

VICTORIA COLLEGE FOUNDATION, INC.

VICTORIA, TEXAS

Financial Statements

August 31, 2022 and 2021

VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS

Financial Statements
August 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors of the Victoria College Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Victoria College Foundation, (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victoria College Foundation as of August 31, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victoria College Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Victoria College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Bumgardner, Morrison and Company, LLP

Bumgardner, Morrison & Company, LLP
Victoria, Texas
November 7, 2022

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Statements of Financial Position
August 31, 2022 and 2021**

	2022	2021
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 5,876,703	\$ 4,152,519
Pledges receivable	980,512	282,175
Accounts receivable	26,650	70,375
Other current assets	191	241
Total Current Assets	6,884,056	4,505,310
Other Assets		
Restricted Cash - endowment money market funds	148,001	149,603
Endowment investments	13,014,351	15,234,586
Total Other Assets	13,162,352	15,384,189
Total Assets	\$ 20,046,408	\$ 19,889,499
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 44	\$ -
Due to Victoria College	23,132	50,122
Total Liabilities	23,176	50,122
Net Assets		
Without donor restriction	20,626	37,920
With donor restriction	20,002,606	19,801,457
Total Net Assets	20,023,232	19,839,377
Total Liabilities and Net Assets	\$ 20,046,408	\$ 19,889,499

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

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Statement of Activities
Year Ended August 31, 2022**

	2022		
	Without Donor	With Donor	Total
	Restriction	Restriction	
Revenue and Support			
Grants and contributions	\$ 38,424	\$ 3,143,161	\$ 3,181,585
In-kind donations	151,618	-	151,618
Investment return, net	35	(2,107,215)	(2,107,180)
Net assets released from restrictions	834,797	(834,797)	-
Total Revenue and Support	<u>1,024,874</u>	<u>201,149</u>	<u>1,226,023</u>
Expenses			
Program services	874,607	-	874,607
Management and general	25,157	-	25,157
Fundraising	142,404	-	142,404
Total Expenses	<u>1,042,168</u>	<u>-</u>	<u>1,042,168</u>
Increase (Decrease) in Net Assets	<u>(17,294)</u>	<u>201,149</u>	<u>183,855</u>
Net Assets, Beginning of Year	<u>37,920</u>	<u>19,801,457</u>	<u>19,839,377</u>
Net Assets, End of Year	<u>\$ 20,626</u>	<u>\$ 20,002,606</u>	<u>\$ 20,023,232</u>

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

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Statement of Activities, Continued
Year Ended August 31, 2021**

	2021		
	Without Donor	With Donor	Total
	Restriction	Restriction	
Revenue and Support			
Grants and contributions	\$ 38,200	\$ 2,071,503	\$ 2,109,703
In-kind donations	161,716	-	161,716
Investment return, net	342	2,215,371	2,215,713
Net assets released from restrictions	7,262,699	(7,262,699)	-
Total Revenue and Support	<u>7,462,957</u>	<u>(2,975,825)</u>	<u>4,487,132</u>
Expenses			
Program services	7,149,336	-	7,149,336
Management and general	25,050	-	25,050
Fundraising	275,062	-	275,062
Total Expenses	<u>7,449,448</u>	<u>-</u>	<u>7,449,448</u>
Increase in Net Assets	<u>13,509</u>	<u>(2,975,825)</u>	<u>(2,962,316)</u>
Net Assets, Beginning of Year	<u>24,411</u>	<u>22,777,282</u>	<u>22,801,693</u>
Net Assets, End of Year	<u>\$ 37,920</u>	<u>\$ 19,801,457</u>	<u>\$ 19,839,377</u>

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

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Statement of Functional Expenses
Year Ended August 31, 2022**

	2022			
	Program	Management and General	Fundraising	Total
Functional Expenses				
Accounting and legal	\$ -	\$ 9,500	\$ -	\$ 9,500
Advertising	-	-	-	-
Bad debt expense	-	265	-	265
Contracted services	-	-	8,224	8,224
Grants	209,878	-	-	209,878
Insurance	-	1,039	9,352	10,391
Miscellaneous	4,668	-	-	4,668
Postage and printing	549	549	4,390	5,488
Institutional memberships	-	224	2,012	2,236
Rent	195	195	1,559	1,949
Salaries	12,801	12,801	102,410	128,012
Scholarships	646,516	-	-	646,516
Subscriptions	-	445	4,005	4,450
Supplies	-	139	1,253	1,392
Public relations	-	-	7,651	7,651
Travel	-	-	1,548	1,548
Total Functional Expenses	<u>\$ 874,607</u>	<u>\$ 25,157</u>	<u>\$ 142,404</u>	<u>\$ 1,042,168</u>

