DEL MAR COLLEGE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

DEL MAR COLLEGE FOUNDATION, INC.

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

October 27, 2025

To the Board of Trustees
Del Mar College Foundation, Inc.
Corpus Christi, Texas

Opinion

We have audited the accompanying financial statements of Del Mar College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Del Mar College Foundation, Inc., as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Del Mar College Foundation, Inc. as of June 30, 2024 were audited by other auditors whose report dated September 16, 2024 expressed an unmodified opinion on those statements.

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 Del Mar College Foundation, Inc., 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 Del Mar 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Del Mar 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 Del Mar 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.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Adamson & Company, LLC

DEL MAR COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Current Assets:		
Cash and Equivalents	2,789,768	1,409,575
Accounts Receivable	3,082	4,116
Investments (Note 3 and 4)	17,734,314	16,837,821
Unconditional Promises to Give (Note 5)	1,867,510	252,944
Beneficial Interest in Irrevocable Trust (Note 4 and 6)	67,052	--
Total Current Assets	22,461,726	18,504,456
Endowment Investments (Note 3, 4 and 7)	17,900,152	15,634,325
Long-Term Unconditional Promises to Give (Note 5)	322,321	111,379
Beneficial Interest in Irrevocable Trust (Note 4 and 6)	945,496	856,684
TOTAL ASSETS	41,629,695	35,106,844
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	2,455	8,593
Due to Del Mar College (Note 9)	113,361	317,854
Total Liabilities	115,816	326,447
Net Assets:		
Without Donor Restrictions (Note 8)	10,326,904	8,717,234
With Donor Restrictions (Note 8)	31,186,975	26,063,163
Total Net Assets	41,513,879	34,780,397
TOTAL LIABILITIES AND NET ASSETS	41,629,695	35,106,844

See Notes to Financial Statements.

DEL MAR COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025 WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2025	TOTAL 2024
Support, Revenue and Gains:				
Scholarship Contributions	21,880	3,516,219	3,538,099	1,202,306
Designated Scholarship Contributions	--	338,947	338,947	358,407
Grants, Managed Funds and Other Contributions	318,627	2,788,078	3,106,705	1,226,341
Net Investment Income (Note 3)	1,727,673	2,646,786	4,374,459	3,890,105
Contributed Non-Financial Assets (Note 9)	733,980	--	733,980	779,844
Net Assets Released from Restrictions (Note 8)	4,218,575	(4,218,575)	--	--
Total Support, Revenue and Gains	7,020,735	5,071,455	12,092,190	7,457,003
Expenses:				
Program Services:				
Foundation Services	4,962,099	--	4,962,099	3,783,790
Development Services	343,308	--	343,308	412,655
Total Services Provided to College	5,305,407	--	5,305,407	4,196,445
Supporting Services-				
General and Administrative	53,301	--	53,301	41,940
Total Expenses	5,358,708	--	5,358,708	4,238,385
Change in Net Assets	1,662,027	5,071,455	6,733,482	3,218,618
Net Assets, Beginning of Year	8,717,234	26,063,163	34,780,397	31,561,779
Transfers and Reclassifications (Note 8)	(52,357)	52,357	--	--
NET ASSETS, END OF YEAR	10,326,904	31,186,975	41,513,879	34,780,397

See Notes to Financial Statements.

DEL MAR COLLEGE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025 WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES			SUPPORTING SERVICES	TOTAL PROGRAM AND SUPPORTING SERVICES	
	FOUNDATION SERVICES	DEVELOPMENT SERVICES	PROGRAM SUBTOTAL	GENERAL AND ADMIN-ISTRATIVE	2025	2024
Administrative Support Provided by the College:						
Salaries	258,147	233,204	491,351	--	491,351	540,619
Employee Benefits	76,328	74,134	150,462	--	150,462	161,240
Other Institutional Expenditures	36,197	15,970	52,167	--	52,167	37,985
Rent Expense	20,000	20,000	40,000	--	40,000	40,000
Total Administrative Support Provided by the College	390,672	343,308	733,980	--	733,980	779,844
Services Provided to College:						
Scholarships	2,615,451	--	2,615,451	--	2,615,451	1,953,683
Grants, Managed Funds and Other Awards	1,625,280	--	1,625,280	--	1,625,280	1,103,584
Designated Scholarships	330,696	--	330,696	--	330,696	359,334
Total Services Provided to College	4,571,427	--	4,571,427	--	4,571,427	3,416,601
General and Administrative	--	--	--	53,301	53,301	41,940
TOTAL EXPENSES	4,962,099	343,308	5,305,407	53,301	5,358,708	4,238,385

See Notes to Financial Statements.

