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HARTNELL COLLEGE FOUNDATION (A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

June 30, 2023 and 2022

HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
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JUNE 30, 2023 AND 2022

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**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
BOARD OF DIRECTORS
JUNE 30, 2023**

The Hartnell College Foundation (the "Foundation") is governed by a Board of Directors and is a legal entity separate from the Hartnell Community College District (the "District"). The Foundation was incorporated in 1979.

The Foundation secures property by outright gift, bequest, will or trust and earnings from investments. The Foundation makes gifts, loans, grants and scholarships in order to promote, foster and implement the programs and activities of the District.

The Board of Directors for the fiscal year ended June 30, 2023 can be found on the following page.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
BOARD OF DIRECTORS
JUNE 30, 2023**

The Board of Directors for the fiscal year ended June 30, 2023 was comprised of the following members:

Members	Office	Term Expires
Kerry Varney	President	Dec-2023
Andrea Bailey	Vice President	Dec-2023
Scott Brubaker	Vice President	Oct-2023
Michael Cling	Vice President	Dec-2024
Adrienne Laurent	Vice President	Dec-2023
Emmett Linder	Vice President	Dec-2025
Dr. Willard Lewallen	Vice President	Oct-2025
Christopher Lopez	Vice President	Dec-2024
Colby Pereira	Vice President	Oct-2025
Dr. Pablo Romero	Vice President	Dec-2023
David Warner	Vice President	Oct-2025
Susan Black	Treasurer	Dec-2025
René Mendez	Secretary	Oct-2024
Cathy Alameda	Member	Oct-2024
Michael Avila	Member	Dec-2024
Betsy Buchalter Adler	Member	Oct-2024
Ricky Cabrera	Member	Oct-2024
Sharon Dilbeck	Member	Dec-2024
Elsa Jimenez	Member	Oct-2024
Nicholas Pasculli	Member	Oct-2023
Jose Ramon	Member	Dec-2023
John Romans	Member	Dec-2023
Dr. Jayne Smith	Member	Oct-2025
Gerald Stratton	Member	Oct-2025
Jennifer Williams	Member	Oct-2024
Patrick Zelaya	Member	Dec-2024
Michael Gutierrez	Superintendent/President Hartnell College	Start Date July 2020
Candi DePauw	Board of Trustees Representative Hartnell College	Start Date January 2021
Jacqueline Cruz	Executive Director	Start Date January 2021



INDEPENDENT AUDITORS' REPORT

Board of Directors
Hartnell College Foundation
Salinas, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Hartnell College Foundation (the "Foundation"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartnell College Foundation as of June 30, 2023 and 2022, and the changes to 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hartnell 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
November 21, 2023

FINANCIAL STATEMENTS

HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	<u>2023</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,823,315
Grants/Pledges receivable, current	1,378,964
Investments, current	4,906,617
Accounts receivable	1,966,177
Prepaid expenses	<u>23,015</u>
Total current assets	<u>16,098,088</u>
Noncurrent assets:	
Pledges receivable, noncurrent	688,000
Investments, non current	15,114,579
Land held for investment	20,500,000
Art and collections	<u>256,581</u>
Total noncurrent assets	<u>36,559,160</u>
Total assets	<u>\$ 52,657,248</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 624,794
Scholarships payable	551,482
Deferred revenue	<u>20,956</u>
Total current liabilities	<u>1,197,232</u>
Total liabilities	<u>1,197,232</u>
NET ASSETS	
Net assets without donor restrictions	24,482,591
Net assets with donor restrictions	<u>26,977,425</u>
Total net assets	<u>51,460,016</u>
Total liabilities and net assets	<u>\$ 52,657,248</u>

HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	2022
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,893,593
Grants/Pledges receivable, current	1,218,191
Accounts receivable	4,442,979
Prepaid expenses	18,811
Total current assets	11,573,574
Noncurrent assets:	
Pledges receivable, noncurrent	1,772,700
Investments	18,495,572
Land held for investment	20,500,000
Art and collections	256,581
Total noncurrent assets	41,024,853
Total assets	\$ 52,598,427
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 863,927
Scholarships payable	655,267
Deferred revenue	25,366
Total current liabilities	1,544,560
Total liabilities	1,544,560
NET ASSETS	
Net assets without donor restrictions	24,105,055
Net assets with donor restrictions	26,948,812
Total net assets	51,053,867
Total liabilities and net assets	\$ 52,598,427

HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 207,511	\$ 4,115,797	\$ 4,323,308
Special events	295,150	219,502	514,652
Contract revenue	125,117	1,106,641	1,231,758
In-kind donations	203,932	15,000	218,932
Net investment return	414,170	1,116,493	1,530,663
Rental income	278,265	-	278,265
Other revenue	291,088	-	291,088
Net assets released from restriction	6,544,820	(6,544,820)	-
Total Support and Revenue	8,360,053	28,613	8,388,666
EXPENSES			
Program	6,879,189	-	6,879,189
General and administrative	612,584	-	612,584
Fundraising	490,744	-	490,744
Total Expenses	7,982,517	-	7,982,517
Change in Net Assets	377,536	28,613	406,149
Net Assets - Beginning of Year	24,105,055	26,948,812	51,053,867
Net Assets - End of Year	\$ 24,482,591	\$ 26,977,425	\$ 51,460,016

HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 538,547	\$ 10,611,718	\$ 11,150,265
Special events	309,325	142,472	451,797
In-kind donations	249,882	20,871	270,753
Net investment return	(257,134)	(2,660,259)	(2,917,393)
Rental income	-	361,793	361,793
Other revenue	225,008	-	225,008
Net assets released from restriction	8,727,057	(8,727,057)	-
Total Support and Revenue	9,792,685	(250,462)	9,542,223
EXPENSES			
Program	8,201,154	-	8,201,154
General and administrative	495,684	-	495,684
Fundraising	389,508	-	389,508
Total Expenses	9,086,346	-	9,086,346
Change in Net Assets	706,339	(250,462)	455,877
Net Assets - Beginning of Year	23,398,716	27,199,274	50,597,990
Net Assets - End of Year	\$ 24,105,055	\$ 26,948,812	\$ 51,053,867

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 112,667	\$ 245,695	\$ 189,610	\$ 547,972
Employee benefits	6,359	38,576	22,152	67,087
Consulting and marketing	22,155	-	45,980	68,135
Accounting and legal fees	-	38,242	-	38,242
Campus area expenses	2,691,304	-	-	2,691,304
Conferences, convention, and meetings	4,699	12,824	21,178	38,701
Donor Cultivation	-	-	70,141	70,141
Memberships	-	1,149	-	1,149
Equipment rental and maintenance	-	14,733	-	14,733
Insurance	-	15,398	-	15,398
In-kind	175,146	43,786	-	218,932
Planned Giving	-	-	3,500	3,500
Postage, printing, and publications	1,103	1,480	-	2,583
Royalties	23,307	-	-	23,307
Scholarships	1,001,257	-	-	1,001,257
Special events	-	-	138,183	138,183
Supplies	1,447	11,444	-	12,891
Telephone	-	2,191	-	2,191
ERAP (emergency rental assistance program)	2,836,724	-	-	2,836,724
Other	3,021	187,066	-	190,087
Total	\$ 6,879,189	\$ 612,584	\$ 490,744	\$ 7,982,517

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	General and			
	Program	Administrative	Fundraising	Total
Salaries	\$ 147,942	\$ 159,249	\$ 111,103	\$ 418,294
Employee benefits	10,044	44,073	-	54,117
Consulting and marketing	25,007	-	51,318	76,325
Accounting fees	-	30,464	-	30,464
Campus area expenses	2,770,276	-	-	2,770,276
Conferences, convention, and meetings	3,382	-	23,350	26,732
Donor cultivation	-	-	36,917	36,917
Memberships	549	1,310	-	1,859
Equipment rental and maintenance	-	9,182	-	9,182
In-kind	220,777	49,976	-	270,753
Planned giving	-	-	28,886	28,886
Postage, printing, and publications	1,180	7,233	-	8,413
Royalties	14,966	-	-	14,966
Scholarships	712,972	-	-	712,972
Special events	-	-	137,934	137,934
Supplies	6,834	5,463	-	12,297
Telephone	-	1,740	-	1,740
ERAP (emergency rental assistance program)	4,276,957	-	-	4,276,957
Other	10,268	186,994	-	197,262
Total	\$ 8,201,154	\$ 495,684	\$ 389,508	\$ 9,086,346

