



Financial Statements  
June 30, 2019

**Mt. San Antonio College Foundation**  
**(A California Nonprofit Corporation)**

**MT SAN ANTONIO COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Mt. San Antonio College Foundation  
Walnut, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Mt. San Antonio College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year 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 from 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 Foundation'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 Foundation'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 Mt. San Antonio College Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, beginning of the year net assets have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
April 13, 2020

**MT. SAN ANTONIO COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 4,776,446
Accounts receivable	3,350
Total Current Assets	<u>4,779,796</u>

**Noncurrent Assets**

Investments	28,982
Investments held at District	286,542
Assets held for investment	32,787
Beneficial interest in assets held by the Foundation for California Community Colleges	<u>1,219,308</u>
Total Noncurrent Assets	<u>1,567,619</u>
Total Assets	<u><u>\$ 6,347,415</u></u>

**LIABILITIES**

**Current Liabilities**

Accounts payable and other current liabilities	\$ 39,506
Notes payable - current	<u>3,529</u>
Total Current Liabilities	<u>43,035</u>

**Noncurrent Liabilities**

Notes payable - long term	<u>7,058</u>
Total Liabilities	<u>50,093</u>

**NET ASSETS**

Without donor restrictions	195,564
With donor restrictions	<u>6,101,758</u>
Total Net Assets	<u>6,297,322</u>
Total Liabilities and Net Assets	<u><u>\$ 6,347,415</u></u>

See the accompanying notes to financial statements.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 101,596	\$ 3,904,719	\$ 4,006,315
Special events and fundraising	247,338	-	247,338
Donated services	403,924	-	403,924
Donated facilities and other revenues	118,882	-	118,882
Net assets released from restrictions	1,096,666	(1,096,666)	-
Total Support and Revenues	<u>1,968,406</u>	<u>2,808,053</u>	<u>4,776,459</u>
Expenses			
Program	1,413,576	-	1,413,576
Management and general	466,996	-	466,996
Fundraising	102,963	-	102,963
Total Expenses	<u>1,983,535</u>	<u>-</u>	<u>1,983,535</u>
Other Income/(Loss)			
Realized loss on investments	(6,152)	(367,040)	(373,192)
Interest and dividends	1,511	10,257	11,768
Loss on disposal of fixed assets	(1,290)	-	(1,290)
Change in beneficial interest in assets held by the Foundation for California Community Colleges	-	246,766	246,766
Total Other Income /(Loss)	<u>(5,931)</u>	<u>(110,017)</u>	<u>(115,948)</u>
CHANGE IN NET ASSETS	(21,060)	2,698,036	2,676,976
NET ASSETS, BEGINNING OF YEAR, as restated	216,624	3,403,722	3,620,346
NET ASSETS, END OF YEAR	<u>\$ 195,564</u>	<u>\$ 6,101,758</u>	<u>\$ 6,297,322</u>

See the accompanying notes to financial statements.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 2,676,976
Adjustments to Reconcile Change in Net Assets to Net Cash Flows	
From Operating Activities	
Net realized loss on investments	373,192
Contributions restricted for long-term purposes	(3,122,736)
Distributions from beneficial interest in assets held by the	
Foundation for California Community Colleges	59,400
Changes in beneficial interest in assets held by the Foundation for	
California Community Colleges	(246,766)
Change in Operating Assets and Liabilities	
Accounts receivable	1,150
Accounts payable	(9,009)
Net Cash Flows From Operating Activities	<u>(267,793)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Change in investments	1,081,016
Loss on disposal of fixed assets	478
Net Cash Flows From Investing Activities	<u>1,081,494</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Collections of contributions restricted for long-term purposes	3,122,736
Payment on notes payable	(3,529)
Net Cash Flows From Financing Activities	<u>3,119,207</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	3,932,908
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	843,538
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,776,446</u>

