

**VICTORIA COLLEGE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED  
AUGUST 31, 2023 AND 2022**

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



# Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants  
Financial Consultants  
Business Advisors  
www.rhclp.com

Russell A. Hodon, CPA  
Christopher L. Culak, CPA  
Mary Ann McAdams, CPA  
Yvette M. Castro, CPA

One Twenty South Main, Suite 300  
P. O. Box 2486  
Victoria, Texas 77902-2486  
361-578-2915  
Fax 361-578-7058

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Victoria College Foundation, Inc. (a nonprofit Foundation), which comprise the statement of financial position as of August 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victoria College Foundation, Inc. as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Our 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, Inc. 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.

### Prior Period Financial Statements

The financial statements of Victoria College Foundation, Inc. as of August 31, 2022 were audited by other auditors whose report dated November 7, 2022 expressed an unmodified opinion on those statements.

### 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 Victoria College Foundation, Inc.'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, Inc.'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, Inc.'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.

*Roloff, Hnatek & Co., L.L.P.*

Certified Public Accountants

November 8, 2023

**VICTORIA COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 8,105,932	\$ 5,876,703
Pledges Receivable	723,598	980,512
Accounts Receivable	12,299	26,650
Other Current Assets	18,540	191
Total Current Assets	<u>8,860,369</u>	<u>6,884,056</u>
<b>Noncurrent Assets:</b>		
Restricted Cash - Endowment Money Market Funds	129,836	148,001
Endowment Investments	13,575,633	13,014,351
Total Noncurrent Assets	<u>13,705,469</u>	<u>13,162,352</u>
<b>Total Assets</b>	<u>\$ 22,565,838</u>	<u>\$ 20,046,408</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts Payable	\$ -0-	\$ 44
Due to Victoria College	68,399	23,132
Total Liabilities	<u>68,399</u>	<u>23,176</u>
<b>Net Assets:</b>		
Without Donor Restrictions	84,412	20,626
With Donor Restrictions	22,413,027	20,002,606
Total Net Assets	<u>22,497,439</u>	<u>20,023,232</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 22,565,838</u>	<u>\$ 20,046,408</u>

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

**VICTORIA COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
Grants and Contributions	\$ 33,430	\$ 2,852,319	\$ 2,885,749
In-Kind Donations	298,719	-0-	298,719
Investment Return, Net	5,398	907,536	912,934
Net Assets Released from Restrictions	1,349,434	(1,349,434)	-0-
<b>Total Support and Revenue</b>	<b>1,686,981</b>	<b>2,410,421</b>	<b>4,097,402</b>
<b>Expenses:</b>			
Program Services	1,329,199	-0-	1,329,199
Supporting Services:			
Management and General	37,328	-0-	37,328
Fundraising	256,668	-0-	256,668
<b>Total Expenses</b>	<b>1,623,195</b>	<b>-0-</b>	<b>1,623,195</b>
<b>Increase in Net Assets</b>	63,786	2,410,421	2,474,207
<b>Net Assets, Beginning of Year</b>	<b>20,626</b>	<b>20,002,606</b>	<b>20,023,232</b>
<b>Net Assets, End of Year</b>	<b>\$ 84,412</b>	<b>\$ 22,413,027</b>	<b>\$ 22,497,439</b>

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

**VICTORIA COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Grants and Contributions	\$ 38,424	\$ 3,143,161	\$ 3,181,585
In-Kind Donations	151,618	-0-	151,618
Investment Return, Net	35	(2,107,215)	(2,107,180)
Net Assets Released from Restrictions	<u>834,797</u>	<u>(834,797)</u>	<u>-0-</u>
 Total Support and Revenue	 <u>1,024,874</u>	 <u>201,149</u>	 <u>1,226,023</u>
 Expenses:			
Program Services	874,607	-0-	874,607
Supporting Services:			
Management and General	25,157	-0-	25,157
Fundraising	<u>142,404</u>	<u>-0-</u>	<u>142,404</u>
 Total Expenses	 <u>1,042,168</u>	 <u>-0-</u>	 <u>1,042,168</u>
 Increase (Decrease) in Net Assets	 (17,294)	 201,149	 183,855
 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 the financial statements.