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

Year Ended June 30,	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 406,149	\$ 455,877
Reconciliation to net cash provided (used) by operating activities:		
Net gain in the fair value of investments	(1,286,275)	2,072,131
Contributions restricted for endowments	(222,022)	(274,875)
Effect on changes in:		
Pledges receivable	923,927	5,249,424
Prepaid expenses	(4,204)	(6,685)
Accounts receivable	2,476,802	(4,442,979)
Accounts payable	(239,133)	43,883
Scholarships payable	(103,785)	123,640
Deferred revenue	(4,410)	(16,169)
Net Cash Provided (Used) by Operating Activities	1,947,049	3,204,247
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,668,815)	(10,185,688)
Proceeds from sale of investments	1,429,465	6,056,370
Net Cash Provided (Used) in Investing Activities	(239,350)	(4,129,318)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	222,022	274,875
PPP loan proceeds	-	(84,845)
Net Cash Provided (Used) by Financing Activities	222,022	190,030
Net Increase (Decrease) in Cash and Cash Equivalents	1,929,721	(735,041)
Cash and Cash Equivalents - Beginning of Year	5,893,594	6,628,635
Cash and Cash Equivalents - End of Year	\$ 7,823,315	\$ 5,893,594

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Hartnell College Foundation (the "Foundation") is a not-for-profit public benefit corporation organized to provide support to various programs and functions of Hartnell Community College District (the "District" or "College"), as well as to provide a link between the District and the community. Hartnell Foundation is considered a component unit of the District for financial reporting purposes and, accordingly, is reported as a discretely presented component unit in the District's financial statements.

The mission of Hartnell College Foundation is to cultivate resources to champion student success.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

All donor-restricted contributions are recorded as increases in net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Possible expirations of net assets with donor restriction are (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash Equivalents: The Foundation considers all highly liquid investments with original maturity dates of three months or less as cash equivalents.

Investments: Investments in marketable securities are carried at fair value. Net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments is reported in the statement of activities. Investment income, which consists of interest, dividends, realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Investment income is accrued as earned. Security transactions are recorded on a trade date basis.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land held for investments: Land held for investments is carried at the lower of cost or fair value. Declines in the value of the investment is recognized if the aggregate fair value is less than the carrying amount, recoveries of aggregate fair value in subsequent periods is recorded in those periods subject only to the limitation that the carrying amount shall not exceed the original cost.

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

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

Endowment Funds: The Foundation accounts for its endowments in accordance with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, and *Enhanced Disclosures for All Endowment Funds* (Codification Topic 958-205). The Foundation's endowment currently consists of 95 individual funds established for the purpose of supporting education at the District. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction (a) the original value of gifts donated to the net assets with donor restriction endowment, (b) the original value of subsequent gifts to the net assets with donor restriction endowment, and (c) accumulations to the net assets with donor restriction endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows the Foundation's adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality investment instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Underwater Endowment Funds: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors. The Foundation considers its endowments to be underwater if their fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. The Foundation had thirteen underwater endowment funds at June 30, 2023 and twenty-four underwater endowment funds at June 30, 2022.

Donations: Donations are recognized as revenues in the period received. Donations are considered available for net assets without donor restrictions use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period the events occur.

Management Fee Income: The Foundation assessed a 1.5% management fee on all endowments. Income from this fee is without donor restriction and is used to support the Foundation's operations and mission.

Pledges Receivable: Pledges receivable consist of unconditional and conditional promises to give. Unconditional promises to give (pledges) are recognized as revenue when the commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Pledges which are expected to be collected within one year are recorded at net realizable value. An allowance for uncollectible pledges receivable is established based upon estimated losses related to specific amounts and is recorded through a provision for bad debt which is charged to expense. At June 30, 2023 and 2022, management has determined that an allowance for uncollectible pledges is not considered necessary.

Pledges to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates commensurate with risks applicable in the years in which those promises are received. At June 30, 2023 and 2022, the Foundation has not applied a present value discount as the amount was not significant.

