> | <u>\$ 101,654,050</u> |

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| REVENUES AND INVESTMENT ACTIVITIES: | | | |
| Contributions of Cash and Other Financial Assets | \$ 278,426 | \$ 8,187,259 | \$ 8,465,685 |
| Contributions of Nonfinancial Assets | 216,340 | 115,050 | 331,390 |
| Special Events Revenue | 337,682 | 834,725 | 1,172,407 |
| Investment Return - Net | 0 | (13,138,245) | (13,138,245) |
| Change in Value of Split-Interest Agreements | 0 | (52,354) | (52,354) |
| Net Assets Released from Restriction and Transfers | <u>9,700,131</u> | <u>(9,700,131)</u> | <u>0</u> |
| Total Revenues | <u>10,532,579</u> | <u>(13,753,696)</u> | <u>(3,221,117)</u> |
| EXPENSES: | | | |
| Program Services: | | | |
| Scholarships | 3,132,161 | 0 | 3,132,161 |
| Educational Development | 6,080,095 | 0 | 6,080,095 |
| Total Program Services | <u>9,212,256</u> | <u>0</u> | <u>9,212,256</u> |
| Administration and General | 428,926 | 0 | 428,926 |
| Fundraising | <u>961,743</u> | <u>0</u> | <u>961,743</u> |
| Total Expenses | <u>10,602,925</u> | <u>0</u> | <u>10,602,925</u> |
| CHANGES IN NET ASSETS | (70,346) | (13,753,696) | (13,824,042) |
| NET ASSETS - Beginning of year | <u>330,582</u> | <u>108,048,028</u> | <u>108,378,610</u> |
| NET ASSETS - End of year | <u>\$ 260,236</u> | <u>\$ 94,294,332</u> | <u>\$ 94,554,568</u> |

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ 7,099,482 | \$ (13,824,042) |
| Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities: | | |
| Contributions Restricted for Perpetual Investment | 0 | (185,958) |
| Net Change in Fair Value of Investments | (7,725,180) | 14,675,650 |
| Change in Value of Split Interest Agreements | 36,661 | 52,354 |
| Change in Allowance for Uncollectible Pledges | (10,856) | 10,715 |
| Change in Discounts to Net Present Value | 76,589 | 19,462 |
| (Increases) / Decreases in Assets: | | |
| Interest Receivable | 9,417 | (4,077) |
| Pledges Receivable | 2,171,255 | (2,162,979) |
| Due from Related Party | (57,568) | 4,130 |
| Prepaid Expenses | (11,500) | (63,500) |
| Increases / (Decreases) in Liabilities: | | |
| Due to Related Party | (2,166,216) | 1,526,224 |
| Accounts Payable | (239) | 61,796 |
| Refundable Advance | 398,761 | 0 |
| Assets held on behalf of the College | 104,760 | 259,774 |
| Cash (Used) Provided by Operating Activities | <u>(74,634)</u> | <u>369,549</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Investments | (9,703,406) | (23,118,962) |
| Proceeds from Sale of Investments | 9,897,113 | 22,562,288 |
| Cash Provided (Used) in Investing Activities | <u>193,707</u> | <u>(556,674)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Collection of Perpetually Restricted Contributions | 0 | 205,958 |
| Cash Provided by Financing Activities | <u>0</u> | <u>205,958</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | 119,073 | 18,833 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>3,061,428</u> | <u>3,042,595</u> |
| CASH AND CASH EQUIVALENTS - End of Year | <u>\$ 3,180,501</u> | <u>\$ 3,061,428</u> |

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

1. DESCRIPTION OF ORGANIZATION

The Cuyahoga Community College Foundation (the “Foundation”) was incorporated in August 1973 as a tax-exempt, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code for the purpose of securing funding for scholarships and educational program development and enhancement for Cuyahoga Community College (the “College”). The Foundation is classified as a public charity under Code Section 170(b)(1)(A)(iv) and 509(a)(1) because of its relations with the College and is exempt from income taxes on activities related to its exempt purpose. The Foundation is a component unit of Cuyahoga Community College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation — The financial statements of the Foundation are prepared on the accrual basis of accounting. The accompanying financial statements of the Foundation present information regarding its net assets and activities in the following two categories:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. This may include funds designated by the Board of Directors (the “Board”) for specific purposes.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time and/or as used for donor specified purposes. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity and the income from such investments is available for general or specific use.

