

**MT. SAN JACINTO
COMMUNITY COLLEGE FOUNDATION**

**ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 and 2018



MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
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JUNE 30, 2019 and 2018

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mt. San Jacinto Community College Foundation
San Jacinto, California

We have audited the accompanying financial statements of Mt. San Jacinto Community College Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, cash flows, functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019 and 2018 and the changes in its net assets, its cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1, Mt. San Jacinto Community College Foundation began the implementation of the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities as of fiscal year 2018-2019. The requirements of ASU 2016-14 have been retrospectively applied to all periods presented. Our opinion is not modified with respect to this matter.

CWDL, Certified Public Accountants

San Diego, California
September 28, 2019

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 1,124,656	\$ 962,541
Student loan receivables - net	600	750
Accounts receivable	210	18,971
Prepaid expenses	1,000	-
Total Current Assets	<u>1,126,466</u>	<u>982,262</u>
Noncurrent Assets		
Investments	<u>3,304,980</u>	<u>3,232,754</u>
Total Assets	<u>\$ 4,431,446</u>	<u>\$ 4,215,016</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other current liabilities	\$ -	\$ 566
Due to Mt. San Jacinto Community College District	55,653	37,598
Total Liabilities	<u>55,653</u>	<u>38,164</u>
 NET ASSETS		
Net assets without donor restrictions	572,475	573,879
Net assets with donor restrictions	<u>3,803,318</u>	<u>3,602,973</u>
Total Net Assets	<u>4,375,793</u>	<u>4,176,852</u>
Total Liabilities and Net Assets	<u>\$ 4,431,446</u>	<u>\$ 4,215,016</u>

The notes to financial statements are an integral part of this statement.

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

June 30, 2019	Net assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Contributions	\$ 106,136	629,930	\$ 736,066
Fundraising and other income	161,021	200	161,221
Assets released from restrictions	558,519	(558,519)	-
Total Public Support and Revenues	<u>825,676</u>	<u>71,611</u>	<u>897,287</u>
EXPENSES			
Program expenses	650,250	-	650,250
Operating expenses	94,892	-	94,892
Fundraising expenses	86,321	-	86,321
Total Expenses	<u>831,463</u>	<u>-</u>	<u>831,463</u>
OTHER INCOME			
Interest and dividends	5,685	84,300	89,985
Unrealized gain on investments	2,792	40,340	43,132
Total Other Income	<u>8,477</u>	<u>124,640</u>	<u>133,117</u>
TRANSFERS	<u>(4,094)</u>	<u>4,094</u>	<u>-</u>
CHANGE IN NET ASSETS	(1,404)	200,345	198,941
NET ASSETS, BEGINNING OF YEAR	573,879	3,602,973	4,176,852
NET ASSETS, END OF YEAR	<u>\$ 572,475</u>	<u>\$ 3,803,318</u>	<u>\$ 4,375,793</u>

The notes to financial statements are an integral part of this statement.

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

June 30, 2018	Net assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Contributions	\$ 203,179	\$ 373,770	\$ 576,949
Fundraising and other income	167,129	275	167,404
Assets released from restrictions	451,074	(451,074)	-
Total Public Support and Revenues	<u>821,382</u>	<u>(77,029)</u>	<u>744,353</u>
EXPENSES			
Program expenses	556,895	-	556,895
Operating expenses	117,936	-	117,936
Fundraising expenses	91,623	-	91,623
Total Expenses	<u>766,454</u>	<u>-</u>	<u>766,454</u>
OTHER INCOME			
Interest and dividends	4,388	65,719	70,107
Unrealized gain on investments	9,819	152,572	162,391
Total Other Income	<u>14,207</u>	<u>218,291</u>	<u>232,498</u>
TRANSFERS	8,677	(8,677)	-
CHANGE IN NET ASSETS	77,812	132,585	210,397
NET ASSETS, BEGINNING OF YEAR	496,067	3,470,388	3,966,455
NET ASSETS, END OF YEAR	<u>\$ 573,879</u>	<u>\$ 3,602,973</u>	<u>\$ 4,176,852</u>

The notes to financial statements are an integral part of this statement.

**MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018**

June 30,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 198,941	\$ 210,397
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized (gain)/loss on investments	43,132	162,391
Contributions restricted for long-term purposes	(629,930)	(373,770)
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable	18,761	14,298
Decrease in student loans	150	450
Increase/(decrease) in prepaid expenses	(1,000)	2,150
Increase/(decrease) in accounts payable and other current liabilities	(566)	206
Increase in due to other related entities	18,055	5,063
Net cash flows from operating activities	<u>(352,457)</u>	<u>21,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase)/sale of investments	514,572	120,744
Increase/(decrease) in restricted cash and cash equivalents	-	15,002
Net cash flows from investing activities	<u>514,572</u>	<u>135,746</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	162,115	156,931
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	962,541	805,610
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,124,656</u>	<u>\$ 962,541</u>

**MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 and 2018**

For the Year Ended June 30, 2019	Program	Operating	Fundraising	Total
Testing programs - RN	\$ 5,100	\$ -	\$ -	\$ 5,100
Non-Instructional Supplies	17,681	7,633	10,951	36,265
Uniforms, Clothing, Costumes	17,231	-	3,114	20,345
Food Expense	4,441	4,955	7,589	16,985
Postage	-	447	-	447
Contracted Services	34,910	54,669	42,626	132,205
Foundation Management Fee Expense	13,624	-	86	13,710
Entry Fee Expense	3,779	1,975	-	5,754
Mileage Expense	-	-	76	76
Other Travel Expense	1,287	596	-	1,883
Conferences	558	10	-	568
Student Travel Expenses	630	-	1,460	2,090
Dues Memberships Expense	5,820	571	-	6,391
Liability Insurance Expense	-	156	665	821
Miscellaneous	-	772	6,739	7,511
Advertising	686	5,223	495	6,404
Rent Expense	2,100	-	2,120	4,220
Bank Charges	31,552	358	862	32,772
Prizes Awards Expense	3,398	8,701	1,888	13,987
Credit Charges	1,831	576	650	3,057
Student Financial Scholarship Expense	505,622	8,250	7,000	520,872
Total Expenses	\$ 650,250	\$ 94,892	\$ 86,321	\$ 831,463

**MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 and 2018**

For the Year Ended June 30, 2018	Program	Operating	Fundraising	Total
Testing programs - RN	\$ 2,147	\$ -	\$ -	\$ 2,147
Non-Instructional Supplies	17,701	11,750	11,781	41,232
Uniforms, Clothing, Costumes	14,037	743	822	15,602
Food Expense	6,772	24,540	8,357	39,669
Bad Dept Expense	450	-	-	450
Postage	-	37	704	741
Contracted Services	33,007	50,208	44,058	127,273
Foundation Management Fee Expense	13,159	-	-	13,159
Entry Fee Expense	15,382	8,272	-	23,654
Mileage Expense	1,665	-	-	1,665
Other Travel Expense	440	-	-	440
Conferences	1,281	990	-	2,271
Student Travel Expenses	995	-	-	995
Dues Memberships Expense	2,372	230	-	2,602
Liability Insurance Expense	704	188	665	1,557
Miscellaneous	51	71	2,560	2,682
Equipment	-	579	-	579
Advertising	173	2,348	1,769	4,290
Rent Expense	1,741	-	-	1,741
Bank Charges	32,024	354	852	33,230
Prizes Awards Expense	4,790	8,710	1,147	14,647
Credit Charges	1,055	766	708	2,529
Student Financial Scholarship Expense	406,949	8,150	18,200	433,299
Total Expenses	\$ 556,895	\$ 117,936	\$ 91,623	\$ 766,454

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Mt. San Jacinto Community College Foundation (the Foundation) is a California nonprofit auxiliary organization of Mt. San Jacinto Community College District (the District), a California public community college located in San Jacinto, California. The Foundation's main purpose is to support the students and educational programs of the District. The Foundation was incorporated in the State of California in April 1998 and is a Voluntary Health and Welfare Organization.

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports information regarding its financial position and activities according to two classes of assets, net assets with donor restrictions and net assets without donor restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurements

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. The fair value of investments in partnerships and real estate held as investments is estimated using private valuations of the securities or properties held. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

Support and Expenses

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as unrestricted.