DEL MAR COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30,	
	2025	2024
Cash Flows from Operating Activities:		
Increase in Net Assets	6,733,482	3,218,618
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Contributions Restricted for Permanent Endowments	(2,246,517)	(390,117)
Net Realized and Unrealized Gains on Investments	(3,622,362)	(3,279,199)
Change in:		
Accounts Receivable	1,033	7,790
Unconditional Promises to Give	(1,892,560)	145,536
Accounts Payable and Due to Del Mar College	(210,631)	239,505
Net Cash Used by Operating Activities	(1,237,555)	(57,867)
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	11,177,029	1,603,331
Purchases of Investments	(10,805,798)	(2,648,761)
Maturity of Certificate of Deposits	--	500,000
Net Cash Provided (Used) by Investing Activities	371,231	(545,430)
Cash Flows from Financing Activities:		
Contributions Restricted for Permanent Endowments	2,246,517	390,117
Net Cash Provided by Financing Activities	2,246,517	390,117
Increase (Decrease) in Cash and Equivalents	1,380,193	(213,180)
Cash and Equivalents, Beginning of Year	1,409,575	1,622,755
CASH AND EQUIVALENTS, END OF YEAR	2,789,768	1,409,575
Non-Cash Investing Activities:		
Contribution of Investment Securities	112,171	183,100

See Notes to Financial Statements.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Del Mar College Foundation, Inc. (the Foundation) was organized in the State of Texas on July 18, 1983, to function as a nonprofit foundation. The Foundation's purpose is (1) to maintain, develop, increase and extend the facilities and services of the Del Mar College District (the College); (2) to provide broad educational opportunities to the College's students, staff, faculty and the residents of the geographical area that the College serves; (3) to solicit and receive by gift, grant, devise, or otherwise, property, both real and personal, and to manage and administer the same, and (4) to make contributions, grants, gifts and transfers of property to or for the benefit of the College.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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. The most sensitive estimates affecting the financial statements were: collectability of unconditional promises to give and fair values of Level 3 investments. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less at acquisition as cash and cash equivalents in the accompanying statements of financial position.

Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to give to the Foundation. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation uses the direct write off method to determine uncollectible promises receivable. Write-offs of uncollectible pledges are based on management's analysis of specific promises made.

Investments

Investments, which are mostly comprised of endowed funds, are invested for the purpose of generating income for scholarships and grants. The Foundation's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment income includes the Foundation's gains and losses on investments bought and sold as well as held during the year. Gains and losses on endowed funds are reflected as increases or decreases in the donor restricted class of net assets, until the donor restrictions are met.

Beneficial Interest in Irrevocable Charitable Trust

In compliance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the beneficial interest in an irrevocable charitable trust, which was donated to the Foundation, is recorded at fair value. Fair value represents the factors that market participants would consider in setting a price for the estimated future cash flows of the beneficial interest. Note 4 discusses the key factors management used to determine fair value.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets, unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, including grant contracts, with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation utilizes donor agreements in an ongoing attempt to further clarify donors' intentions. If it becomes clear the fund classification was incorrect, or if the donor changes their intention, the funds are appropriately reclassified and shown as a transfer from one fund type to another.

Contributed Non-Financial Assets

The Foundation records various types of contributions of nonfinancial assets. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills and would typically need to be purchased if not provided by donation. Non-specialized, unpaid volunteers conduct a portion of the Foundation's activities. The value of this contributed time is not reflected in the accompanying financial statements, since it does not meet the criteria for recognition under U.S. GAAP. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statement as contributed non-financial assets are offset by like amounts included in expenses as support to the College.