When a donor 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.

The Foundation follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

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.

Reclassification — Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. This reclassification did not impact net asset totals.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents — Cash and cash equivalents include cash in checking accounts, money market funds, and short-term investments with an original maturity of three months or less, excluding those within brokerage accounts intended for investment purposes. At times, deposits at financial institutions may exceed federally insured limits.

Investments — Investments of the funds – both with and without donor restrictions – are pooled for making investment transactions and are carried at fair value with any realized or unrealized gains and losses reported in the statement of activities. Realized and unrealized gains and losses and investment income, net of investments fees, are allocated proportionally across endowed funds each month and are awarded according to the terms and restrictions of the funds. For endowed funds, interest and dividend income and capital gains are restricted for the purposes of the related funds unless otherwise specified by the donor. Investment return – net on the statements of activities is comprised of any realized and unrealized gains and losses on investments and interest and dividend income net of any related investment fees.

Contributions and Contributions Receivable — Contributions received, including unconditional promises to give, bequests, special gifts, and other donations are recognized as revenue by net asset class when received or by pledge when an unconditional pledge is made. All contributions and gifts are available for use without donor restrictions unless specifically restricted by the donor. Noncash bequests, gifts, and donations, if any, would be recorded at the fair value of the asset at the date of donation.

Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. The Foundation provides for uncollectible pledges receivable using the allowance method. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. Conditional promises are recorded when donor stipulations are substantially met. It is the Foundation's policy that an initial minimum balance of \$50,000 be required to establish an endowment fund. The policy allows for an annual review to determine if the accumulation of contributions and interest meet the minimum principal balance requirements.

Beneficial Interest in Remainder Unitrust — The Foundation is the beneficiary of a charitable remainder unitrust for which the Foundation is not the trustee. The Foundation recognizes the present value of the estimated future benefits to be received when the unitrust assets are distributed as an asset with changes in the estimated fair value recorded as change in the value of split-interest agreements.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Special Events, Revenue Recognition — Special event revenue includes sponsorships and ticket sales. These revenues are a hybrid of contribution and exchange transactions. The contracts with sponsors include performance obligations related to name recognition and event entry, while ticket sales have one performance obligation, event entry. The exchange portion of the transaction is the fair value of benefits received by sponsor/ticket purchaser. The revenue allocated to the name recognition performance obligation qualifies for recognition over time, however, management has determined that the effect of recognizing such revenue at a point in time along with the revenue allocated to event entry results in no difference to revenue recognized. As a practical expedient, the Foundation may apply revenue recognition guidance to a portfolio of contracts with similar characteristics if the Foundation reasonably expects the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio. The Foundation is taking the practical expedient approach with regard to the special event revenue, as all of the contracts are very similar.

The Foundation had exchange revenue related to special events that was recognized at a point in time of \$219,768 and \$171,762 for the years ended June 30, 2023, and 2022.

Receivables were \$147,007, \$273,765, and \$22,923 at June 30, 2023, 2022, and 2021, respectively. There were no material contract assets or liabilities at June 30, 2023, 2022, or 2021.

In-Kind Gifts — In-kind gifts, when received, are reflected as contributions in the accompanying financial statements at the estimated fair value as of the date of receipt. Such in-kind support is offset by like amounts in educational development, general and administrative, and fundraising expenses.

Program Services Expenses — All scholarships and other program services distributions are approved by the Board. Unconditional gifts to the College are recognized as educational development expense when approved. Gifts approved by the Board that are payable upon performance of specified conditions by the grantee (if any) are recognized in the statement of activities when the specified conditions are satisfied.

Annuities Payable — The Foundation is obligated under two charitable gift annuity contracts, whereby donors have contributed cash to the Foundation with the agreement that the donors shall be the sole recipient of quarterly annuity payments. These quarterly payments, currently totaling \$930 per year, shall terminate on the last payment date preceding the death of the donors. The discount rates used to estimate the obligations range from 1.4% to 2.4%. Assets held for the charitable gift annuities totaled \$21,212 and \$20,288 on June 30, 2023 and 2022 respectively and are reported as investments in the accompanying statements of financial position.

Refundable Advance — The refundable advance consists of advance payments of conditional grant funding in support of specific programs at the College. Revenue is recognized as the associated conditions are satisfied.

