



Financial Statements
June 30, 2024 and 2023

Mt. San Jacinto Community College Foundation

Mt. San Jacinto Community College Foundation

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June 30, 2024 and 2023

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mt. San Jacinto Community College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Mt. San Jacinto Community College Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

Rancho Cucamonga, California
February 11, 2025

Mt. San Jacinto Community College Foundation
 Statements of Financial Position
 June 30, 2024 and 2023

| | 2024 | 2023 |
|---|--------------|--------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,783,586 | \$ 1,777,936 |
| Unconditional promises to give | 88,889 | - |
| Other receivable | 15,343 | 15,500 |
| Total current assets | 1,887,818 | 1,793,436 |
| Noncurrent assets | | |
| Beneficial interest in assets held by the Inland Empire Community Foundation | 4,168,541 | 3,755,002 |
| Unconditional promises to give, net | 680,342 | - |
| Total noncurrent assets | 4,848,883 | 3,755,002 |
| Total assets | \$ 6,736,701 | \$ 5,548,438 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 580 | \$ - |
| Due to Mt San Jacinto Community College District | 67,178 | 64,461 |
| Total current liabilities | 67,758 | 64,461 |
| Net Assets | | |
| Without donor restrictions | 1,466,935 | 513,804 |
| With donor restrictions | 5,202,008 | 4,970,173 |
| Total net assets | 6,668,943 | 5,483,977 |
| Total liabilities and net assets | \$ 6,736,701 | \$ 5,548,438 |

Mt. San Jacinto Community College Foundation
Statement of Activities
Year Ended June 30, 2024

| | 2024 | | Total |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| Revenues | | | |
| Contributions | \$ 1,169,316 | \$ 753,987 | \$ 1,923,303 |
| In-kind donations | 4,691 | - | 4,691 |
| Fundraising | 49,389 | - | 49,389 |
| Miscellaneous income | 20,607 | - | 20,607 |
| Assets released from restrictions | 984,316 | (984,316) | - |
| Total revenues | <u>2,228,319</u> | <u>(230,329)</u> | <u>1,997,990</u> |
| Expenses | | | |
| Program | 920,603 | - | 920,603 |
| Management and general | 166,226 | - | 166,226 |
| Fundraising | 215,979 | - | 215,979 |
| Total expenses | <u>1,302,808</u> | <u>-</u> | <u>1,302,808</u> |
| Other Income | | | |
| Interest income | 195 | - | 195 |
| Change in value of beneficial interest in assets held by the Inland Empire Community Foundation | 27,425 | 462,164 | 489,589 |
| Total other income | <u>27,620</u> | <u>462,164</u> | <u>489,784</u> |
| Change in Net Assets | 953,131 | 231,835 | 1,184,966 |
| Net Assets, Beginning of Year | <u>513,804</u> | <u>4,970,173</u> | <u>5,483,977</u> |
| Net Assets, End of Year | <u>\$ 1,466,935</u> | <u>\$ 5,202,008</u> | <u>\$ 6,668,943</u> |

Mt. San Jacinto Community College Foundation
Statement of Activities
Year Ended June 30, 2023

| | 2023 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues | | | |
| Contributions | \$ 276,033 | \$ 791,285 | \$ 1,067,318 |
| In-kind donations | 354,465 | - | 354,465 |
| Fundraising | - | - | - |
| Miscellaneous income | 46,502 | 22,603 | 69,105 |
| Assets released from restrictions | 259,962 | (259,962) | - |
| Total revenues | <u>936,962</u> | <u>553,926</u> | <u>1,490,888</u> |
| Expenses | | | |
| Program | 353,202 | - | 353,202 |
| Management and general | 631,478 | - | 631,478 |
| Fundraising | 31,103 | - | 31,103 |
| Total expenses | <u>1,015,783</u> | <u>-</u> | <u>1,015,783</u> |
| Other Income | | | |
| Interest income | 4,934 | 73,075 | 78,009 |
| Change in value of beneficial interest in assets held by the Inland Empire Community Foundation | 17,461 | 257,574 | 275,035 |
| Total other income | <u>22,395</u> | <u>330,649</u> | <u>353,044</u> |
| Change in Net Assets | (56,426) | 884,575 | 828,149 |
| Net Assets, Beginning of Year | <u>570,230</u> | <u>4,085,598</u> | <u>4,655,828</u> |
| Net Assets, End of Year | <u>\$ 513,804</u> | <u>\$ 4,970,173</u> | <u>\$ 5,483,977</u> |