Capital Assets

Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the assets' estimated useful lives ranging from three to five years. Depreciation expense was \$0, for the year ended June 30, 2019 and 2018, respectively.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Donated Services and Goods

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

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 the reported amounts of assets and liabilities, and 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. Actual results could differ from those estimates.

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 108 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.

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 1 – SUMMARY OF 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 Trustees. 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 has no underwater endowment funds at June 30, 2019.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash held in checking and money market accounts with maturities of less than 90 days. The Foundation maintains its bank accounts at three financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. As of June 30, 2019, all deposits were fully insured.

Allowance for Bad Debts

The Foundation management has reviewed the collectability of the outstanding accounts receivable and has established an allowance for doubtful accounts of approximately 25 percent of outstanding student loans receivable.

Income Taxes

The Foundation is exempt from Federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Foundation annually files Forms 990, 199, and RRF-1 with the appropriate agencies, as well as Forms 990T and 109, when applicable. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

The Foundation has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken, or expected to be taken, on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

The Foundation's Federal informational tax returns for the years ended June 30, 2016, 2017, and 2018, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2015, 2016, 2017, and 2018, are open to audit by State authorities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Allocation of Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities whereby significant changes were proposed in seven areas: net asset classes, liquidity and availability of resources, classification and disclosure of underwater endowment funds, expense reporting, statement of cash flows, investment return, and release of restrictions on capital assets. The amendments in ASU No. 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Mt. San Jacinto Community College Foundation began the implementation of the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities as of fiscal year 2018-2019.

The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been predominantly combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been transferred into net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources, Note 5.

NOTE 2 - INVESTMENT SECURITIES

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level I - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II - Observable inputs other than Level I 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 for substantially the full-term of the assets or liabilities.

Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 2 - INVESTMENT SECURITIES, continued

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value. Fair value is determined using quoted market prices (where available) or, if not available, estimated fair values are determined based on quoted market prices of financial instruments with similar characteristics. All other investments are carried at the lower of cost or market. Recognized gains and losses on investments are reflected in the statement of activities. Dividends and interest income are recorded during the period earned.

Summarized investments stated at fair value as of June 30, 2019:

	Adjusted Cost	Fair Value	Unrealized Gain
The Community Foundation Government securities	\$ 3,261,848	\$ 3,304,980	\$ 43,132

Summarized investments stated at fair value as of June 30, 2018:

	Adjusted Cost	Fair Value	Unrealized Gain
The Community Foundation Government securities	\$ 3,070,363	\$ 3,232,754	\$ 162,391

Investment activity for the year ended June 30, 2019, consisted of the following:

	Net assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and dividends	\$ 5,685	\$ 84,300	\$ 89,985
Unrealized gain	2,792	40,340	43,132
Total Investment Return	\$ 8,477	\$ 124,640	\$ 133,117

Investment activity for the year ended June 30, 2018, consisted of the following:

	Net assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and dividends	\$ 4,388	\$ 65,719	\$ 70,107
Unrealized gain	9,819	152,572	162,391
Total Investment Return	\$ 14,207	\$ 218,291	\$ 232,498

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 2 - INVESTMENT SECURITIES, continued

Investment Policies

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested to meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the style of investment management. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately four percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation may distribute up to 40 percent of accrued interest annually from scholarship endowments for intended scholarship awards. In establishing this policy, the Foundation considered the long-term expected return on its endowment and the need to maintain some investment income in reserve to plan for the potential of scholarship awards exceeding investment income.

NOTE 3 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2019. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2019. The Foundation did not have any Level I or Level III investments.

	<u>Level II</u>
Investment Assets	
The Community Foundation	
Government securities	<u>\$ 3,304,980</u>

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 3 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2018. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2018. The Foundation did not have any Level I or Level III investments.

Investment Assets	<u>Level II</u>
The Community Foundation	
Government securities	<u>\$ 3,232,754</u>

NOTE 4 – CAPITAL ASSETS

Following is a summary of capital assets as of June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 29,346	\$ 29,346
Less: Accumulated depreciation	(29,346)	(29,346)
Total	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – 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.