Assets Held on Behalf of the College — Included in the Foundation's investments are assets held for the College and managed by the Foundation under a fiscal agent agreement. The Foundation owns the assets in the investments; the College has a financial interest in the investments but does not own the underlying assets. The Foundation has recorded a liability equal to the fair market value of the assets held on behalf of the College.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income Taxes — The Foundation accounts for income taxes in accordance with the “Income Taxes” topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation files its Form 990 in the U.S. federal jurisdiction and a charitable registration with the office of the state’s attorney general for the State of Ohio.

Subsequent Events — The Foundation has evaluated subsequent events through November 3, 2023, which is the date the financial statements were available to be issued.

Adopted Accounting Pronouncement — In February 2016, the FASB issued ASU 2016-02, “Leases” (ASU 2016-02). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. FASB issued ASU 2020-05, “Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842),” that deferred the effective date for the Foundation until annual periods beginning after December 15, 2021. The Foundation has fully adopted the provisions of ASU 2016-02 as of July 1, 2022 and has presented the financial statements in accordance with this new pronouncement. The adoption of this standard had no effect on the financial statements.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

3. INVESTMENTS

For investment purposes, assets are pooled for both funds with donor restrictions and funds without donor restrictions. Realized and unrealized gains and losses and investment income, net of investments fees, are allocated according to the net asset classifications of the individual funds until appropriated and disbursed in accordance with the agreements of the donors.

| | <u>2023</u> | <u>2022</u> |
|---------------------------|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 794 | \$ 787 |
| Mutual Funds | 67,929,984 | 61,284,559 |
| Common Stock | 0 | 551,727 |
| Alternative Investments | 26,950,767 | 25,503,086 |
| Total | <u>\$ 94,881,545</u> | <u>\$ 87,340,159</u> |

The investments are exposed to various risks such as interest rate, market, and credit risks.

4. CONTRIBUTIONS RECEIVABLE

For fiscal years 2023 and 2022, the recorded value of contributions receivable is the present value of estimated future cash receipts using discount rates of 1.0% to 5.2%. Management has established an allowance of approximately 0.5% of gross contributions receivable for uncollectible promises to give. Amounts due are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Less than one year | \$ 2,924,947 | \$ 4,704,367 |
| One to five years | 2,623,458 | 3,013,293 |
| More than five years | 0 | 2,000 |
| Totals | <u>5,548,405</u> | <u>7,719,660</u> |
| Unamortized Discount | (160,984) | (84,395) |
| Allowance for Uncollectible Pledges | <u>(27,742)</u> | <u>(38,598)</u> |
| Total | <u>\$ 5,359,679</u> | <u>\$ 7,596,667</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

5. BENEFICIAL INTEREST IN REMAINDER UNITRUST

The beneficial interest in the charitable remainder unitrust totaled \$377,002 and \$413,663 on June 30, 2023 and 2022, respectively, representing the estimated portion of the unitrust for which the Foundation is the designated beneficiary.

6. CASH SURRENDER VALUE OF INSURANCE

The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as beneficiary. These policies are valued at their cash surrender values. The cash surrender value of these policies totaled \$88,620 and \$98,991 on June 30, 2023 and 2022, respectively.

7. RELATED PARTY TRANSACTIONS

The Foundation recognized contributions and special events revenue from the College during the years ended June 30, 2023 and 2022 of \$795,560 and \$700,544, respectively. The amounts owed to the Foundation as of June 30, 2023 and 2022 are \$71,018 and \$13,450, respectively, which are reported as due from related party on the statements of financial position.

The Foundation recognizes contributed services received from the College when those services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by College employees possessing those skills, and would typically need to be purchased if not provided by the donation. The Foundation recognized \$226,401 and \$216,310 of contributed services as contribution revenue and as administrative, general, and fundraising expenses in fiscal years 2023 and 2022, respectively.

The Foundation is investing \$364,534 and \$259,774 of assets on behalf of the College for the years ended June 30, 2023 and 2022, respectively.

The Foundation received grants restricted for educational development programs and scholarships at the College from various donors of \$3,376,981 and \$6,085,554 in fiscal years 2023 and 2022, respectively. These grants are classified as part of net assets with donor restrictions until the College meets certain conditions.