Mt. San Jacinto Community College Foundation

Statement of Functional Expenses

Year Ended June 30, 2024

| | 2024 | | | |
|---------------------------------------|-------------------|---------------------------|-------------------|---------------------|
| | Program | Management and General | Fundraising | Total |
| Non-Instructional Supplies | \$ 22,211 | \$ 5,034 | \$ - | \$ 27,245 |
| Uniforms, Clothing, Costumes | 69,823 | 4,298 | 4,469 | 78,590 |
| Food Expense | 9,085 | 4,707 | - | 13,792 |
| Postage | - | 38 | - | 38 |
| Contracted Services | 96,025 | 131,008 | 166,673 | 393,706 |
| Entry Fee Expense | - | - | - | - |
| Other Travel Expense | 1,671 | - | 240 | 1,911 |
| Conferences | - | 2,340 | 252 | 2,592 |
| Student Travel Expenses | 232 | - | - | 232 |
| Dues Memberships Expense | 10,447 | 320 | - | 10,767 |
| Advertising | 335 | 14,248 | 23,047 | 37,630 |
| Donation Expense | - | - | - | - |
| Rent Expense | - | - | - | - |
| Bank Charges | 36,421 | 430 | - | 36,851 |
| Prizes Awards Expense | - | - | - | - |
| Other Services | 879 | 229 | - | 1,108 |
| Credit Charges | 4,561 | 1,440 | 258 | 6,259 |
| Transaction Fees | 138 | 12 | - | 150 |
| Student Financial Scholarship Expense | 667,149 | - | 14,461 | 681,610 |
| In-Kind Contributions | - | - | 4,691 | 4,691 |
| Miscellaneous | 1,626 | 2,122 | 1,888 | 5,636 |
| | <u>\$ 920,603</u> | <u>\$ 166,226</u> | <u>\$ 215,979</u> | <u>\$ 1,302,808</u> |

Mt. San Jacinto Community College Foundation

Statement of Functional Expenses

Year Ended June 30, 2024 2023

| | 2023 | | | |
|---------------------------------------|-------------------|---------------------------|------------------|---------------------|
| | Program | Management and General | Fundraising | Total |
| Non-Instructional Supplies | \$ 7,504 | \$ 458 | \$ 8,341 | \$ 16,303 |
| Uniforms, Clothing, Costumes | 42,148 | 2,280 | 500 | 44,928 |
| Food Expense | 6,633 | 3,348 | 346 | 10,327 |
| Postage | - | 85 | - | 85 |
| Contracted Services | 51,829 | 122,285 | 20,184 | 194,298 |
| Entry Fee Expense | 725 | - | - | 725 |
| Other Travel Expense | - | - | - | - |
| Conferences | 2,716 | - | - | 2,716 |
| Student Travel Expenses | - | - | - | - |
| Dues Memberships Expense | 1,631 | 2,500 | - | 4,131 |
| Advertising | 742 | 16,131 | - | 16,873 |
| Donation Expense | - | 131,294 | 16,132 | 147,426 |
| Rent Expense | - | 1,251 | - | 1,251 |
| Bank Charges | 32,658 | 381 | - | 33,039 |
| Prizes Awards Expense | - | 96 | 716 | 812 |
| Other Services | - | - | - | - |
| Credit Charges | 3,549 | 19 | 44 | 3,612 |
| Transaction Fees | - | - | - | - |
| Student Financial Scholarship Expense | 194,168 | 500 | (12,500) | 182,168 |
| In-Kind Contributions | 4,829 | 349,636 | - | 354,465 |
| Miscellaneous | 4,070 | 1,214 | (2,660) | 2,624 |
| | <u>\$ 353,202</u> | <u>\$ 631,478</u> | <u>\$ 31,103</u> | <u>\$ 1,015,783</u> |
| Total expenses | <u>\$ 353,202</u> | <u>\$ 631,478</u> | <u>\$ 31,103</u> | <u>\$ 1,015,783</u> |

Mt. San Jacinto Community College Foundation

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

| | 2024 | 2023 |
|--|--------------|--------------|
| Operating Activities | | |
| Change in net assets | \$ 1,184,966 | \$ 828,149 |
| Adjustments to reconcile change in net assets to net cash flows used for operating activities | | |
| Distributions from beneficial interest in assets held by the Inland Empire Community Foundation | 76,051 | 69,339 |
| Change in beneficial interest in assets held by the Inland Empire Community Foundation | (489,590) | (353,044) |
| Contributions restricted for long-term purposes | (753,987) | (791,285) |
| Changes in assets and liabilities | | |
| Accounts receivable | 157 | (15,500) |
| Unconditional promises to give | (769,231) | - |
| Accounts payable | 580 | (161,087) |
| Due to Mt San Jacinto Community College District | 2,717 | (198,251) |
| Net Cash Flows Used for Operating Activities | (748,337) | (621,679) |
| Financing Activities | | |
| Collections of contributions restricted for long-term purposes | 753,987 | 791,285 |
| Net Increase in Cash and Cash Equivalents | 5,650 | 169,606 |
| Cash and Cash Equivalents, Beginning of Year | 1,777,936 | 1,608,330 |
| Cash and Cash Equivalents, End of Year | \$ 1,783,586 | \$ 1,777,936 |

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The Mt. San Jacinto Community College Foundation (the Foundation) is a California nonprofit auxiliary organization of the 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 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 District are financially interrelated organizations as defined by Accounting Standards Codification (ASC) Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, 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.

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 operations 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 statements of activities as net assets released from restrictions. The Foundation reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. In the years ended June 30, 2024 and 2023, the Foundation did not receive any conditional promises to give.

Donated Services and In-Kind Contributions

Donated services include the value of the Foundation's salaries and benefits paid for by the District. Donated services are recorded as contributions at the estimated fair value that the Foundation would have otherwise paid for the same service. Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Additional disclosures of donated services and in-kind contributions are included in Note 9.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. As of June 30, 2024 and 2023, the Foundation's bank balance was fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Foundation.

Property and Equipment

For equipment, the Foundation capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Depreciation for equipment and leasehold improvements is computed on a straight-line basis over an estimated useful life of three to five years.

The carrying values of capital assets are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2024, management has determined that all promises to give are fully collectible.

Beneficial Interest in Assets Held by Community Foundation

During 2015, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Agency Endowment Funds program and named the Foundation as beneficiary. The Foundation granted variance power 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 statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program and supporting services activities occurring.

Management Fee

Endowments received by the Foundation are subject to an initial ten percent administrative fee, then five percent annually of the value of the endowed asset. The fee will come from the interest earned off of the endowment. All subsidiary accounts are subject to a five percent administrative fee annually based on funds received during the fiscal year. Endowment earnings are released from restriction when appropriated in accordance with the management fee policy and used to support ongoing operations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

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. Management believes 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 would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Advertising Costs

Costs associated with advertising are expensed as incurred. At June 30, 2024 and 2023, total advertising costs were \$37,630 and \$16,873, respectively.

Adoption of New Accounting Standard

As of July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Foundation adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after July 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. There was not a significant effect on the Foundation's financial statements as a result of the implementation of this standard.

Subsequent Events

The Foundation's management has evaluated events or transactions from June 30, 2024 through February 11, 2025, 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.

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 comprise of the following:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 607,701 | \$ 498,304 |
| Accounts receivable | 15,343 | 15,500 |
| Total financial assets available within one year | <u>\$ 623,044</u> | <u>\$ 513,804</u> |

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances, expenditures, and the budget.

Note 3 - 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. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed 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.

The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

Assets 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, 2024.

| | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|---------------------|
| Beneficial Interest in assets held by the Inland Empire Community Foundation | <u>\$ 4,168,541</u> | <u>\$ 4,168,541</u> |

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2023.

| | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|---------------------|
| Beneficial Interest in assets held by the Inland Empire Community Foundation | <u>\$ 3,755,002</u> | <u>\$ 3,755,002</u> |

Mt. San Jacinto Community College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

Note 4 - Unconditional Promises to Give

The Foundation's unconditional promises to give consisted of the following at June 30:

| | 2024 | 2023 |
|------------------------------------|------------|------|
| Unconditional promises to give | \$ 800,000 | \$ - |
| Less discount to net present value | (30,769) | - |
| Total | \$ 769,231 | \$ - |

Unconditional promises to give are estimated to be collected as following at June 30, 2024 and 2023:

| | 2024 | 2023 |
|---|------------|------|
| Due within one year | \$ 88,889 | \$ - |
| Due within one to five years | 711,111 | - |
| | 800,000 | - |
| Less discount to net present value at 4.00% | (30,769) | - |
| Total | \$ 769,231 | \$ - |

At June 30, 2024, one donor accounted for 100 percent of total promises to give. One contributor accounted for approximately 52 percent of total contribution revenue for the year ended June 30, 2024.

At June 30, 2024, management has determined that all promises to give are fully collectible.

Note 5 - Property and Equipment

Property and equipment consisted of the following as of June 30:

| | 2024 | 2023 |
|-------------------------------|-----------|-----------|
| Furniture and equipment | \$ 29,346 | \$ 29,346 |
| Less accumulated depreciation | (29,346) | (29,346) |
| | \$ - | \$ - |

Depreciation expense for the years ended June 30, 2024 and 2023, was \$0 and \$0, respectively.

Note 6 - Net Assets with Donor Restrictions

Donor-restricted net assets consists of the following as of June 30:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| Subject to the Passage of Time or Expenditure for Specified Purpose | | |
| Endowments - accumulated and unspent earnings | \$ 1,193,955 | \$ 967,589 |
| Scholarships | <u>2,770,129</u> | <u>2,764,660</u> |
| | <u>3,964,084</u> | <u>3,732,249</u> |
| Perpetual in Nature | | |
| Endowed scholarships | <u>1,237,924</u> | <u>1,237,924</u> |
| | <u>\$ 5,202,008</u> | <u>\$ 4,970,173</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|-------------------|-------------------|
| Satisfaction of purpose restrictions | | |
| Scholarships | \$ 791,880 | \$ 255,748 |
| Educational programs | <u>192,436</u> | <u>4,214</u> |
| | <u>\$ 984,316</u> | <u>\$ 259,962</u> |

Note 7 - Endowments

The Foundation's endowment consists of approximately 88 individual funds established by donors to provide annual funding for specific activities and general operations. Its endowment includes both donor-restricted endowment funds that the Foundation must hold in perpetuity, or for a donor-specified period, as well as funds designated by the Board of Directors to function as endowments (funds designated). As required by GAAP, 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. Funds designated consist of non-endowed, donor-restricted gifts that are unable to be spent in the near term and have been designated by the Board of Directors to be treated as endowments.

The Board of Directors 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 date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Mt. San Jacinto Community College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of June 30, 2024, endowment net asset composition by type of fund is as follows:

| | With Donor Restrictions |
|----------------------------------|----------------------------|
| Board-designated endowment funds | \$ 3,964,084 |
| Donor-restricted endowment funds | 1,237,924 |
| | \$ 5,202,008 |

As of June 30, 2023, endowment net asset composition by type of fund is as follows:

| | With Donor Restrictions |
|----------------------------------|----------------------------|
| Board-designated endowment funds | \$ 3,732,249 |
| Donor-restricted endowment funds | 1,237,924 |
| | \$ 4,970,173 |

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater 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, 2024, and 2023, respectively.

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

| | With Donor Restrictions |
|---|----------------------------|
| Endowment net assets, beginning of year | \$ 4,970,173 |
| Contributions | 753,987 |
| Investment income | 462,164 |
| Management fee | (39,291) |
| Amounts appropriated for expenditures | (945,025) |
| Endowment net assets, end of year | \$ 5,202,008 |

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

| | <u>With Donor Restrictions</u> |
|---|------------------------------------|
| Endowment net assets, beginning of year | \$ 4,085,598 |
| Contributions | 791,285 |
| Miscellaneous income | 22,603 |
| Investment income | 330,649 |
| Management fee | (18,419) |
| Amounts appropriated for expenditures | <u>(241,543)</u> |
| Endowment net assets, end of year | <u>\$ 4,970,173</u> |

Risk 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 as well as board-designated funds. 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

The Foundation may distribute up to 40% 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 8 - Related Party Transactions**Mt. San Jacinto Community College District**

The Foundation provides various levels of monetary support and service to the District departments and programs, as well as scholarships for students. The Foundation provided \$681,610 to the District for student scholarships during the year ended June 30, 2024. The Foundation provided \$182,168 to the District for student scholarships and \$4,214 for program support during the year ended June 30, 2023. Additionally, the District charges the Foundation for services related to fundraising and operational activities. The District charged \$622,167 during the year ended June 30, 2024. At June 30, 2024 and 2023, the Foundation owed the District \$67,178 and \$64,461 for all services, respectively.

Note 9 - In-Kind Contributions

Contributed nonfinancial assets recognized within the statements of activities included for the years ended June 30:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------|-------------------|
| Donated services without donor restrictions | | |
| Pledge for Success Program - donated items | \$ 4,691 | \$ 4,829 |
| Donated salaries | <u>-</u> | <u>349,636</u> |
| Total donated services without donor restrictions | <u>\$ 4,691</u> | <u>\$ 354,465</u> |

Donated items consists of in-kind gifts that were passed through to the college for various departments. All donated assets received during the years ended June 30, 2024 and 2023 were unrestricted and allocated to program activities. The donated items are recognized at fair value using estimated U.S. wholesale prices of similar products.

In 2023, donated salaries consisted of six employees paid for by the District. Their time is allocated to management and general activities and is recognized at fair value based on current payroll rates and the number of hours spent working on the Foundation.