Income Taxes

The Foundation is a not-for-profit organization exempt for federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation; therefore, no provision for income taxes has been made in the financial statements but the Foundation is required to file an annual information tax return. The Foundation is also required to review various tax positions it has take with respect to its exempt status and to determine whether in fact it is a tax-exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files US Federal Form 990 for informational purposes. Although exempt from Federal income taxes, the Foundation is subject to examination by tax authorities for a period of three years after the due date of the Foundation's Federal information return. There were no uncertain tax positions for which the Foundation believes a liability should be recorded as of June 30, 2025 and 2024.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Functional Allocation of Expenses

The costs of program and supporting services 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 to the programs and supporting services benefited.

Date of Management's Review

Subsequent events have been evaluated by management through the date of the independent auditor's report. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Note 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of scholarship and grants, as well as, services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient contributions and donations to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash.

Note 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – (Continuation)

As of June 30, 2025 and 2024, the following table illustrates the total financial assets held by the Foundation that could readily be made available within one year of the balance sheet date to meet general expenditures.

	JUNE 30,	
	2025	2024
Financial Assets as of June 30,	41,629,695	35,106,844
Less: Payments Due in More than One Year	(1,267,817)	(968,063)
Total Financial Assets Available in the Next Twelve Months to Meet General Expenditures	40,361,878	34,138,781
Less Those Unavailable for General Expenditures Within One Year, Due To:		
Donor Restricted Endowed Corpus	(17,900,152)	(15,634,325)
Donor Restricted Direct & Designated Scholarship Funds	(9,470,642)	(8,485,050)
Donor Restricted Grants, Managed Funds & Other Funds	(3,816,181)	(1,943,788)
Board Designated Endowments	(3,007,130)	(2,741,215)
Total Unavailable for General Expenditures	(34,194,105)	(28,804,378)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURE WITHIN ONE YEAR	6,167,773	5,334,403

Note 3 – INVESTMENTS

Investments are presented in the financial statements at fair value. All funds are combined and invested in various types of investments, as follows:

	JUNE 30, 2025	
	COST	FAIR VALUE
Mutual Funds:		
Equity Funds	22,638,898	26,657,468
Fixed Income Funds	8,794,879	7,984,314
Total Mutual Funds	31,433,777	34,641,782
Alternative Investments	962,483	992,684
TOTAL	32,396,260	35,634,466

	JUNE 30, 2024	
	COST	FAIR VALUE
Mutual Funds:		
Equity Funds	19,242,710	24,194,233
Fixed Income Funds	8,170,490	7,245,580
Total Mutual Funds	27,413,200	31,439,813
Alternative Investments	966,787	1,032,333
TOTAL	28,379,987	32,472,146

The following schedule summarizes the investment return in the statement of activities:

	JUNE 30,	
	2025	2024
Interest and Dividend Income	743,016	663,724
Net Unrealized Gains (Losses)	(705,691)	3,218,932
Net Realized Gains	4,395,105	60,325
External and Direct Internal Expenses	(57,971)	(52,876)
TOTAL	4,374,459	3,890,105

Investment revenues are reported net of related external and direct internal investment expenses in the statement of activities. The amount of expenses netted with revenues was $57,971 and $52,876 for the years ended June 30, 2025 and 2024, respectively.

Note 3 – INVESTMENTS – (Continuation)

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the Foundation's Investment Policy sets a maximum stated maturity limit of one year for capital campaigns, special projects, and short-term funds. Short-term funds will be held in limited-risk investment vehicles.

The Foundation's endowment assets will have a long-term life span which parallels the life of the institution. As such, assets are invested in funds with maturities that extend well beyond a normal market cycle. However, by careful management and sufficient portfolio diversification, there will be lessened volatility in the investments, which will help to assure reasonable consistency of returns.

Credit Risk

It is the Foundation's investment policy to invest in equity securities, fixed income investment bonds, and various other investment alternatives as deemed appropriate. The principal category of equity investments are mutual funds, with emphasis on high quality, investment grade, dividend-paying stocks in companies that are financially sound and that have favorable prospects for earnings growth. In recognition of the increasing opportunities available in today's dynamic investment universe to seek returns that may be less correlated to the traditional broad equity and fixed income markets, the Trustees may allocate up to 30% of the fund assets to alternative investments. Fixed Income bonds are invested in domestic, high quality corporate bonds with a minimum AA rating.