Undistributed amounts for unconditional pledges to the College are \$1,661,427 and \$3,827,643 as of June 30, 2023 and 2022, respectively, and are reported as due to related party on the statements of financial position.

The Foundation recognized program service expenses of \$7,931,190 and \$9,212,256 for the years ended June 30, 2023 and 2022, respectively. All program service expenses relate to contributions to the College.

During the years ended June 30, 2023 and 2022, the Foundation recognized \$1,132,980 and \$1,860,374, respectively, of support through contribution revenue from its board members and related organizations. The Foundation had receivables of \$1,174,053 and \$993,500 at June 30, 2023 and 2022, respectively, due from its board members and related organizations.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

8. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the Statements of Activities included:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-------------------|-------------------|
| Advertising | \$ 37,644 | \$ 5,000 |
| Computer Equipment | 8,280 | 0 |
| Event Materials | 7,500 | 15,000 |
| Medical Equipment | 94,700 | 49,500 |
| Miscellaneous | 3,263 | 1,590 |
| Motor Vehicle Components | 42,000 | 19,660 |
| Motor Vehicles | 30,370 | 24,330 |
| Services (Administrative & General) | 170,230 | 163,181 |
| Services (Fundraising) | 56,171 | 53,129 |
| Totals | <u>\$ 450,158</u> | <u>\$ 331,390</u> |

Valuation techniques:

Contributed motor vehicles and motor vehicle components are valued at their fair market value at the time of contribution as determined by the donor and evaluated by management. Donated computer equipment, medical equipment, advertising, and other materials and supplies are valued using estimated US retail prices of identical or similar products considering the goods' condition and utility for use at the time of contribution. All contributed services were received from the College and were valued at the cost incurred by the College.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

8. CONTRIBUTED NONFINANCIAL ASSETS – continued

Donor restriction and contributed nonfinancial assets use:

All gifts were recognized in accordance with donor restrictions, when applicable.

| | <u>2023</u> | <u>2022</u> |
|-----------------|-------------------|-------------------|
| Other | \$ 3,183 | \$ 1,560 |
| Program Support | 212,994 | 98,490 |
| Special Events | 7,500 | 15,000 |
| Unrestricted | <u>226,481</u> | <u>216,340</u> |
| Totals | <u>\$ 450,158</u> | <u>\$ 331,390</u> |

Contributed motor vehicles and motor vehicle components were provided to the College's Automotive Technology program for classroom instruction only and cannot be monetized per donor agreement. Other donated items were utilized by the Foundation or College to further support the donor purpose and were not monetized.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 486,593 | \$ 412,981 |
| Due from related party | <u>71,018</u> | <u>13,450</u> |
| Total available for general expenditure within one year | <u>\$ 557,611</u> | <u>\$ 426,431</u> |

The Foundation funds its operations primarily through administrative fees charged to endowed restricted funds and from contributions and special events revenue without donor restrictions.

To support the Foundation's mission and operations, an administrative fee of up to 1% of the value of the endowment may be transferred to net assets without donor restrictions. The administrative fee will be calculated annually based on the three-year rolling quarterly average of the endowment's fair market value.

Endowment funds consist of donor-restricted endowments which are restricted as either perpetual in nature or for specific purposes. Donor-restricted endowment funds are not available for general expenditures.

The Foundation maintains funds restricted for scholarships, educational development, and special events. These funds are classified as net assets with donor restrictions and are not available for general expenditures.

Total available for general expenditure within one year excludes financial assets restricted to fund program service expenses which are almost entirely funded with donor-restricted net assets.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

10. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and benefits recognized as contributed services from the College. The College maintains a federally negotiated facilities and administrative rate agreement that is applied to the contributed services. These expenses are allocated based on estimates of time and effort.