Concentration of Credit Risk: Cash balances held in banks are insured up to \$250,000 and are collateralized by the respective financial institution. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2023 and 2022, the Foundation had deposits at financial institutions eligible for insurance coverage with carrying amounts of \$7,823,315 and \$5,893,593 and bank balances of \$2,588,097 and \$5,156,580 respectively. The total uninsured bank balances at June 30, 2023 and 2022, were \$1,592,582 and \$4,414,349, respectively.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Tax Status: The United States Treasury Department determined that the Foundation is a nonprofit tax-exempt corporation as defined by Internal Revenue Code Section 501(c)(3). A similar determination was made by the California Franchise Tax Board under Section 237 of the State Revenue and Taxation code.

In 2003, the Foundation Board of Directors approved the 501(h)-lobby election of the Internal Revenue Code. Such status provides the Foundation with the ability to participate in the public policy process through lobbying and advocacy campaigns but limits the Foundation's expenses for this purpose to a maximum of 20% of the first \$500,000 of annual expenditures.

The Foundation has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Foundation uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. The Foundation is not subject to any tax liability. Management does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the years ended June 30, 2023, and 2022, the Foundation did not recognize any interest or penalties. The Foundation is subject to the filing of U.S. Federal and California informational returns. Federal returns for 2019 through 2021 and California returns for 2018 through 2021 are currently open for potential Federal and State examination.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in the Accounting Principle - In February 2016, the Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which is effective January 1, 2022, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On June 30, 2023, the Foundation had no leases requiring recognition under ASC Topic 842.

The Foundation has implemented the provisions of this ASU as of June 30, 2023, because management believes it improves the Foundation's financial reporting.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2023	2022
Pledges receivable	\$ 2,066,964	\$ 2,990,891
Less pledges receivable, current	(1,378,964)	(1,218,191)
Pledges receivable, noncurrent	\$ 688,000	\$ 1,772,700

Pledges receivable reported as noncurrent are expected to be received within the next five years.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	\$ 7,823,315	\$ 5,893,593
Grants/pledges receivable	2,066,964	2,990,891
Investments	4,906,617	18,495,572
Total financial assets, at year-end	\$ 14,796,896	\$ 27,380,056
Restrictions for specific purposes:		
Board designated*	\$ 24,482,591	\$ 24,105,055
Donor designated	26,977,425	27,199,274
Total contractual or donor-imposed restrictions	51,460,016	51,304,329
Financial assets available to meet cash needs for general expenditure within one year	\$ (36,663,120)	\$ (23,924,273)

*Board designated assets are at the appointed board's discretion and can be made available for general foundation use, if needed. The board has control of the Matsui land. Matsui land, valued at \$20.5 million will be sold at the Foundation board's discretion.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments consist of the following at June 30:

	2023	2022
Fixed Income	\$ 6,704,806	\$ 7,379,732
Equity securities	11,867,068	9,891,103
Mutual funds	843,938	651,790
Investment Foundation Student Success Fund	251,263	233,071
Investment Foundation for California Community Colleges Scholarships Endowment (FCCC/Osher)	354,121	339,876
Total	<u>\$ 20,021,196</u>	<u>\$ 18,495,572</u>

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC. At June 30, 2023 and 2022, the Foundation investment in the pool consisted of 8% and 6% cash and short-term investments, 33% and 40% fixed income securities, and 59% and 54% equity securities, respectively.

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of June 30, 2023, and 2022, the carrying amounts of cash and cash equivalents and accounts payable approximate fair value because of the relatively short maturities of these financial instruments.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

		June 30, 2023			
		Fair Value	Level 1	Level 2	Level 3
Investment securities:					
Fixed Income	\$ 6,704,806	\$ 6,704,806	\$ -	\$ -	
Equity securities	11,867,068	11,867,068	-	-	
Mutual funds	843,938	843,938	-	-	
Investment Foundation Student Success Fund	251,263	251,263	-	-	
Investment in FCCC/Osher	354,121	-	-	-	354,121
Total investment securities	\$ 20,021,196	\$ 19,667,075	\$ -	\$ -	\$ 354,121

		June 30, 2022			
		Fair Value	Level 1	Level 2	Level 3
Investment securities:					
Fixed Income	\$ 7,379,732	\$ 7,379,732	\$ -	\$ -	
Equity securities	9,891,103	9,891,103	-	-	
Mutual funds	651,790	651,790	-	-	
Investment Foundation Student Success Fund	233,071	233,071	-	-	
Investment in FCCC/Osher	339,876	-	-	-	339,876
Total investment securities	\$ 18,495,572	\$ 18,155,696	\$ -	\$ -	\$ 339,876

The Foundation used the following methods and significant assumptions to estimate fair value:

The fair value of the funds held by FCCC is based upon the Foundation's proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

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

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 – LAND HELD FOR INVESTMENT

During the year ended June 30, 2018, the Foundation received a donation of land with an appraised value of \$20,500,000. During the year ended June 30, 2020 the donor conditions were met. The donation was transferred to net assets without donor restrictions and is held for future sale. The proceeds from the sale will be maximized for the best interests of the College, Foundation, and students.