	<u>2019</u>	<u>2018</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 1,124,656	\$ 962,541
Student loan receivables - net	600	750
Accounts receivable	210	18,971
Prepaid expenses	1,000	-
Total financial assets, at year-end	<u>\$ 1,126,466</u>	<u>\$ 982,262</u>
Restrictions for specific purposes:		
Donor designated	<u>\$ 3,803,318</u>	<u>\$ 3,602,973</u>
Total contractual or donor-imposed restrictions	3,803,318	3,602,973
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ (2,676,852)</u>	<u>\$ (2,620,711)</u>

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 6 - DONOR DESIGNATED ENDOWMENTS

The Foundation consists of various individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowments are classified and reported based on existence of donor-imposed restrictions as net assets with donor restrictions.

The Board of Directors has adopted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 has classified as permanently restricted net assets (a) original value of gifts donated to permanent endowment (b) plus the original value of subsequent gifts to the endowments (c) plus accumulation to the net assets with donor restrictions.

In accordance with the State Prudent Management of Institutional Funds Act (SPMIFA), the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Endowment net asset composition by type of fund as of June 30, 2019, is as follows:

	With Donor Restriction Board Oversight	With Donor Restriction	Total Net Endowment Funds
Donor-restricted endowment funds	\$ 2,565,394	\$ 1,237,924	\$ 3,803,318

Endowment net asset composition by type of fund as of June 30, 2018, is as follows:

	With Donor Restriction Board Oversight	With Donor Restriction	Total Net Endowment Funds
Donor-restricted endowment funds	\$ 578,693	\$ 1,237,924	\$ 1,816,617

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - DONOR DESIGNATED ENDOWMENTS, continued

Changes in endowment net assets as of June 30, 2019, are as follows:

	With Donor Restriction Board Oversight	With Donor Restriction	Total Net Endowment Funds
Balance at June 30, 2018	\$ 2,365,054	\$ 1,237,924	\$ 3,602,978
Additions/earnings	820,321	-	820,321
Amounts appropriated for expenditures	(619,981)	-	(619,981)
Balance at June 30, 2019	<u>\$ 2,565,394</u>	<u>\$ 1,237,924</u>	<u>\$ 3,803,318</u>

Changes in endowment net assets as of June 30, 2018, are as follows:

	With Donor Restriction Board Oversight	With Donor Restriction	Total Net Endowment Funds
Balance at June 30, 2017	\$ 2,232,466	\$ 1,237,924	\$ 3,470,390
Additions/earnings	593,662	-	593,662
Amounts appropriated for expenditures	(461,075)	-	(461,075)
Balance at June 30, 2018	<u>\$ 2,365,054</u>	<u>\$ 1,237,924</u>	<u>\$ 3,602,978</u>

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – DONOR RESTRICTIONS ON NET ASSET BALANCES

Net assets with donor restriction consist of the following at June 30, 2019:

Alessandro High School	\$	750
Alice Jean Turner Scholarship		16,995
Allied Health		10,634
American Legion		1,500
Anza Scholarship		633
Assistance League Hemacinto		13,000
Assistance League Hemacinto - Transfers		500
Brottrud Memorial Schol		22,132
Brottrud Memorial Schol - Contributions		603
Charles & Norma Opie Endowment		3,826
Coverdill Memorial Scholarship		103,714
CTE - Wells Fargo		11,124
Doyle Memorial Endowment		23,224
Dr E Stoddard Music		14,039
Dr Johnson Scholarship		23,678
Elsinore Elks Lodge		30
Emma J Hammagren Schol		200,789
Emma J Hammagren Schol		500
Gene Lombard Memorial Fund		2,600
GL Tyler Memorial		9,141
Glenn Steinback Scholarship		24,291
Golden Era Productions Audio/V		250
Golden Era Productions Audio/V - Transf		(250)
Harold Heller Scholarship		25,325
Heffner Memorial Fund		354,659
Hemet High School ASB		4,997
Hemet Hosp. Auxiliary		(1,400)
Hemet Hosp. Auxiliary - Transfers		1,400
Hemet Unified School District		3,450
Hemet Valley Hospital - Transfer		118,671
Honors Enrichment Scholarship		585
J Simpson Memorial		46,038
Jason McKay Memorial		1,000
Kit Longe Stewart Hon Scholar		132
Kiwanis Club Hemet Valley		1,000
Subtotal net assets with donor restriction	\$	1,039,560