Expense allocation for the year ended June 30, 2023 is as follows:

| | <u>Program</u> | <u>Administration & General</u> | <u>Fundraising</u> |
|-------------------------------|---------------------|---|---------------------|
| Scholarships | \$ 3,425,821 | \$ 0 | \$ 0 |
| Educational Development | 4,505,369 | 0 | 0 |
| Professional Fees | 0 | 45,468 | 0 |
| Conferences & Meetings | 0 | 147,935 | 0 |
| Miscellaneous | 0 | 26,868 | 0 |
| Personnel | 0 | 170,230 | 56,171 |
| Lobbying | 0 | 0 | 150,000 |
| Special Events | 0 | 0 | 301,048 |
| Donor Cultivation/Stewardship | 0 | 0 | 514,641 |
| Total | <u>\$ 7,931,190</u> | <u>\$ 390,501</u> | <u>\$ 1,021,860</u> |

Expense allocation for the year ended June 30, 2022 is as follows:

| | <u>Program</u> | <u>Administration & General</u> | <u>Fundraising</u> |
|-------------------------------|---------------------|---|--------------------|
| Scholarships | \$ 3,132,161 | \$ 0 | \$ 0 |
| Educational Development | 6,080,095 | 0 | 0 |
| Professional Fees | 0 | 159,023 | 0 |
| Conferences & Meetings | 0 | 93,830 | 0 |
| Miscellaneous | 0 | 12,892 | 0 |
| Personnel | 0 | 163,181 | 53,129 |
| Lobbying | 0 | 0 | 150,000 |
| Special Events | 0 | 0 | 350,614 |
| Donor Cultivation/Stewardship | 0 | 0 | 408,000 |
| Total | <u>\$ 9,212,256</u> | <u>\$ 428,926</u> | <u>\$ 961,743</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|----------------------|
| Subject to expenditure for specified purposes: | | |
| Scholarships | \$ 74,236,468 | \$ 68,030,564 |
| Educational Development | 11,123,218 | 10,316,054 |
| Special Events | 447,528 | 364,464 |
| | <u>\$ 85,807,214</u> | <u>\$ 78,711,082</u> |
| Perpetual in nature, subject to endowment spending policy and appropriation: | | |
| Scholarships | \$ 4,083,250 | \$ 4,083,250 |
| Educational Development | 11,500,000 | 11,500,000 |
| Pledges receivable, net - permanently restricted to endowment | <u>0</u> | <u>0</u> |
| | <u>\$ 15,583,250</u> | <u>\$ 15,583,250</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 101,390,464</u> | <u>\$ 94,294,332</u> |

Net assets and transfers were released from donor restrictions by incurring expenses which satisfied the following purpose restrictions during the years ended June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|---------------------|---------------------|
| Scholarships | \$ 3,224,821 | \$ 3,131,663 |
| Educational Development | 4,342,316 | 5,792,226 |
| Special Events | 227,342 | 26,242 |
| Annual Administrative Fee | 500,000 | 750,000 |
| Other | <u>45,631</u> | <u>0</u> |
| Totals | <u>\$ 8,340,110</u> | <u>\$ 9,700,131</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

12. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS

The Foundation places great importance on risk reduction through asset allocation and style diversification. Investment results are measured using a rolling five to seven-year period or a full market cycle. The following are the investment performance objectives, in order of importance, for the portfolio:

- To generate a minimum annual real rate of return of approximately 5.0% after deducting for advisory, money management, custodial fees, and total transaction costs.
- To obtain a total return on the portfolio, net of all investment related fees, which exceeds the total return of the policy benchmark.
- Performance will be evaluated versus achievement of spending policy and comparisons to a similar set of investments.

The goals of the strategic asset allocation policy are to establish a long-term asset allocation plan for the Foundation's portfolio that is consistent with objectives and guidelines contained in this policy and carried out in an efficient manner. To that end, this policy establishes an acceptable range, defined to be any percentage above a minimum and below a maximum percentage of the portfolio allocated to a particular asset class, and a target percentage, defined to be the percentage goal for the investment of the portfolio in that asset class.

Market value fluctuations and operational needs may cause variations from the strategic asset allocation policy ranges stated in this policy. Depending upon market conditions, the percentage allocation to each asset class may vary as much as plus or minus 5.0%. The Foundation does not deem it acceptable to time the market with tactical allocation shifts. Asset mixes and the possibilities for rebalancing are considered on a monthly basis. The intention of this policy is to avoid short-term judgments that introduce significant unplanned risk.

Distributions from endowment funds are spent in compliance with the donor's restrictions applicable to the funds being distributed. The Foundation classifies net assets with donor restrictions that are perpetual in nature as: (a) the original value of the 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.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

12. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS – continued

The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as net assets with purpose restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, 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
7. The investment policies of the Foundation

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration (“underwater endowments”). UPMIFA legally allows the Foundation to make distributions from an underwater endowment in accordance with prudent measures prescribed under the law. There were no deficits of this nature in fiscal years 2023 or 2022.