NOTE 6 – CONTRIBUTED NONFINANCIAL ASSETS

The Foundation's Statements of Activities include in-kind contributions from the District totaling \$218,932 for the year ended June 30, 2023 and \$270,753 for the year ended June 30, 2022. This consisted of management support services and operational services as provided by the District. The valuation of such services is determined based upon the cost of the employees' salaries and benefits.

During the fiscal years ended June 30, 2023 and 2022, the Foundation received in-kind donations:

Description	2023	2022	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Professional Services	\$ 15,000	\$ 31,357	Foundation	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Equipment, Supplies, & Salaries	\$ 203,932	\$ 218,525	Events, staffing, support, and donations	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Vehicle	\$ -	\$ 20,871	Automotive program	Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Total	<u>\$ 218,932</u>	<u>\$ 270,753</u>			

NOTE 7 – NET ASSETS

Changes in net assets with donor restrictions for the fiscal year ended June 30, consisted of the following:

Year Ended June 30,	2023	2022
Academic program	\$ 12,899,607	\$ 14,948,228
Scholarships and grants - endowed funds	12,342,580	10,775,522
Scholarships and grants - nonendowed funds	1,638,955	1,136,817
Federal Gear Up grant	96,283	88,245
Total Net Assets with Donor Restrictions	<u>\$ 26,977,425</u>	<u>\$ 26,948,812</u>

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 – NET ASSETS (Continued)

Changes in endowment net assets for the fiscal year ended June 30, consisted to the following:

Year Ended June 30, 2023	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 10,775,522	\$ 10,775,522
Change in fair value of investments	-	711,238	711,238
Investment income	-	701,294	701,294
Contributions	-	222,022	222,022
Transfers and adjustments	-	617,773	617,773
Appropriation of endowment assets for expenditure	-	(685,269)	(685,269)
Endowment net assets, end of year	\$ -	\$ 12,342,580	\$ 12,342,580

Year Ended June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 13,743,875	\$ 13,743,875
Change in fair value of investments	-	(2,647,168)	(2,647,168)
Investment income	-	364,379	364,379
Contributions	-	274,875	274,875
Transfers and adjustments	-	(226,161)	(226,161)
Appropriation of endowment assets for expenditure	-	(734,278)	(734,278)
Endowment net assets, end of year	\$ -	\$ 10,775,522	\$ 10,775,522

NOTE 8 – SUBSEQUENT EVENTS

The Foundation evaluated all events or transactions that occurred from June 30, 2023, to November 21, 2023 the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.

REPORT REQUIRED BY THE *GOVERNMENT*
AUDITING STANDARDS



INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Hartnell College Foundation
Salinas, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Hartnell College Foundation (the Foundation) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



San Diego, California
November 21, 2023

**REPORT REQUIRED BY THE *UNIFORM*
*GUIDANCE***



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

Board of Directors
Hartnell College Foundation
Salinas, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hartnell College Foundation (the Foundation) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the foundation's major Federal programs for the year ended June 30, 2023. The foundation's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hartnell College Foundation's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Hartnell College Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hartnell College Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hartnell College Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hartnell College Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
November 21, 2023

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Emergency Rental Assistance Program	21.023	[1]	\$ 2,836,724
Total			<u>\$ 2,836,724</u>

[1] Pass-Through Entity Identifying Number not available.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Hartnell College Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

SECTION I – FINANCIAL STATEMENT FINDINGS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>21.023</u>	<u>Emergency Rental Assistance Program</u>

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

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None noted.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

**HARTNELL COLLEGE FOUNDATION
(A NONPROFIT ORGANIZATION)
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023**

There were no findings and questioned costs during fiscal year 2021-22.