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 7 – DONOR RESTRICTIONS ON NET ASSET BALANCES, continued

Net assets with donor restriction consist of the following at June 30, 2019:

Balance forward	\$	1,039,560
McAtee Scholarship		24,096
McQueen Scholarship		174,973
Menifee Valley Medical Center		7,424
Mildred E. Hight Memorial		4,235
Mina P Pennick Scholarship		63,835
Murrietta Vly Scholarship		8,894
National Service Award		28,856
Nolur		25,211
Osher Scholarship		1,476
P&H Iverson Scholarship		196,433
Paul E Tibbetts Memorial		19,845
PEO Scholarship		2,975
PEO Scholarship - Transfers		825
Performing Arts		93,283
Perris Inspires Fund		403
Pledge for Success - Contributions		1,968
Presidents Pooled Scholarships		41,217
Riverside Fnd Book Loan		35,160
Riverside Fnd Book Loan - Transfers		4,164
Riverside Fnd Book Loan-other income		1,236
Riverside Fnd Grants Schol - Contributions		192,287
Riverside Fnd Grants School		(182,547)
RN Nursing Schol L Pond		(12,598)
RN Nursing Schol L Pond - Contributions		11,270
RN Nursing Schol L Pond -Transfers		1,328
Robert & Alma Burke Art		2,238
Robert & Alma Burke Music		2,238
Rohrabacher Memorial		17,969
Rotary Club Hemet		1,935
Rotary Club of San Jacinto		1,238
Roy Mason Sr Scholarship		10,725
San Gorgonio Pass Scholarship		2,600
San Jacinto High School		761
San Jacinto Lions Club		1,343
Sandi Saraydarian Memorial		8,121
Subtotal net assets with donor restriction	\$	1,834,977

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 7 – DONOR RESTRICTIONS ON NET ASSET BALANCES, continued

Net assets with donor restriction consist of the following at June 30, 2019:

Balance forward	\$	1,834,977
SCE STEM Scholarship		32,000
Schlange Scholarship		112,854
Scholarships General		129,921
Scholarships General -Transfers		(1,080)
Sylvia Shirko Estate		1,987
Temecula Valley Womans Club		13,854
Temecula Valley Womans Club - Contributions		6,384
Tom Spillman Memorial		5,265
Trinity Lutheran Scholar		228
Undesignated Scholarships		2,500
Undesignated Scholarships - Transfers		58,412
Valley Quilters		313
Warren & Olga Schultz Memorial		4,785
Waterhouse Edwards		19,840
Weinstein Perpetual Schol		23,124
William W Pemberton		31,823
Wm Billion Scholarship		267,976
Wm Sprowl Memorial Schol		1,823
Zena Sharp Memorial Schol		18,407
Emma J Hammagren Scholarship		327,233
McQueen Scholarship		199,451
Waterhouse Edwards		136,046
Weinstein Perpetual Scholarship		100,998
Alice Jean Turner Scholarship		91,453
Mina P Pennick Scholarship		67,114
William W Pemberton		52,359
Allied Health Programs		50,000
Nolur		40,000
J Simpson Memorial		40,000
Doyle Memorial Endowment		30,115
Charles & Norma Opie Endowment		25,000
Harold Heller Scholarship		25,000
Robert & Alma Burke Music		10,792
Robert & Alma Burke Art		10,792
Sylvia Shirko Estate		10,000
GL Tyler Memorial		10,000
Sandi Saraydarian Memorial		9,072
Wm Sprowl Memorial Scholarship		2,500
Total net assets with donor restriction	\$	3,803,318

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

NOTE 8 – RELATED PARTY TRANSACTIONS

The Foundation provides various levels of monetary support and service to the District departments and programs, as well as scholarships for students. The District provides office space and other support to the Foundation. The District support is not recognized in the statement of activities, as there is no basis for the noncash contributions. The Foundation provided \$505,622 to the District for student scholarships and \$8,250 for program support during the year ended June 30, 2019.

NOTE 9 – SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events for recognition and disclosure through September 28, 2019, which is the date the financial statements were available to be issued. Management has determined there are no subsequent events or transactions that have a material impact on the current year financial statements.