The UPMIFA establishes that 5% of the value of the permanent and term endowment funds is a safe harbor prudent spending limit. This 5% limitation must be determined on the basis of market values that are determined at least quarterly and averaged over a period not less than three years immediately preceding the year in which the appropriation for expenditure is made. If a fund has been in existence less than three years, the fair market value of the endowment fund shall be calculated for the period the endowment fund has been in existence. The Foundation’s spending policy is generally limited to 5% but a spending rate in excess of 5% can be approved by the Executive Committee of the Foundation’s Board of Directors.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

12. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS – continued

Endowment net asset composition by fund type consists of the following as of June 30, 2023:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Donor Restricted Endowment Funds: | | | |
| Purpose Restrictions | \$ 0 | \$ 71,863,193 | \$ 71,863,193 |
| Original donor-restricted gifts and amounts requires to be maintained in perpetuity by donor | 0 | 15,583,250 | 15,583,250 |
| Accumulated investment return | <u>0</u> | <u>5,836,178</u> | <u>5,836,178</u> |
| Total Endowment Funds | <u>\$ 0</u> | <u>\$ 93,282,621</u> | <u>\$ 93,282,621</u> |

Changes in endowment net assets was as follows for the year ended June 30, 2023:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 0 | \$ 86,269,990 | \$ 86,269,990 |
| Investment return - net | 0 | 9,079,222 | 9,079,222 |
| Contributions and transfers | 0 | 1,538,321 | 1,538,321 |
| Appropriation of endowment assets for expenditure | <u>0</u> | <u>(3,604,912)</u> | <u>(3,604,912)</u> |
| Endowment net assets, end of year | <u>\$ 0</u> | <u>\$ 93,282,621</u> | <u>\$ 93,282,621</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

12. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS – continued

Endowment net asset composition by fund type consists of the following as of June 30, 2022:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Donor Restricted Endowment Funds: | | | |
| Purpose Restrictions | \$ 0 | \$ 66,044,372 | \$ 66,044,372 |
| Original donor-restricted gifts and amounts requires to be maintained in perpetuity by donor | 0 | 15,583,250 | 15,583,250 |
| Accumulated investment return | <u>0</u> | <u>4,642,368</u> | <u>4,642,368</u> |
| Total Endowment Funds | <u>\$ 0</u> | <u>\$ 86,269,990</u> | <u>\$ 86,269,990</u> |

Changes in endowment net assets was as follows for the year ended June 30, 2022:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 0 | \$ 100,705,550 | \$ 100,705,550 |
| Investment return - net | 0 | (12,944,779) | (12,944,779) |
| Contributions and transfers | 0 | 1,733,599 | 1,733,599 |
| Appropriation of endowment assets for expenditure | <u>0</u> | <u>(3,224,380)</u> | <u>(3,224,380)</u> |
| Endowment net assets, end of year | <u>\$ 0</u> | <u>\$ 86,269,990</u> | <u>\$ 86,269,990</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

13. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value, require disclosure about fair value measurements, and establish a three-level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets or liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models and market assumptions.

Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Common Stock — Common stock is valued at the closing price reported on the active markets in which the individual securities are traded and therefore is classified as Level 1.

Equity Mutual Funds — Equity mutual funds primarily invest in common stock of domestic and international corporations in a variety of industries. Quoted prices in active markets are used to value the equity mutual funds and therefore are classified as Level 1.

Fixed Income Mutual Funds — Fixed income mutual funds primarily invest in U.S. Treasuries and corporate bonds. Quoted prices in active markets are used to value the fixed income mutual funds and therefore are classified as Level 1.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

13. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Alternative Investments — Alternative investments do not have readily determined fair values as they are not listed on national exchanges or over-the-counter markets. Fair value has been determined based on the individual fund's net asset valuation provided by the investment managers, based on the guidelines established by those investment managers. As a result, the Foundation has not classified these investments within the fair value hierarchy.

Beneficial Interest in Charitable Remainder Unitrust — The fair value of the beneficial interest in the charitable remainder unitrust is estimated at the present value of the projected proceeds that will be received from the unitrust as calculated annually according to IRS Publication 1458, *Actuarial Valuations*. As such, the fair value of the beneficial interest is considered to be determined based on Level 3 inputs.

