Financial Statements
June 30, 2021

Mt. San Antonio College Foundation

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Financial Statements

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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, 2021, 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.

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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, 2021, 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.

Eide Bailly LLP

Rancho Cucamonga, California
April 1, 2022

Assets		
Current Assets		
Cash and cash equivalents	$	1,240,952
Noncurrent Assets		
Investments		3,901,563
Investments held at District		223,550
Assets held for investment		32,787
Beneficial interest in assets held by the Foundation for California Community Colleges		1,418,900
Total noncurrent assets		5,576,800
Total assets	$	6,817,752
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other current liabilities	$	5,525
Notes payable		3,529
Total liabilities		9,054
Net Assets		
Without donor restrictions		157,893
With donor restrictions		6,650,805
Total net assets		6,808,698
Total liabilities and net assets	$	6,817,752

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 7,656	$ 1,152,042	$ 1,159,698
Special events and fundraising	91,950	-	91,950
In-kind contributions	-	105,854	105,854
Donated services and facilities	621,427	-	621,427
Net assets released from restrictions	1,166,860	(1,166,860)	-
Total support and revenues	1,887,893	91,036	1,978,929
Expenses			
Program	1,526,463	-	1,526,463
Management and general	414,831	-	414,831
Total expenses	1,941,294	-	1,941,294
Other Income			
Investment income, net of fees	16,035	101,785	117,820
Change in beneficial interest in assets held by the Foundation for California Community Colleges	-	249,465	249,465
Total other income	16,035	351,250	367,285
Change in Net Assets	(37,366)	442,286	404,920
Net Assets, Beginning of Year	195,259	6,208,519	6,403,778
Net Assets, End of Year	$ 157,893	$ 6,650,805	$ 6,808,698

Cash Flows from Operating Activities	
Change in net assets	$ 404,920
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities	
Net unrealized gain on investments	(115,429)
Contributions restricted for long-term purposes	(9,500)
Forgiveness of PPP Loan	(8,000)
Changes in beneficial interest in assets held by the Foundation for California Community Colleges	(249,465)
Change in Operating Assets and Liabilities	
Accounts payable	342
Net Cash Flows from Operating Activities	22,868
Cash Flows from Investing Activities	
Purchase of investments	(3,756,256)
Cash Flows from Financing Activities	
Collections of contributions restricted for long-term purposes	9,500
Payment on notes payable	(7,058)
Net Cash Flows From Financing Activities	2,442
Net Change in Cash and Cash Equivalents	(3,730,946)
Cash and Cash Equivalents, Beginning of Year	4,971,898
Cash and Cash Equivalents, End of Year	$ 1,240,952

	Program	Management and General	Total
Program expenses			
Athletics support	$ 209,355	$ 3,600	$ 212,955
Campus support	345,748	4,412	350,160
Campus support - in-kind	105,854	-	105,854
Scholarship expenses	492,650	10,626	503,276
Personnel expenses			
Payroll	-	44,608	44,608
Payroll benefits and taxes	-	4,658	4,658
Donated services	327,107	218,071	545,178
Donated facilities and other expenses	45,749	30,500	76,249
Contracted services expenses			
Special events	-	846	846
Advertising	-	110	110
Professional services	-	1,020	1,020
Contracted services	-	78,154	78,154
Non-personnel expenses			
Supplies	-	248	248
Telephone	-	1,575	1,575
Postage	-	3,989	3,989
Dues, membership, and subscriptions	-	2,669	2,669
Merchant fees	-	6,466	6,466
General administrative	-	485	485
Facility and equipment expenses			
Equipment rental and maintenance	-	832	832
Board development	-	812	812
Business expense	-	1,150	1,150
Total Expenses	$ 1,526,463	$ 414,831	$ 1,941,294

Note 1 - Nature of Organization and Significant Accounting Policies

Organization

The Mt. San Antonio College Foundation (the Foundation) 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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. The Board of Directors has designated, from net assets without donor restrictions, a board designated endowment.

- *Net Assets With Donor Restrictions* - Net assets subject to donor restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor 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 statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

In May 2014, the FASB issued guidance ASC 606, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Foundation adopted ASC 606 with a date of the initial application of July 1, 2020, using the full-retrospective method.

As part of the adoption of ASC 606, the Foundation elected to use the following transition practical expedients: (1) revenue from contracts which begin and end in the same fiscal year has not been restated; (2) hindsight was used when determining the transaction price for contracts that include variable consideration, rather than estimating variable consideration amounts in the comparative reporting period; (3) the amount of transaction price allocated to unsatisfied performance obligations and when those amounts are expected to be recognized, for the reporting periods prior to the date of initial application of the guidance, have not been disclosed; and (4) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate.