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

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Statement of Functional Expenses, Continued
Year Ended August 31, 2021**

	2021			Total
	Program	Management and General	Fundraising	
Functional Expenses				
Accounting and legal	\$ -	\$ 8,000	\$ -	\$ 8,000
Advertising	-	-	225	225
Bad debt expense	-	260	-	260
Contracted services	-	-	131,806	131,806
Grants	6,189,564	-	-	6,189,564
Insurance	-	1,073	9,653	10,726
Miscellaneous	3,642	-	-	3,642
Postage and printing	586	586	4,690	5,862
Institutional memberships	-	258	2,318	2,576
Rent	195	195	1,559	1,949
Salaries	14,020	14,020	112,161	140,201
Scholarships	941,329	-	-	941,329
Subscriptions	-	445	4,005	4,450
Supplies	-	213	1,916	2,129
Public relations	-	-	5,936	5,936
Travel	-	-	793	793
Total Functional Expenses	<u>\$ 7,149,336</u>	<u>\$ 25,050</u>	<u>\$ 275,062</u>	<u>\$ 7,449,448</u>

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

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Statements of Cash Flows
Years Ended August 31, 2022 and 2021**

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 183,855	\$ (2,962,316)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized (gains)/losses on investments	2,699,540	(1,658,150)
(Increase) decrease in		
Pledges receivable	(698,337)	1,474,063
Accounts receivable	43,725	(70,375)
Other current assets	50	5,148
Increase (decrease) in		
Accounts payable	44	21,078
Due to Victoria College	(26,990)	23,373
Net Cash Provided by (Used in) Operating Activities	2,201,887	(3,167,179)
Cash Flows from Investing Activities		
Transfer of investment gains to endowment	(559,066)	(177,503)
Purchases of investments	(2,818,942)	(2,921,773)
Sales of investments	2,339,637	2,822,700
Net Cash Used in Investing Activities	(1,038,371)	(276,576)
Cash Flows from Financing Activities		
Contributions to endowment from cash account	559,066	177,503
Net Cash Provided by Financing Activities	559,066	177,503
Net (Decrease) Increase in Cash and Cash Equivalents	1,722,582	(3,266,252)
Cash and Cash Equivalents as of Beginning of Year	4,302,122	7,568,374
Cash and Cash Equivalents as of End of Year	\$ 6,024,704	\$ 4,302,122

Supplemental Disclosures for Cash Flows

Cash and Cash Equivalents consists of the following:

Cash and cash equivalents	\$ 5,876,703	\$ 4,152,519
Endowment investments - money market funds	148,001	149,603
Total Cash and Cash Equivalents	\$ 6,024,704	\$ 4,302,122

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

VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS

Notes to the Financial Statements
August 31, 2022 and 2021

Note 1 **Significant Accounting Policies**

Organization

The Victoria College Foundation, Inc. (the Foundation) is a nonprofit corporation organized and operated to solicit and receive donations, gifts and grants of money and property, and to administer the same and expend funds on charitable or non-profit basis on behalf of The Victoria County Junior College District (the College), its departments, facilities, and activities. The primary function of the Foundation is to fund programs of the College. The Foundation's support comes primarily from individual donors' contributions.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. The net assets of the Organization are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor-stipulated time restriction ends or a 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 FASB has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS

Notes to the Financial Statements, Continued
August 31, 2022 and 2021

Note 1 **Significant Accounting Policies, Continued**

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Risks and Uncertainties

The Foundation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Revenue Recognition

Contributions are recognized as revenue at fair value when an unconditional commitment is received from a donor or grantor. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the 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 statements of activities as net assets released from restrictions.

Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. At August 31, 2021, the Foundation received a conditional commitment of \$52,500. The referenced commitment will provide emergency aid funding for students combined with technical assistance to establish or improve an emergency aid program at the college. Revenue is expected to be recorded as follows: \$35,000 in fiscal year 2023 and \$17,500 in fiscal year 2024. The commitment will culminate based on the Foundation's ability to obtain matching funds of \$5,000 in 2023 and \$10,000 in 2024.

VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS

Notes to the Financial Statements, Continued
August 31, 2022 and 2021

Note 1 **Significant Accounting Policies, Continued**

Donated Services, Goods, and Facilities

The Foundation receives a substantial amount of services, goods, and facilities donated by the College. Contributions of donated noncash assets are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or supporting service are allocated directly. Certain other costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

Income Taxes

The Foundation is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purposes. The tax years ending 2020, 2021, and 2022 are still open to audit for both federal and state purposes. The Foundation is classified as an organization that is not a private foundation. During FY 2022, the Organization was classified by the IRS as a Type 1 supporting organization.

Recent Financial Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The Foundation is evaluating the impact of the new standard on the financial statements.

Note 2 **Concentrations of Credit and Market Risk**

The Foundation maintains cash balances at one financial institution. At times, such amounts may be in excess of limits insured by the Federal Deposit Insurance Corporation (FDIC) of up to \$250,000, but the Foundation has not experienced losses in the past due to such amounts. At August 31, 2022 and 2021, the Foundation's uninsured balances totaled \$5,626,704 and \$3,940,543, respectively.

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Notes to the Financial Statements, Continued
August 31, 2022 and 2021**

Note 3 Pledges Receivable

Contributions are recognized at their fair value when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional pledges receivable that are expected to be collected within the fiscal year are recorded at their net realizable value which approximates fair value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of estimated cash flows. There were no concentrations in contributions for the year ending August 31, 2022. At August 31, 2021, three donors made up 44% of contributions recognized. Pledges receivable are considered fully collectible at August 31, 2022 and 2021. At August 31, 2022, two donors made up 87% of pledges receivable. At August 31, 2021, two donors made up 97% of pledges receivable.

Pledges receivable at August 31, 2022 are expected to be collected as follows:

2023	\$	246,092
2024		249,537
2025		218,337
2026		185,517
2027		81,029
Total Pledges Receivable	\$	980,512

Note 4 Liquidity of Assets

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include \$625,516 and \$583,342 in subsequent year scholarships that were awarded as of August 31, 2022 and 2021, respectively.

	2022	2021
Financial assets at year-end	\$ 6,884,056	\$ 4,505,310
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(6,840,254)	(4,417,268)
Plus: Restricted scholarship funds available for use within one year	625,516	583,342
Financial assets available to meet cash needs for general expenditures within one year	\$ 669,318	\$ 671,384

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Notes to the Financial Statements, Continued
August 31, 2022 and 2021**

Note 5 Fair Value of Endowment Investments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.

Level 3 – Inputs to the valuation methodology are unobservable in the market and require significant management judgment or estimation to measure fair value.

As asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Foundation's assets measured at fair value on a recurring basis by level within the fair value hierarchy as of August 31, 2022 and 2021 are as follows:

	2022			Balance at August 31, 2022
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
Fixed income	\$ 6,611,555	\$ -	\$ -	\$ 6,611,555
Equities	6,402,796	-	-	6,402,796
Total Investments	\$ 13,014,351	\$ -	\$ -	\$ 13,014,351

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Notes to the Financial Statements, Continued
August 31, 2022 and 2021**

Note 5 Fair Value of Endowment Investments, Continued

	2021			Balance at August 31, 2021
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
Fixed income	\$ 7,483,229	\$ -	\$ -	\$ 7,483,229
Equities	7,751,357	-	-	7,751,357
Total Investments	\$ 15,234,586	\$ -	\$ -	\$ 15,234,586

Investments in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without restrictions unless the income or loss is restricted by donor or law.

Note 6 Investment Return

As of August 31, 2022 and 2021, net investment return consisted of the following:

	2022		
	Without Restriction	With Restriction	Total
Interest and dividends	\$ 35	\$ 646,944	\$ 646,979
Realized gain on investments	-	353,574	353,574
Total Investment Income	35	1,000,518	1,000,553
Unrealized loss on investments	-	(3,053,114)	(3,053,114)
Investment fees	-	(54,619)	(54,619)
Total Investment Return, Net	\$ 35	\$ (2,107,215)	\$ (2,107,180)

**VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS**

**Notes to the Financial Statements, Continued
August 31, 2022 and 2021**

Note 6 Investment Return, Continued

	2021		
	Without Restriction	With Restriction	Total
Interest and dividends	\$ 342	\$ 611,198	\$ 611,540
Realized gain on investments	-	564,231	564,231
Total Investment Income	342	1,175,429	1,175,771
Unrealized gain on investments	-	1,093,919	1,093,919
Investment fees	-	(53,977)	(53,977)
Total Investment Return, Net	\$ 342	\$ 2,215,371	\$ 2,215,713

Note 7 Donated Services, Materials, and Facilities

The Foundation's administrative and executive services are donated by the College. The College also provides an office, use of furniture, equipment, office supplies, and all other items necessary for the daily operations of the Foundation.