See the accompanying notes to financial statements.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program	Management and General	Fundraising	Total
Program Expenses				
Athletics support	\$ 363,285	\$ -	\$ -	\$ 363,285
Campus support	247,381	-	-	247,381
Scholarships expenses	489,226	-	-	489,226
Personnel Expenses				
Payroll	-	75,163	-	75,163
Payroll benefits and taxes	-	4,503	-	4,503
Donated services	242,354	161,570	-	403,924
Donated facilities and other expenses	71,330	47,552	-	118,882
Contracted Services Expenses				
Special events	-	44,127	102,963	147,090
Professional services	-	1,110	-	1,110
Contracted services	-	33,295	-	33,295
Nonpersonnel Expenses				
Supplies	-	624	-	624
Telephone	-	2,700	-	2,700
Postage	-	93	-	93
Printing	-	225	-	225
Dues, membership, and subscriptions	-	5,465	-	5,465
Merchant fees	-	80,520	-	80,520
General administrative	-	4,256	-	4,256
Facility and Equipment Expenses				
Equipment rental and maintenance	-	30	-	30
Property tax	-	1,013	-	1,013
Travel	-	4	-	4
Staff development	-	210	-	210
Business expense	-	4,536	-	4,536
Total Expenses	<u>\$ 1,413,576</u>	<u>\$ 466,996</u>	<u>\$ 102,963</u>	<u>\$ 1,983,535</u>

See the accompanying notes to financial statements.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

***NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The Mt. San Antonio College Foundation (the Foundation) (a California nonprofit corporation) was incorporated in the State of California in 1967 as a nonprofit public benefit corporation. The Foundation was organized for the purpose of receiving and expending funds for assisting in the achievement and maintenance of superior public education at Mt. San Antonio Community College District (the District). It may act as custodian for funds, receiving and expending those funds in accordance with the respective agreements under which those funds were received.

**Financial Statement Presentation**

The accompanying financial statements are presented in accordance with FASB ASC 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with 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 College 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 College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

**Net Asset Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

*Net Assets Without Donor Restrictions* - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

*Net Assets With Donor Restrictions* - Net assets that are contributions and endowment investment earnings subject to donor-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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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 net assets without donor restrictions 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 net assets without donor restrictions.

**Donated Assets, Services, and Facilities**

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 because the recognition criteria were not met.

During the year, office space and other expenses were provided by the District on behalf of the Foundation. This donated facilities usage and expenses were valued at \$118,882 and recognized in the financial statements as donated facilities and other revenue and expenses.

Donated services include the value of Foundation services paid for by the District as part of its agreement with the Foundation. The services were valued at \$403,924 and recognized in the financial statements as donated services revenue and expenses and allocated to all of the Foundation's programs.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

**Classification of Current and Noncurrent Assets and Liabilities**

The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal operations, to be converted to cash or liquidated within twelve months of the statement of financial position date to be current. All other assets and liabilities are considered noncurrent.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with original maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Foundation had their cash in various accounts within Citizen's Bank and Ameritrade. In regards to the Citizen's Bank accounts, the amount in excess of Federal insured coverage was \$863,112. However, the cash balances in their Ameritrade funds have additional protection with Securities Investor Protection Corporation (SIPC) which protects securities of its members up to \$250,000. Additionally, TD Ameritrade provides each client \$149.5 million worth of protection for securities and two million of cash. At year-end, the total amount of cash uninsured was \$1,420,968.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Investments With District**

The District maintains deposits in the County Treasury on behalf of the Foundation. Deposits with the County are part of a common investment pool. Deposits are recorded at cost, which approximates fair value.

**Investments**

Short-term investments are valued at amortized cost, which approximates market value. Investment transactions are recorded on the trade date. Realized gain and losses on sales of investments are determined on the specific identification basis.

**Beneficial Interest in Assets Held by Community Foundation**

During 2008, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. Variance power was granted to the CF which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the CF for the Foundation's benefit and is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

**Income Taxes**

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation has adopted FASB 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.

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.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Allocation of Functional 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 present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and benefits, which are allocated based on the employee's position within the Foundation.

**Management Fee**

Endowments received by the Foundation are subject to a two percent annual administrative fee of the value of the endowed asset. The fee will come from the interest earned off the endowment. Revenues received from management fees are used by the Foundation to further advancement efforts on behalf of Mt. San Antonio College.

**Change in Accounting Principle**

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 changes the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Under this guidance, the Foundation will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the previously required three classes (unrestricted, temporarily restricted, and permanently restricted).