Cash Surrender Value of Insurance — The cash surrender value of insurance is presented at fair value based on the amount in cash upon cancellation of the insurance policy before maturity as of the reporting date. The fair value is determined by the insurer and represents the exit price from the perspective of the Foundation. Since the valuation is unobservable, the cash surrender value calculation is considered a Level 3 input.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

13. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Financial assets measured at fair value on a recurring basis consisted of the following at June 30, 2023:

Measured at Fair Value

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------------|----------------|-------------------|----------------------|
| Investments: | | | | |
| Cash and Cash Equivalents | \$ 794 | 0 | 0 | \$ 794 |
| Equity Mutual Funds | 50,005,558 | 0 | 0 | 50,005,558 |
| Fixed Income Mutual Funds | 17,924,426 | 0 | 0 | 17,924,426 |
| Total Investments | <u>\$ 67,930,778</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 67,930,778</u> |
| Beneficial Interest in Remainder Unitrust | 0 | 0 | 377,002 | 377,002 |
| Cash Surrender Value of Insurance | 0 | 0 | 88,620 | 88,620 |
| Total Measured at Fair Value | <u>\$ 67,930,778</u> | <u>\$ 0</u> | <u>\$ 465,622</u> | <u>\$ 68,396,400</u> |

Measured at Net Asset Value

| | <u>Unfunded Commitments</u> | <u>Redemption Notice Period</u> | <u>Redemption Frequency</u> | <u>Net Asset Value</u> |
|---|---------------------------------|-------------------------------------|---------------------------------|----------------------------|
| Black Diamond Arbitrage, Ltd. | 0 | 45 days | Monthly | \$ 3,958,684 |
| GLASfunds SPC | 1,371,457 | Varies | Varies | 1,379,940 |
| Harrison Street Core Property Fund, L.P. | 0 | 45 days | Quarterly | 4,229,569 |
| Maverick Stable Fund, Ltd. | 0 | 95 days | Quarterly | 4,505,576 |
| Mondrian Global All Countries World Equity Fund, L.P. | 0 | by 15th day of prior month | Monthly | 5,060,196 |
| Ninety One Global Franchise Fund | 0 | 1 day | Daily | 4,833,944 |
| White Oak Fixed Income C, L.P. | 0 | 6 months | Quarterly | <u>2,982,858</u> |
| Total Measured at Net Asset Value | | | | <u>\$ 26,950,767</u> |
| Total Financial Assets Measured at Fair Value and Net Asset Value | | | | <u>\$ 95,347,167</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

13. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Financial assets measured at fair value on a recurring basis consisted of the following at June 30, 2022:

Measured at Fair Value

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------------|----------------|-------------------|----------------------|
| Investments: | | | | |
| Cash and Cash Equivalents | \$ 787 | 0 | 0 | \$ 787 |
| Common Stock | 551,727 | 0 | 0 | 551,727 |
| Equity Mutual Funds | 43,711,754 | 0 | 0 | 43,711,754 |
| Fixed Income Mutual Funds | 17,572,805 | 0 | 0 | 17,572,805 |
| Total Investments | <u>\$ 61,837,073</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 61,837,073</u> |
| Beneficial Interest in Remainder Unitrust | 0 | 0 | 413,663 | 413,663 |
| Cash Surrender Value of Insurance | 0 | 0 | 98,991 | 98,991 |
| Total Measured at Fair Value | <u>\$ 61,837,073</u> | <u>\$ 0</u> | <u>\$ 512,654</u> | <u>\$ 62,349,727</u> |

Measured at Net Asset Value

| | <u>Unfunded Commitments</u> | <u>Redemption Notice Period</u> | <u>Redemption Frequency</u> | <u>Net Asset Value</u> |
|---|---------------------------------|-------------------------------------|---------------------------------|----------------------------|
| Black Diamond Arbitrage, Ltd. | 0 | 45 days | Monthly | \$ 4,129,686 |
| GLASfunds SPC | 850,934 | Varies | Varies | 625,627 |
| Harrison Street Core Property Fund, L.P. | 0 | 45 days | Quarterly | 4,190,645 |
| Maverick Stable Fund, Ltd. | 0 | 95 days | Quarterly | 4,247,358 |
| Mondrian Global All Countries World Equity Fund, L.P. | 0 | by 15th day of prior month | Monthly | 4,449,170 |
| Ninety One Global Franchise Fund | 0 | 1 day | Daily | 4,170,536 |
| White Oak Fixed Income C, L.P. | 0 | 6 months | Quarterly | <u>3,690,064</u> |
| Total Measured at Net Asset Value | | | | <u>\$ 25,503,086</u> |
| Total Financial Assets Measured at Fair Value and Net Asset Value | | | | <u>\$ 87,852,813</u> |