The Foundation recognizes contributions, including unconditional promises to give, as revenues in the period the contribution or unconditional promise is received. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Contributions are reported as 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 released from restrictions. When a donor's restriction is met within the same year as the donation, the donation is reported as net assets without donor restrictions.

The adoption of ASC 606 did not have a significant impact on the Foundation's statement of financial position, results of its activities, or cash flows. The Foundation's revenue arrangements generally consist of a single performance obligation to transfer services. There are no significant contract assets, accounts receivable, or contract liabilities associated with these revenue streams. Based on the Foundation's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

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 expense were valued at $76,249, and are recognized in the financial statements as donated facilities 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 $545,178 and are recognized in the financial statements as donated services revenue and expenses.

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, and those differences could be material.

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.

Investments held at 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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains or losses are included in the change in net assets. Investment income (interest and dividends) is included in the change in net assets from operations unless the gain or loss is restricted by donor or law.

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 statement 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.

Advertising

Costs associated with advertising are expensed as incurred. During the 2021 fiscal year, total advertising cost was $110.

Allocation of Functional Expenses

The costs of program and management and general activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and management and general activities 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 donated salaries and benefits and donated facilities expenses are allocated on the basis of estimates of time and effort.

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.

Recent 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. 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.

The ASU is effective for the Foundation for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

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	$ 134,160

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 - Concentrations of Risk

The Foundation maintains cash and investment balances at banks in excess of Federal Deposit of Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. Deposit concentration risk is managed by placing cash and investment balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

Note 4 - Investments

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2021:

	Amount
Investments	$ 3,901,563
Investments held in the Los Angeles County Treasury Investment Pool	223,550
Real estate investments - Landers Property	32,787
Total	$ 4,157,900

The following schedule summarizes the net investment income for the year ended June 30, 2021:

Net unrealized gain on investments	$ 115,429
Interest and dividends	10,772
Subtotal	126,201
Less: investment expense	(8,381)
Total investment income, net of fees	$ 117,820

Note 5 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of assets measured at fair value on a recurring basis as of June 30, 2021. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021.

Assets	Level 1	Level II	Level III	Uncategorized*	Total
Money market funds	$ -	$ 710,049	$ -	$ -	$ 710,049
Exchange traded funds	-	253,482	-	-	253,482
Bonds	-	650,185	-	-	650,185
US Treasury notes	-	147,029	-	-	147,029
Mutual funds	-	567,865	-	-	567,865
Stocks	1,546,918	-	-	-	1,546,918
Common stock - LPL Investments	26,035	-	-	-	26,035
Investments held by Los Angeles County Treasury	-	-	-	223,550	223,550
Real estate investments - Landers Property	-	-	32,787	-	32,787
Beneficial interest in assets held by the Foundation for California Community Colleges	-	-	1,418,900	-	1,418,900
Total	$ 1,572,953	$ 2,328,610	$ 1,451,687	$ 223,550	$ 5,576,800

*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, 2021.

Note 6 - 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, 2021, the ending balance of the Osher Endowment Scholarship was $1,418,900. 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.

Note 7 - Assets Held for Investment

In October 2015, a quitclaim deed was contributed to the Foundation for property in Landers, California. 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 2021.

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, 2021, is $3,529.

Note 9 - Paycheck Protection Program (PPP) Loan

The Foundation was granted a $8,000 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Foundation initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized $8,000 as contribution revenue for the year ended June 30, 2021.

Note 10 - Restrictions on Net Asset Balances

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2021:

Endowment scholarships - accumulated and unspent earnings	$ (587,531)
Title V scholarships	130,322
Programs and scholarships	1,269,209
Capital campaign	130,137
Total	$ 942,137

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2021:

Beneficial interest in assets held by the Foundation for California Community Colleges (Osher)	$ 1,418,900
Endowment scholarships	4,289,768
Total	$ 5,708,668

Note 11 - 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.

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 & 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 twelve 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, 2021 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total Net Endowment Funds
Balance at July 1, 2020	$ 100,799	$ 3,609,484	$ 3,710,283
Net change in value	2,509	98,005	100,514
Contributions	5,252	4,248	9,500
Amounts appropriated for expenditures	-	(9,500)	(9,500)
Endowment net assets, June 30, 2021	$ 108,560	$ 3,702,237	$ 3,810,797

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"). At June 30, 2021, funds with original gift values of $3,824,142, fair values of $3,155,536, and deficiencies of $668,606 were reported in net assets with donor restrictions. The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Note 12 - 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.

Note 13 - Subsequent Events

The Foundation’s management has evaluated events or transactions from June 30, 2021, through April 1, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation’s financial statements.