At August 31, 2022 and 2021, the College has determined the fair value of donated services, materials and facilities to be \$151,618 and \$161,716, respectively. The donated services, materials, and facilities are included in contributions and expenses in the statements of activities.

Grants in the amount of \$77,321 and \$80,280 were awarded from the Victoria College Foundation, Inc. to the Victoria College during fiscal years 2022 and 2021, respectively. The grants were to partially support the salary of an Executive Director for the Victoria College Foundation and an Advancement Coordinator. The funds for these grants were not from any individual, corporation, or foundation. The funds were a portion of a 1% management fee that is assessed to the endowments held by the Foundation. The 1% is assessed to a three-year rolling average of market values for each named endowment. This is the same process used to determine allocations for scholarships/programs. This percent amount varies annually, based on endowment earnings, and is approved by the Foundation Board of Directors.

VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS

Notes to the Financial Statements, Continued
August 31, 2022 and 2021

Note 8 **Endowment Funds**

As of August 31, 2022 and 2021, the Foundation maintained one endowment fund in accordance with UPMIFA, whereby, the Victoria College Foundation Endowment consists of one hundred twenty-six separate endowments, respectively, created by various individuals and organizations. The Foundation maintains detailed records regarding each separate endowment. Income, expenses, and gains or losses on investments are allocated to each endowment based on its percentage in relation to the whole. It is Foundation policy that no income may be transferred from an endowment for use as scholarships until the endowment balance reaches a minimum of \$15,000 and has been established for a full year.

The Foundation's intent is that the portfolio be managed with the intention of achieving competitively high rates of return to secure sufficient income and growth over time to meet the requirements of the Foundation, while adhering to a prudent level of risk. The investment policy is designed for long-term growth because the portfolio is held in perpetuity. The long-term asset allocation for the Victoria College Foundation Endowment is 50% equity and 50% fixed income. There are minimum and maximum ranges around the targeted allocation.

The Foundation conducts a Tradition of Excellence campaign annually in order to raise funds for scholarships, facilities, and faculty grants. Some contributors designate donations for certain endowments. Summarized financial data for the years ended August 31, 2022 and 2021, are as follows:

	Net Assets with Donor Restrictions	
	2022	2021
Assets		
Foundation Endowment	\$ 13,162,352	\$ 15,384,189
Total Assets	\$ 13,162,352	\$ 15,384,189
Total Liabilities	\$ -	\$ -
Total Net Assets	\$ 13,162,352	\$ 15,384,189
Support and Revenues		
Contributions	\$ 559,066	\$ 177,503
Investment return, net	(2,107,215)	2,215,371
Total Support and Revenues	(1,548,149)	2,392,874
Net Assets Released From Restrictions	(673,688)	(624,096)
Net increase in net assets	(2,221,837)	1,768,778
Net Assets, Beginning of Year	15,384,189	13,615,411
Net Assets, End of Year	\$ 13,162,352	\$ 15,384,189

VICTORIA COLLEGE FOUNDATION, INC.
VICTORIA, TEXAS

Notes to the Financial Statements, Continued
August 31, 2022 and 2021

Note 9 **Net Assets with Donor Restrictions**

As of August 31, 2022, and 2021, Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Endowment	\$ 13,162,352	\$ 15,384,189
Grants	3,289,088	2,566,622
Gifts and scholarships	<u>3,551,166</u>	<u>1,850,646</u>
Total Net Assets with Donor Restrictions	<u>\$ 20,002,606</u>	<u>\$ 19,801,457</u>

Note 10 **Net Assets Released from Restriction**

For the year ended August 31, 2022 and 2021, net assets released from restrictions comprised the following:

	<u>2022</u>	<u>2021</u>
Expiration of Purpose Restrictions	\$ 161,109	\$ 6,638,603
Net Appropriation from Endowment Funds	<u>673,688</u>	<u>624,096</u>
Total Net Assets Released from Restriction	<u>\$ 834,797</u>	<u>\$ 7,262,699</u>

Note 11 **Subsequent Events**

The Foundation has evaluated subsequent events through November 7, 2022, which was the date the financial statements were available to be issued.

On October 31, 2022, the Foundation received \$1.8 million in restricted contributions.