The Foundation has implemented the provisions of this ASU as of June 30, 2019, because management believes it improves the Foundations financial reporting.

**New Accounting Pronouncements**

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Although the full impact of ASU 2016-02 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the ASU 2018-08 apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Cash and cash equivalents	\$ 4,776,446
Investments	315,524
Accounts receivable	3,350
Total Financial Assets Available Within One Year	<u>5,095,320</u>
Less:	
Amounts unavailable for general expenditures within one year, due to restriction by donors:	<u>4,913,511</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u><u>\$ 181,809</u></u>

**MT. SAN ANTONIO COLLEGE FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Liquidity Management**

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To ensure the stability of its mission, programs, employment, and ongoing operations, the Foundation maintains a Board Designated Reserve Fund. The Foundation has an Investment Policy Statement that establishes investment objectives for short-term and long-term investments. The short-term investments include assets with donor restrictions, as well as assets without donor restrictions. Since these funds are maintained for current operating expenses, as well as near-term funding commitments, they are managed with little or no risk to principle. They include cash and cash equivalents and short-term fixed income securities with an average maturity of three years and a maximum maturity of five years. The Endowed Assets are invested to emphasize long-term investment fundamentals. The objective is to maximize long-term returns consistent with prudent levels of risk. Investment returns are expected to provide adequate funds to sufficiently support designated needs and preserve or enhance the real value of the Foundation.

**NOTE 3 - INVESTMENTS**

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2019:

	Adjusted Cost	Fair Market Value
Common stock - LPL Investments	\$ 28,982	\$ 28,982
Investments - cash held in Los Angeles County Treasury	286,542	286,542
Real estate investments - Landers Property	32,787	32,787
Investments-Cash held by Foundation for Community Colleges Osher Endowment Scholarship Fund	1,219,308	1,219,308
Total	<u>\$ 1,567,619</u>	<u>\$ 1,567,619</u>

Investment activity for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Realized loss on investments	\$ (6,152)	\$ (367,040)	\$ (373,192)
Interest and dividends	1,511	10,257	11,768
Change in beneficial interest in assets held by the Foundation for California Community Colleges	-	246,766	246,766
Total investment loss	<u>\$ (4,641)</u>	<u>\$ (110,017)</u>	<u>\$ (114,658)</u>

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

***NOTE 4 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES***

Effective January 1, 2008, the Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and 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 and liabilities 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.

Uncategorized - Investments in the Los Angeles County Treasury are not measured using the input levels above because the Foundation's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level III measurements.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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.

ASSETS	Level I	Level III	Uncategorized *	Total
Common stock - LPL Investments	\$ 28,982	\$ -	\$ -	\$ 28,982
Investments - cash held by Los Angeles County Treasury	-	-	286,542	286,542
Real estate investments - Landers Property	-	32,787	-	32,787
Investments-Cash held by Foundation for Community Colleges Osher Endowment Scholarship Fund		1,219,308	-	1,219,308
Total	<u>\$ 28,982</u>	<u>\$ 1,252,095</u>	<u>\$ 286,542</u>	<u>\$ 1,567,619</u>

Level III Investments	Level III
Balance, July 1, 2018	\$ 1,064,729
Change in the year	187,366
Balance, June 30, 2019	<u>\$ 1,252,095</u>

\*Investment measured at the net assets value as practical expedient.

The Foundation has no assets or liabilities recorded at fair value on a non-recurring basis as of June 30, 2019.

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES**

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the College and its donors have contributed \$1,031,942. As of June 30, 2019, the ending balance of the Osher Endowment Scholarship was \$1,219,308. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

**MT. SAN ANTONIO COLLEGE FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

***NOTE 6 - ASSETS HELD FOR INVESTMENT***

In October 2015, a quitclaim deed was sent to the Foundation for property in Landers. In June 2016, the Foundation's Board of Directors approved the gift of the property in Landers. The property is five acres with seven structures located on the land. The properties tax assessment was valued at \$32,787. The Foundation is planning on gifting the property to the District in order to use the site for Natural Science Field Research Center. Level III has been assigned to the fair value of this investment. The fair value measurement for Level III is determined by the Foundation's own assumptions about market participation, including assumptions about risk, which are developed based on the best information available in the circumstances. Management used property tax bills to assess the fair value in 2019.

***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2019, represent amounts owed by the Foundation as follows:

Amounts due to Mt. San Antonio Community College District	\$ 35,117
Other payables	4,389
Total Payables	<u>\$ 39,506</u>

***NOTE 8 - NOTES PAYABLE***

The Foundation has a loan agreement with Mt. San Antonio College Auxiliary Services (the Auxiliary). The interest-free note was issued in July 2002 for one-half the cost of the salary of the Director of Development of the Foundation and one-half the cost of the salary of the Administrative Assistant of the Foundation over a two year period totaling \$103,800.

Originally, the note was scheduled to be fully repaid by November 2015; however, in July 2012, the Auxiliary agreed to extend the repayment period of the loan to November 2021. The balance outstanding as of June 30, 2019, is \$10,587.

Year Ended	
June 30,	
2020	\$ 3,529
2021	3,529
2022	3,529
Total	<u>\$ 10,587</u>

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***NOTE 9 - RESTRICTIONS ON NET ASSET BALANCES***

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2019:

Endowment scholarships - accumulated and unspent earnings	\$ 388,342
Title V scholarships	145,142
Programs and scholarships	768,966
Capital campaign	203,138
Total	<u><u>\$ 1,505,588</u></u>

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2019:

Beneficial interest in assets held by the Foundation for California Community Colleges (Osher)	\$ 1,219,308
Endowment scholarships	3,376,862
Total	<u><u>\$ 4,596,170</u></u>

***NOTE 10 - DONOR DESIGNATED ENDOWMENT***

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (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 retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 funds that is not held in perpetuity is classified as net assets with donor restrictions and may be appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted 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.

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**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. Endowment assets include donor-specified as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of indices of similar style funds (e.g. Standard and Poor's 500, Russell 3000, etc.) and/or comparable benchmarks.

**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 has a policy of appropriating for distribution each year no more than four percent of the endowment funds' average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing the policy, the Foundation considered the long term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at, or in excess of, the appropriate market index, or blended market index, after fees that most closely correspond to the style of investment management. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total Net Endowment Funds
Balance at July 1, 2018	\$ 129,361	\$ 1,248,781	\$ 1,378,142
Contributions	12,453	3,451,832	3,464,285
Amounts appropriated for expenditures	(23,036)	(935,409)	(958,445)
Endowment net assets, June 30, 2019	<u>\$ 118,778</u>	<u>\$ 3,765,204</u>	<u>\$ 3,883,982</u>

**Funds With Deficiencies**

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor of the UPMIFA required the Foundation to retain as a fund of perpetual duration ("below water endowments"). In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature reported as of June 30, 2019.

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***NOTE 11 - RELATED PARTY TRANSACTIONS***

The Foundation provides various levels of monetary support and service to the Mt. San Antonio Community College District. The transactions are recoded within the financial statements as distributions, student programs, and scholarship expense. The District provides office space and other support to the Foundation. The value of this support has been calculated and is reflected within these financial statements.

A majority of the Foundation's investments are held with Ameritrade. One of the Board Members of the College is their representative and financial advisor at Ameritrade. No representative fees were paid during fiscal year ending June 30, 2019.

***NOTE 12 - ADJUSTMENT RESULTING FROM CHANGE IN ACCOUNTING PRINCIPLE***

As disclosed in Note 1, the Foundation adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*, as of June 30, 2019. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Foundation's June 30, 2018, net assets.

The effect on the Foundation's statement of activities as of June 30, 2018, is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Adjusted</u>
Net Assets, End of the Year			
Unrestricted	\$ 216,624	\$ (216,624)	\$ -
Temporarily restricted net assets	1,389,470	(1,389,470)	-
Permanently restricted net assets	2,014,252	(2,014,252)	-
Net assets without donor restrictions	-	216,624	216,624
Net assets with donor restrictions	-	3,403,722	3,403,722

***NOTE 13 - SUBSEQUENT EVENTS***

Subsequent to year-end, the Foundation has been negatively impacted by the effects of the world-wide COVID-19 pandemic. The Foundation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Foundation's financial position is not known.