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

13. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

For the years ending June 30, 2023 and 2022, the Foundation did not have any purchases, issuances, or transfers in or out of the Level 3 assets.

Black Diamond Arbitrage, Ltd. (the “Fund”) is a Cayman Islands exempted company with limited liability that was organized in March 1999. The Fund holds all or substantially all of its assets through Black Diamond Arbitrage Intermediate Ltd., which in turn invests all or substantially all of its assets in Black Diamond Arbitrage Offshore Ltd. (the “Master Fund”). The objective of the Master Fund is to invest in securities of companies that are the target of a merger with another company and companies that are facing a major corporate event and are traded on United States and principal foreign exchanges and markets. Such events may include a significant restructuring, spin-off of operations, bankruptcy, or major litigation.

GLASfunds SPC (“GLASfunds”) is a Cayman Islands exempted company incorporated with limited liability to operate as a private investment fund. GLASfunds seeks to provide consistently superior access to institutional hedge fund and private capital managers through the use of a multimanager investment vehicle. The proceeds from the sale of its shares are to one or more of GLASfunds’ eight primary investment strategies, each of which is represented by a segregated portfolio which focuses on investments in hedge funds and private equity funds.

Harrison Street Core Property Fund, L.P. (“HSCPF”) is an open-ended core strategy fund which focuses on lower risk, income-oriented investments in student housing, senior housing, medical office, and self-storage. HSCPF seeks to generate a gross annualized return of 9-10% through complete market cycles (7-10 years), with the majority to be derived from current income. HSCPF is managed by Harrison Street Real Estate Capital, LLC, a private real estate investment management firm based in Chicago, Illinois founded in 2005.

Maverick Stable Fund, Ltd. (“Maverick”) is a Cayman Islands exempted company with limited liability that was organized in May 2002. Maverick’s objective is to preserve and grow capital by identifying high-quality investment managers with above-average investment histories and investing assets in private investment vehicles managed by such portfolio managers.

Mondrian Global All Countries World Equity Fund, L.P. (“Mondrian”) is a commingled investment fund managed by Mondrian Investment Group. Mondrian is a focused portfolio of approximately 35-50 securities of both U.S. and non-U.S. issuers, including the securities of emerging market companies. Mondrian follows a value-oriented approach focusing on dividend growth with a goal of providing strong downside protection and less volatility than the overall market with low turnover.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

13. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Ninety One Global Franchise Fund (“Ninety One”) is a high-conviction portfolio managed by Ninety One, an independent global asset manager with sizeable employee ownership and professionals across four continents. Ninety One’s strategy is to look for leading companies from around the globe with strong free cash flow and entrenched competitive positions. The portfolio consists of 25-40 stocks with strong downside protection, low-turnover, and a quality growth orientation.

White Oak Fixed Income Fund C, L.P. (“White Oak”) is a hedge fund operated by White Oak Global Advisors, LLC which is a is an SEC-registered investment advisor and private credit firm. White Oak’s objective is to earn substantial current income by originating, underwriting, and investing in a diversified portfolio of fixed income securities, including, but not limited to Regulation D/Rule144A bonds, and directly originated term and asset-backed loans, and corporate high yield bonds and bank debt.

**Independent Auditor’s 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
Cuyahoga Community 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 Cuyahoga Community College Foundation (the “Foundation”, a nonprofit corporation and a component unit of Cuyahoga Community College), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2023.

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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 were not identified.

To the Board of Directors
Cuyahoga Community College Foundation

Report on 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 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 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.

Ciuni + Panichi, Inc.

Cleveland, Ohio
November 3, 2023

OHIO AUDITOR OF STATE KEITH FABER



CUYAHOGA COMMUNITY COLLEGE FOUNDATION

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/16/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov