

WEST COAST UNIVERSITY FOUNDATION

Financial Statements

For the Years Ended December 31, 2023 and 2022

with

Independent Auditors' Report

ALMICH & ASSOCIATES

Certified Public Accounting and Business Services

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
West Coast University Foundation:

Opinion

We have audited the accompanying financial statements of West Coast University Foundation (the Foundation, a California nonprofit public benefit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



Lake Forest, California
October 9, 2024

WEST COAST UNIVERSITY FOUNDATION
Statements of Financial Position
December 31, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 206,962	\$ 232,798
Contributions receivable	5,968	2,233
Prepaid expenses	<u>-</u>	<u>677</u>
Total current assets	<u><u>\$ 212,930</u></u>	<u><u>\$ 235,708</u></u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 2,861	\$ 1,479
Accrued expenses	<u>11,468</u>	<u>11,207</u>
Total current liabilities	<u>14,329</u>	<u>12,686</u>
Net assets:		
Without donor restrictions	109,787	130,147
With donor restrictions	<u>88,814</u>	<u>92,875</u>
Total net assets	<u>198,601</u>	<u>223,022</u>
Total liabilities and net assets	<u><u>\$ 212,930</u></u>	<u><u>\$ 235,708</u></u>

See notes to financial statements

WEST COAST UNIVERSITY FOUNDATION**Statement of Activities****For the Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Contribution revenues	\$ -	\$ 89,874	\$ 89,874
Net assets released from restrictions	93,935	(93,935)	-
	<u>93,935</u>	<u>(4,061)</u>	<u>89,874</u>
Expenses:			
Program	93,935	-	93,935
Management and general	17,948	-	17,948
Fundraising	2,412		2,412
Total expenses	<u>114,295</u>	<u>-</u>	<u>114,295</u>
Change in net assets	(20,360)	(4,061)	(24,421)
Net assets, beginning of year	<u>130,147</u>	<u>92,875</u>	<u>223,022</u>
Net assets, end of year	<u>\$ 109,787</u>	<u>\$ 88,814</u>	<u>\$ 198,601</u>

See notes to financial statements

WEST COAST UNIVERSITY FOUNDATION**Statement of Activities****For the Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Contribution revenues	\$ -	\$ 77,649	\$ 77,649
Net assets released from restrictions	64,884	(64,884)	-
	<u>64,884</u>	<u>12,765</u>	<u>77,649</u>
Expenses:			
Program	64,884	-	64,884
Management and general	20,117	-	20,117
Fundraising	2,096	-	2,096
Total expenses	<u>87,097</u>	<u>-</u>	<u>87,097</u>
Change in net assets	(22,213)	12,765	(9,448)
Net assets, beginning of year	<u>152,360</u>	<u>80,110</u>	<u>232,470</u>
Net assets, end of year	<u>\$ 130,147</u>	<u>\$ 92,875</u>	<u>\$ 223,022</u>

See notes to financial statements

WEST COAST UNIVERSITY FOUNDATION
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (24,421)	\$ (9,448)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in assets and liabilities:		
Contributions receivable	(3,735)	(1,019)
Prepaid expenses	677	-
Accounts payable	1,382	(3,579)
Accrued expenses	261	(626)
Net cash used by operating activities	<u>(25,836)</u>	<u>(14,672)</u>
Decrease in cash	(25,836)	(14,672)
Cash, beginning of year	<u>232,798</u>	<u>247,470</u>
Cash, end of year	<u><u>\$ 206,962</u></u>	<u><u>\$ 232,798</u></u>

See notes to financial statements

WEST COAST UNIVERSITY FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Accounting

West Coast University Foundation (the Foundation) is a California nonprofit public benefit corporation formed in January 2012. The Foundation was initially established with funds contributed by the Chairman of the Foundation who is also the sole shareholder of West Coast University, Inc. (WCU, a California corporation). Directors of the Foundation are designated by the board of directors of WCU.

The primary purpose of the Foundation is to provide educational opportunities for prospective and enrolled students of WCU through tuition assistance including, but not limited to, scholarships and grant programs to fund unique learning experiences for WCU's students and to provide health care support to underserved communities.

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that need to be maintained permanently by the Foundation or whose restrictions will be met either by the actions of the Foundation or the passage of time.

As of December 31, 2023 and 2022, the Foundation's net assets with donor restrictions are available for scholarships.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the two classes of net assets.

Liquidity and Availability of Resources

The Foundation has a goal to maintain financial assets to meet current liabilities and a policy to structure its financial assets to be available as its general expenditures and obligations become due.

Revenue Recognition

Gifts are recognized as contribution revenues when they are received or unconditionally pledged to the Foundation. Unconditional pledges to give to the Foundation are reflected as contributions receivable. The Foundation reports gifts of cash and other assets as contribution revenues without or with donor restrictions depending upon whether the donor places limitations on the use of the donated asset. Gifts of assets other than cash are recorded at estimated fair value at the date of the gift. All contributions receivable as of December 31, 2023 and 2022 were restricted for scholarships, and have been collected within one year of the date of the statement of financial position.

The Financial Accounting Standards Board (FASB) issued *Accounting Standard Codification (ASC) Topic 606, Revenue from Contracts with Customers*, which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. The Foundation did not have any contracts with customers during the years ended December 31, 2023 or 2022.

Income Taxes

The Foundation has received a determination letter from the Internal Revenue Service stating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also received a determination letter from the California Franchise Tax Board. Accordingly, no provision has been made for income taxes.

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 amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through the date of the auditors' report, October 9, 2024, which is the date the accompanying financial statements were available to be issued.

NOTE 2 – RELATED PARTY TRANSACTIONS

Administrative Services Agreement

The Foundation has an Administrative Services Agreement (the Agreement) with WCU, which includes a provision for annual automatic renewals. Under the Agreement, WCU shall provide various management and administrative services, equipment, supplies and other goods and services to the Foundation with the compensation to be determined based upon actual costs and expenses incurred by WCU. There were no expenses incurred under the Agreement for the years ended December 31, 2023 and 2022.

NOTE 3 – EXPENSES

The tables below represent expenses by both their nature and function for the years ended December 31, 2023 and 2022:

2023	Program Activities	Supporting Activities			Total Expenses
		Management and General	Fund Raising	Total	
Services and professional fees	\$ -	\$ 15,955	\$ 2,293	\$ 18,248	\$ 18,248
Grants to recipients	93,935	-	-	-	93,935
Supplies	-	1,993	119	2,112	2,112
	<u>\$ 93,935</u>	<u>\$ 17,948</u>	<u>\$ 2,412</u>	<u>\$ 20,360</u>	<u>\$ 114,295</u>

2022	Program Activities	Supporting Activities			Total Expenses
		Management and General	Fund Raising	Total	
Services and professional fees	\$ -	\$ 13,286	\$ 2,096	\$ 15,382	\$ 15,382
Grants to recipients	64,884	-	-	-	64,884
Supplies	-	6,831	-	6,831	6,831
	<u>\$ 64,884</u>	<u>\$ 20,117</u>	<u>\$ 2,096</u>	<u>\$ 22,213</u>	<u>\$ 87,097</u>

NOTE 4 – CONCENTRATION OF CREDIT RISK

At certain times during the years ended December 31, 2023 and 2022, the Foundation maintained cash balances with a bank in excess of the federally insured amount.