**VICTORIA COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2023**

	Program Services	Management and General	Fundraising	Total
Accounting and Legal	\$ -0-	\$ 9,000	\$ -0-	\$ 9,000
Bad Debt Expense	-0-	275	-0-	275
Grants	510,998	-0-	-0-	510,998
Insurance	-0-	1,051	9,455	10,506
Miscellaneous	3,372	-0-	-0-	3,372
Postage and Printing	261	261	2,087	2,609
Institutional Memberships	-0-	34	310	344
Rent	265	265	2,116	2,646
Salaries	25,823	25,823	206,587	258,233
Scholarships	788,480	-0-	-0-	788,480
Subscriptions	-0-	445	4,005	4,450
Supplies	-0-	174	17,193	17,367
Public Relations	-0-	-0-	11,631	11,631
Travel	-0-	-0-	3,284	3,284
<b>Total Functional Expenses</b>	<b><u>\$ 1,329,199</u></b>	<b><u>\$ 37,328</u></b>	<b><u>\$ 256,668</u></b>	<b><u>\$ 1,623,195</u></b>

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



**VICTORIA COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Management and General	Fundraising	Total
Accounting and Legal	\$ -0-	9,500	\$ -0-	\$ 9,500
Bad Debt Expense	-0-	265	-0-	265
Contracted Services	-0-	-0-	8,224	8,224
Grants	209,878	-0-	-0-	209,878
Insurance	-0-	1,039	9,352	10,391
Miscellaneous	4,668	-0-	-0-	4,668
Postage and Printing	549	549	4,390	5,488
Institutional Memberships	-0-	224	2,012	2,236
Rent	195	195	1,559	1,949
Salaries	12,801	12,801	102,410	128,012
Scholarships	646,516	-0-	-0-	646,516
Subscriptions	-0-	445	4,005	4,450
Supplies	-0-	139	1,253	1,392
Public Relations	-0-	-0-	7,651	7,651
Travel	-0-	-0-	1,548	1,548
<b>Total Functional Expenses</b>	<b><u>\$ 874,607</u></b>	<b><u>\$ 25,157</u></b>	<b><u>\$ 142,404</u></b>	<b><u>\$ 1,042,168</u></b>

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

**VICTORIA COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 2,474,207	\$ 183,855
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized/Unrealized (Gains) Losses on Investments	(291,131)	2,699,540
(Increase) Decrease in Assets		
Pledges Receivable	256,914	(698,337)
Accounts Receivable	14,351	43,725
Other Current Assets	(18,349)	50
Increase (Decrease) in Liabilities		
Accounts Payable	(44)	44
Due to Victoria College	45,267	(26,990)
Net Cash Provided by Operating Activities	2,481,215	2,201,887
Cash Flows from Investing Activities:		
Transfer of Restricted Contributions to the Endowment Fund	(408,553)	(559,066)
Purchases of Investments	(6,586,884)	(2,818,942)
Sales of Investments	6,316,733	2,339,637
Net Cash Used by Investing Activities	(678,704)	(1,038,371)
Cash Flows from Financing Activities:		
Contributions Received for the Endowment Fund	408,553	559,066
Net Cash Provided by Financing Activities	408,553	559,066
Net Increase in Cash and Cash Equivalents	2,211,064	1,722,582
Cash and Cash Equivalents, Beginning of Year	6,024,704	4,302,122
Cash and Cash Equivalents, End of Year	\$ 8,235,768	\$ 6,024,704
Supplemental Disclosures for Cash Flows:		
Cash and Cash Equivalents	\$ 8,105,932	\$ 5,876,703
Restricted Cash - Endowment Money Market Funds	129,836	148,001
Total Cash and Cash Equivalents	\$ 8,235,768	\$ 6,024,704

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

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 1: Nature of Activities**

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.

**Note 2: Summary of Significant Accounting Policies**

**Basis of Accounting** -- The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses related to the revenues are recorded upon completion of the event to which they are applicable regardless of the timing of the related cash flows.

**Basis of Financial Statement Presentation** -- The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation. Board-designated net assets are net assets without donor restrictions that are self-imposed limits by the action of the governing Board.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Board or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

The Financial Accounting Standards Board 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.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents** -- 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.

**Receivables** -- Management periodically reviews accounts receivable to determine collectability. All receivables are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

**Contributions** -- Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are received by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions or without donor restrictions depending on the nature of the restriction. When a restriction expires, 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.

Unconditional promises to give that are expected to be collected within one year are recorded at their fair value. Unconditional promises to give that are expected to be collected after one year or more are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are recognized at fair value, but not included as support until such time as the conditions are substantially met. During the year ended August 31, 2021, the Foundation received a conditional commitment of \$52,500. The commitment will provide emergency aid funding for students combined with technical assistance to establish or improve an emergency aid program at the college. The remaining portion of revenue to be recorded in fiscal year 2024 is \$17,500. The commitment will culminate based on the Foundation's ability to obtain matching funds of \$10,000 in 2024.

**Allocation of Expenses** -- The costs of providing the various programs and activities have been summarized on a functional basis in the statement 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.

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 2: Summary of Significant Accounting Policies (Concluded)**

**Income Taxes** -- The Foundation is a nonprofit corporation exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income tax expense has been included in the accompanying financial statements. In addition, it has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a). There was no unrelated business taxable income for the years ended August 31, 2023 or 2022. During the year ended August 31, 2022, the Foundation was classified by the Internal Revenue Service as a Type 1 supporting organization. The Foundation is generally no longer subject to examination by the Internal Revenue Service for tax years ending before 2019.

**Use of Estimates** -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

**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 statement of financial position.

**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. They are included in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose.

**Date of Management's Review** -- Subsequent events were evaluated through November 8, 2023, which is the date the financial statements were available to be issued.

**Note 3: Concentration of Credit Risk**

The Foundation maintains its cash at one financial institution located in Victoria, Texas. Deposit accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, for each deposit insurance category. At times, the balances in bank deposit accounts may exceed federally insured limits. At August 31, 2023 and 2022, the Foundation has uninsured cash balances of \$7,855,790 and \$5,626,704, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and cash equivalents balances.

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 3: Concentration of Credit Risk (Concluded)**

The Foundation also maintains cash in other accounts that are not insured. These accounts are similar to regular money market accounts regarding availability of amounts on deposit. As of August 31, 2023 and 2022, the Foundation had \$129,836 and \$148,001, respectively in these accounts.

**Note 4: Pledges Receivable**

Contributions are recognized at 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. As of August 31, 2023 and 2022, three donors comprised approximately 74% and two donors comprised approximately 87% of pledges receivable, respectively. Pledges receivable are considered fully collectible as of August 31, 2023 and 2022.

Pledges receivable as of August 31, 2023 are expected to be collected as follows:

2024	\$ 177,663
2025	238,160
2026	209,392
2027	79,300
2028	9,708
Thereafter	<u>9,375</u>
Total	<u>\$ 723,598</u>

**Note 5: Revenue Concentration**

The majority of revenue is received from gifts, contributions, and investment returns. The loss of these revenues would have a severe impact on the operation of the Foundation. For the year ended August 31, 2023, the Foundation received contributions from one donor that comprised approximately 64% of total gifts and contributions, while there were no significant concentrations for the year ended August 31, 2022.

**Note 6: Availability and Liquidity of Financial Assets**

The following represents the Foundation's financial assets as of August 31, 2023 and 2022 reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions. Donor restricted amounts that are available for use within one year for general purposes include \$810,140 and \$625,516 in subsequent year scholarships that were awarded as of August 31, 2022 and 2021, respectively.

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 6: Availability and Liquidity of Financial Assets (Concluded)**

	2023	2022
Financial Assets at August 31 <sup>st</sup>	\$ 8,860,369	\$ 6,884,056
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Donor-Imposed Purpose Restrictions	(8,842,869)	(6,840,254)
Plus: Restricted Scholarship Funds Available for Use Within One Year	810,140	625,516
 Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	 \$ 827,640	 \$ 669,318

The Foundation manages its liquidity by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs while accumulating reserves to assure long-term obligations will be discharged. In addition to the financial assets available to meet general expenditures over the next twelve months, the Foundation operates within a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources. Periodic actual to budget comparisons are performed and adjustments are made as considered necessary.

**Note 7: Fair Value of Endowment Investments**

The Foundation categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. FASB ASC 820, *Fair Value Measurement* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,
- Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and
- Level 3 inputs which consist of other unobservable inputs and have the lowest priority.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs are not available.

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 7: Fair Value of Endowment Investments (Concluded)**

Fair values of investments measured on a recurring basis at August 31, 2023 and 2022 are as follows:

	2023	2022
<u>Value Using Level 1 Inputs:</u>		
Mutual Funds:		
Fixed Income	\$ 6,729,114	\$ 6,611,555
Equities	6,846,519	6,402,796
Total Value Using Level 1 Inputs	\$ 13,575,633	\$ 13,014,351

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. The Foundation did not hold any investments during the years ended August 31, 2023 or 2022 for which fair values were measured on a nonrecurring basis or for which fair values were determined using Level 2 or Level 3 methods.