Concentration of Credit Risk

The Foundation recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a quarterly basis. The general policy is to diversify investments of long-term funds among both equity and fixed-income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. As a long-term guideline, the investment categories should be 0%-66% equities, 0%-30% alternatives, 0%-50% fixed income, and 0%-20% cash.

Financial Instruments and Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation maintains its cash and cash equivalents with financial institutions and money market accounts with investment companies. The Foundation's deposits at financial institutions exceeded federal depository insurance by $202,898 and $31,946 as of June 30, 2025 and 2024, respectively. Management believes that the risk of loss is minimal due to the strength of the institutions. Cash and cash equivalents held with investment companies exceeded federal depository insurance by $2,004,403 and $391,832 as of June 30, 2025 and 2024, respectively.

Note 4 – FAIR VALUE MEASUREMENTS

The Foundation's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair 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.

FASB 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. This hierarchy consists of three broad levels: 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 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 were used only when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Foundation in active markets at the reporting date.

Level 3 Fair Value Measurement

The fair value of the beneficial interest in the irrevocable charitable trust that holds a structured settlement with a future stream of cash flow is based on unobservable inputs. There is currently no market in which beneficial interests in charitable trusts trade, so no observable exit price will exist for a beneficial interest.

Alternative investments are principally investments in limited partnerships whose underlying assets include residential and commercial real estate. The fair values for alternative investments have been estimated using the net assets value per share provided by the fund and partnerships managers, which are primarily valued with Level 3 inputs.

FASB ASC 820 also requires disclosures about transfers into and out of Level 1 and 2 investments and separate disclosures about purchases, sales issuance and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3).

Note 4 – FAIR VALUE MEASUREMENTS – (Continuation)

Fair values of assets measured on a recurring basis are as follows:

JUNE 30, 2025	FAIR VALUE	FAIR VALUE MEASUREMENTS USING: QUOTED PRICES IN ACTIVE MARKET FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Mutual Funds	34,641,782	34,641,782	--
Alternative Investments	992,684	--	992,684
Total Investments	35,634,466	34,641,782	992,684
Beneficial Interest in Irrevocable Charitable Trust	1,012,548	--	1,012,548
TOTAL	36,647,014	34,641,782	2,005,232

JUNE 30, 2024	FAIR VALUE	FAIR VALUE MEASUREMENTS USING: QUOTED PRICES IN ACTIVE MARKET FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Mutual Funds	31,439,813	31,439,813	--
Alternative Investments	1,032,333	--	1,032,333
Total Investments	32,472,146	31,439,813	1,032,333
Beneficial Interest in Irrevocable Charitable Trust	856,684	--	856,684
TOTAL	33,328,830	31,439,813	1,889,017

Note 4 – FAIR VALUE MEASUREMENTS – (Continuation)

The following presents a summary of changes in the fair value of the Foundation's Level 3 assets at June 30, 2025 and 2024:

	BENEFICIAL INTEREST IN IRREVOCABLE TRUST	ALTERNATIVE INVESTMENTS
Beginning Balance, July 1, 2023	818,243	1,169,671
Sales	--	(202,886)
Total Unrealized Gains Included in Changes in Net Assets	38,441	65,548
ENDING BALANCE, JUNE 30, 2024	856,684	1,032,333
Purchases	--	45,537
Total Unrealized Gains (Losses) Included in Changes in Net Assets	155,864	(85,186)
ENDING BALANCE, JUNE 30, 2025	1,012,548	992,684

Note 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2025 and 2024 are as follows:

	JUNE 30, 2025	JUNE 30, 2024
Student Scholarships	2,210,104	369,444
Less: Unamortized Discount	(20,273)	(5,121)
Net Unconditional Promises to Give	2,189,831	364,323
Less: Amount Due in One Year or Less	1,867,510	252,944
LONG-TERM UNCONDITIONAL PROMISES TO GIVE	322,321	111,379

Unconditional Promises to Give are to be collected as follows:

Year Ending June 30,	
2026	1,867,510
2027	148,383
2028	129,075
2029	44,863
	2,189,831

Long-term promises to give are expected to be collected during the year ended June 30, 2027, through the year ended June 30, 2029.

The discount rates of 3.68 percent and 4.52 percent were used on long-term promises to give as of June 30, 2025 and 2024, respectively. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

Note 6 – BENEFICIAL INTEREST IN IRREVOCABLE CHARITABLE TRUST

A donation was made in a prior year to the Foundation whereby the Foundation was made the beneficiary to an irrevocable charitable trust that holds a structured settlement. The structured settlement has monthly payments, annual amounts are as follows:

		FAIR VALUE AT JUNE 30,	
	PAYMENT	2025	2024
Year ended June 30,			
2026	67,052	67,052	57,571
2027	139,574	131,451	115,709
2028	147,142	130,512	113,360
2029	155,089	129,554	111,027
2030	163,432	128,578	108,735
2031	172,193	127,586	106,469
2032	190,230	132,746	109,272
2033	202,835	133,304	108,314
2034	51,320	31,765	26,227
TOTAL	1,288,867	1,012,548	856,684

In compliance with FASB ASC 820, the Foundation uses the income approach for measuring the fair value for its beneficial interest in the trust. The beneficial interest in the trust is measured as the present value of future distributions projected to be received over the expected term using a discount rate of 6.18 percent (based on the United States Treasury 3-year yield rate of 3.68 percent plus 1.25 percent additional amount for contractual risk and 1.25 percent for transactional risk) and 7.62 percent as of June 30, 2025 and 2024, respectively. The receivable is carried at values of $1,012,548 and $856,684 at June 30, 2025 and 2024, respectively.

Note 7 – ENDOWMENT FUNDS

The Foundation's endowments consist of funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified based on the existence of donor-imposed restrictions. The Board of Trustees of the Foundation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of gifts to donor restricted endowments as of the date of the gift, absent explicit donor stipulations to the contrary. The Foundation interprets the definition of donor-restricted endowments to include the original value of gifts to an endowment and subsequent gifts donated to the fund, (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by TUPMIFA.

Note 7 – ENDOWMENT FUNDS – (Continuation)

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment funds are maintained in an investment account which is managed by an independent financial firm that follows guidance provided in the investment policy approved by the Board of Trustees.

As of June 30, 2025 and 2024, Endowment Funds were as follows:

	JUNE 30,	
	2025	2024
Unrestricted Endowment Funds-		
Board Designated Endowments	3,007,130	2,741,215
Donor-Restricted Endowment Fund:		
Original Donor-Restricted Gift Amount and Amounts Required to Be Maintained in Perpetuity by Donor	17,900,152	15,634,325
Accumulated Investment Gains	7,219,666	6,077,364
	25,119,818	21,711,689
TOTAL FUNDS	28,126,948	24,452,904

Funds with Deficiencies

In accordance with accounting standards, the Foundation considers an endowment to be deficient (underwater funds) if its fair value is less than the sum of (a) the original value of initial and subsequent gifts donated to the endowment and (b) any donor-imposed accumulations to the endowment that must be maintained in perpetuity. The Foundation has interpreted TUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Note 7 – ENDOWMENT FUNDS – (Continuation)

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Foundation to retain as a fund of perpetual duration. Generally, recently created endowment funds are at a greater risk of descending into underwater status in a downward market environment because they have not had the opportunity to grow over time. As of both June 30, 2025 and June 30, 2024, there were no endowment funds with deficiencies.

Investment and Spending Policies

The primary goals of the endowments are as follows: (1) provide the highest sustainable, consistent flow of funds to support the activities of the Foundation or those designated by the donor, (2) protect the future purchasing power of the principal of the endowed funds by reserving an appropriate portion of investment return to offset the cumulative effects of inflation and provide future real growth of the Foundation assets, and (3) manage the spending distribution over time to reduce, as far as possible, annual variations in the level of support provided by the Foundation.

The Investment Committee of the Foundation outlines the asset allocations, permissible investments and objectives of the portfolios in the Investment Policy.

Changes in Endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	ENDOWMENTS WITH DONOR RESTRICTIONS	BOARD DESIGNATED ENDOWMENTS	TOTAL
Beginning Balance, July 1, 2023	19,846,803	2,491,531	22,338,334
Investment Income, Net	2,416,534	306,131	2,722,665
Contributions	390,117	422	390,539
Transfer and Reclassification	161,087	--	161,087
Amounts Appropriated for Expenditure	(1,102,852)	(56,869)	(1,159,721)
ENDING BALANCE, JUNE 30, 2024	21,711,689	2,741,215	24,452,904
Investment Income, Net	2,646,786	329,021	2,975,807
Contributions	2,246,517	12,280	2,258,797
Write Off on Bad Debts	--		--
Transfer and Reclassification	62,012	--	62,012
Amounts Appropriated for Expenditure	(1,547,186)	(75,386)	(1,622,572)
ENDING BALANCE, JUNE 30, 2025	25,119,818	3,007,130	28,126,948

Note 8 – RESTRICTIONS ON NET ASSETS

The Foundation’s net assets with donor restrictions are comprised of the following:

	JUNE 30,	
	2025	2024
Subject to Expenditure for Specified Purposes:		
To Provide Direct & Designated Scholarships	9,470,642	8,485,050
To Provide Grants, Managed Funds & Other	3,816,181	1,943,788
Total for Specified Purposes	13,286,823	10,428,838
Scholarship Endowment Corpus	17,900,152	15,634,325
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	31,186,975	26,063,163

As of June 30, 2025 and 2024, the Foundation’s net assets without donor restrictions included board designated endowment funds of $3,007,130 and $2,741,215, respectively. These amounts represent resources designated by the Board of Trustees to function as endowment funds to provide long-term scholarship support.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the years ended June 30, 2025 and 2024:

	JUNE 30,	
	2025	2024
Satisfaction of Purpose Restrictions:		
Scholarships	2,913,728	2,053,691
Designated Scholarships	330,696	359,334
Grants, Managed Funds & Other Awards	974,151	637,350
TOTAL	4,218,575	3,050,375

During the year ended June 30, 2025, net funds amounting to $52,357 were reclassified from net assets without donor restrictions to net assets with donor restrictions. For the year ended June 30, 2024, no such amounts were reclassified.

Note 9 – CONTRIBUTED NON-FINANCIAL ASSETS

The Foundation and the College have entered into a memorandum of understanding in which the College provides administrative support for Foundation activities. A new agreement was effective November 20, 2023. As part of this agreement, the College performs certain administrative services for the Foundation and incurs related expenses, which are covered by the College. The Foundation occupies office space in the Center for Economic Development Building owned by the College. Under the terms of the memorandum of understanding with the College, no rent is paid by the Foundation. The College has estimated the value of the annual rental based on the fair value of comparable rental arrangements in the Corpus Christi, Texas area. In valuing the rent, the College estimates the value to be $40,000. The cost of these related party services and expenses are as follows:

	JUNE 30,	
	2025	2024
Employee Salaries	491,351	540,620
Employee Benefits	150,462	161,240
Other Institutional Expenditures	52,167	37,984
Rent Expense	40,000	40,000
TOTAL	733,980	779,844

NOTE 10 – RELATED PARTY TRANSACTIONS

The Foundation expended $4,571,427 and $3,416,601 to the College for scholarships, grants, and other awards for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the Foundation had payables to the College for scholarships and reimbursable program expenditures of $113,361 and $317,854, respectively. The College does not fund, nor is it obligated to pay debt related to the Foundation.

Note 11 – COMMITMENTS

Subsequent to June 30, 2025, the Board of Trustees for the Foundation approved scholarships in the amount of $2,670,948 for students attending Del Mar College for the academic year 2025 - 2026. In addition, the Foundation has committed to providing Del Mar College with $500,000 in support of the Freedom to Dream program.

Note 12 – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses requiring allocation are done so on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated equally to the respective programs, as well as salaries and wages, benefits, professional services, office expenses, information technology, and other, which are allocated on the basis of time and effort.