**Note 8: Investment Return**

As of August 31, 2023 and 2022, net investment return consisted of the following:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
	Interest and Dividends	\$ 5,398	\$ 665,787
Realized Loss on Investments	-0-	(68,433)	(68,433)
Total Investment Income	5,398	597,354	602,752
Unrealized Gain on Investments	-0-	359,564	359,564
Investment Fees	-0-	(49,382)	(49,382)
Total Investment Return, Net	\$ 5,398	\$ 907,536	\$ 912,934
	2022		
	Without Donor Restriction	With Donor Restriction	Total
Interest and Dividends	\$ 35	\$ 646,944	\$ 646,979
Realized Gain on Investments	-0-	353,574	353,574
Total Investment Income	35	1,000,518	1,000,553
Unrealized Loss on Investments	-0-	(3,053,114)	(3,053,114)
Investment Fees	-0-	(54,619)	(54,619)
Total Investment Return, Net	\$ 35	\$ (2,107,215)	\$ (2,107,180)



**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 9: 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.

During the years ended August 31, 2023 and 2022, the College has determined the fair value of services, materials, and facilities donated to the Foundation to be \$284,503 and \$151,618, respectively. The donated services, materials, and facilities are included in contributions and expenses in the statements of activities. The Foundation also recognized revenue from additional in-kind donations from various donors during the years ended August 31, 2023 and 2022 totaling \$14,216 and \$0, respectively.

Grants in the amount of \$85,555 and \$77,321 were awarded from the Victoria College Foundation, Inc. to the Victoria College during the years ended August 31, 2023 and 2022, respectively. The grants were to partially support the salary of an Executive Director for the Foundation as well as an Advancement Coordinator. The funds for these grants were not from any individual, corporation, or foundation. Instead, the funds were a portion of a 1% management fee that is assessed from the endowments held by the Foundation. The 1% is assessed based on 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 percentage amount varies annually based on endowment earnings, and is approved by the Foundation Board of Directors.

**Note 10: Endowment Funds**

As of August 31, 2023 and 2022, the Foundation maintained one endowment fund in accordance with UPMIFA, whereby the Victoria College Foundation Endowment consists of one hundred twenty-seven 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.

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 10: Endowment Funds (Concluded)**

The Foundation conducts a Tradition of Excellence campaign annually 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, 2023 and 2022, are as follows:

	Net Assets With Donor Restrictions	
	2023	2022
Total Assets		
Foundation Endowment	\$ 13,705,469	\$ 13,162,352
Total Liabilities	\$ -0-	\$ -0-
Total Net Assets	\$ 13,705,469	\$ 13,162,352
Support and Revenues		
Contributions	\$ 408,553	\$ 559,066
Investment Return, Net	838,644	(2,107,215)
Total Support and Revenues	1,247,197	(1,548,149)
Net Assets Released From Restrictions	(704,080)	(673,688)
Net Increase (Decrease) in Net Assets	543,117	(2,221,837)
Net Assets, Beginning of Year	13,162,352	15,384,189
Net Assets, End of Year	\$ 13,705,469	\$ 13,162,352

**Note 11: Net Assets**

Net assets at August 31, 2023 and 2022 were as follows:

	2023	2022
With Donor Restrictions		
Specific Purpose:		
Endowment	\$ 13,705,469	\$ 13,162,352
Grants	4,580,842	3,289,088
Gifts and Scholarships	4,126,716	3,551,166
	\$ 22,413,027	\$ 20,002,606
Without Donor Restrictions	\$ 84,412	\$ 20,626

**VICTORIA COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**Note 11: Net Assets (Concluded)**

Net assets released from net assets with donor restrictions during the years ended August 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Expiration of Purpose Restrictions	\$ 644,098	\$ 161,109
Net Appropriation From Endowment Funds	<u>705,336</u>	<u>673,688</u>
Total Net Assets Released From Restrictions	<u>\$ 1,349,434</u>	<u>\$ 834,797</u>

**Note 12: Subsequent Events**

The Foundation has evaluated subsequent events through November 8, 2023, which was the date the financial statements were available to be issued.

During October 2023, the Foundation received \$1.5 million in restricted contributions.

