MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION

ANNUAL FINANCIAL REPORT WITH INDEPENDENT AUDIT REPORT

June 30, 2016 and 2015

FINANCIAL SECTION

1
3
4
6
7
9

Financial Section

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these financial statements in ates of America; this includes the vant to the preparation and fair isstatement, whether due to fraud or

g standards generally accepted in the United States of an and perform the audit to obtain reasonable assurance ree of material misstatement.

dres to obtain audit evidence about the amounts and disclosures in judgment, including the

rial misstatement of the financial statements, whether due to fraud or error.

Accordingly, we express no such opinion. An audit also includes evaluate of accounting policies used and the reasonableness of significant accounting anagement, as well as evaluating the overall presentation of the financial statement

selieve that the audit evidence we have obtained is sufficient and appropriate to pour audit opinion.

Opinion

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION STATEMENTS OF FINANCIAL POSITION June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 802,243	\$ 775,915
Restricted	14,987	14,972
Student loan receivables - net	2,000	1,500
Accounts receivable	883	12,366

June 30, 2016	Un	restricted	emporarily Restricted	manently estricted	Total
PUBLIC SUPPORT AND REVENUES					
Contributions	\$	57,495	\$ 475,708	\$ -	\$ 533,203
Fundraising income		104,374	405	-	104,779
Assets released from restrictions		463,879	(463,879)	-	-
Total Public Support and Revenues		625,748	12,234	-	637,982
EXPENSES					
Program expenses		490,055	-	-	490,055
Operating expenses		37,364	-	-	37,364
Fundraising expenses		125,144	-	-	125,144
Total Expenses		652,563	-	-	652,563
OTHER INCOME					
Interest and dividends		4,480	66,368	-	70,848
Unrealized loss on investments		(8,992)	(136,220)	-	(145,212)
Total Other Income		(4,512)	(69,852)	-	(74,364)
TRANSFERS		(11,447)	11,447	-	-
CHANGE IN NET ASSETS		(42,774)	(46,171)	-	(88,945)
NET ASSETS, BEGINNING OF YEAR		490,126	1,904,499	1,237,924	3,632,549
NET ASSETS, END OF YEAR	\$	447,352	\$ 1,858,328	\$ 1,237,924	\$ 3,543,604

June 30, 2015	Unrestricted		Ter Unrestricted Re		Permanently Restricted		Total
PUBLIC SUPPORT AND REVENUES							
Contributions	\$	44,702	\$	360,582	\$	-	\$ 405,284
Fundraising income		117,105		237		-	117,342
Assets released from restrictions		351,327		(351,327)		-	-
Total Public Support and Revenues		513,134		9,492		-	522,626
EXPENSES							
Program expenses		366,792		-		-	366,792
Operating expenses		70,148		-		-	70,148
Fundraising expenses		98,056		-		-	98,056
Total Expenses		534,996		-		-	534,996
OTHER INCOME							
Interest and dividends		3,419		49,032		-	52,452
Realized gain on sale of investment		3,006		41,712		-	44,718
Total Other Income		6,425		90,744		-	97,170
TRANSFERS		(2,375)		2,375		-	-
CHANGE IN NET ASSETS		(17,812)		102,612		-	84,800
NET ASSETS, BEGINNING OF YEAR		507,939		1,801,887		1,237,924	3,547,750
NET ASSETS, END OF YEAR	\$	490,127	\$	1,904,499	\$	1,237,924	\$ 3,632,550

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (88,945) \$	84,800
Adjustments to Reconcile Change in Net Assets		
to Net Cash Flows from Operating Activities		
Depreciation	-	-
Unrealized (gain)/loss on investments	145,212	(44,718)
Contributions restricted for long-term purposes	(475,708)	(360,582)
Changes in Assets and Liabilities		
(Increase)/decrease in accounts receivable	11,483	(11,175)
Decrease in student loans	(500)	792
Increase/(decrease) in prepaid expenses	6,286	150
Increase/(decrease) in accounts payable and other current liabilities	(12,359)	12,089
Increase in due to other related entitites	22,322	38,686
Net Cash Flows from Operating Activities	 (392,210)	(279,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Purchase)/sale of investments	418,553	(290,236)
Decrease in restricted cash and cash equivalent	(15)	832,060
Net Cash Flows from Investing Activities	 418,538	541,824
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,328	261,866
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	775,915	514,049
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 802,243 \$	775,915

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED June 30, 2016 and 2015

For the Year Ended 6/30/2016	Program	Operating	Operating Fundraising	
Salaries	\$ -	\$-	\$ -	\$ -
Employee Benefits	-	-	-	-
Non-Instructional Supplies	8,330	18,972	17,519	44,821
Uniforms, Clothing, Costumes	1,012	-	-	1,012
Food Expense	4,837	3,287	13,275	21,399
Bad Dept Expense	(500)	-	-	(500)
Postage	-	4,440	299	4,739
Contracted Services	7,545	3,420	60,284	71,249
Foundation Management Fee Expense	(3,789)	-	-	(3,789)
Entry Fee Expense	-	500	-	500
Other Travel Expense	544	940	-	1,484
Conferences	-	1,516	-	1,516
Dues Memberships Expense	-	1,435	-	1,435
Liability Insurance Expense	-	-	-	-
Rents or Leases	2,472	1,131	-	3,603
Miscellaneous	4,104	1,177	8,751	14,032
Equipment	2,094	166	-	2,260
Advertising	-	-	2,499	2,499
Donation Expense	-	-	124	124
Bank Charges	25,233	107	653	25,993
Prizes Awards Expense	2,214	-	139	2,353
Credit Charges	75	273	851	1,199

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the assets' estimated useful lives ranging from three to five years. Depreciation expense was \$0 and \$0, for the years ended June 30, 2016 and 2015, respectively.

Comparative Financial Information

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

Donated Services and Goods

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash held in checking and money market accounts with maturities of less than 90 days. The Foundation maintains its bank accounts at three financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. As of June 30, 2016, all deposits were fully insured.

Allowance for Bad Debts

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

Income Taxes

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

NOTE 1

NOTE 2 - INVESTMENT SECURITIES, continued

Investments activity for the year ended June 30, 2016, consisted of the following:

Temporarily

Investments activity for the year ended June 30, 2015, consisted of the following:

		Temporarily						
		Unre	Total					
Interest and divide	ends	\$	3,419	\$	49,032	\$	52,451	
Unrealized gain			3,006		41,712		44,718	
	Total Investment Return	\$	6,425	\$	90,744	\$	97,169	

Investment Policies

Return Objectives and Risk Parameters

NOTE 3 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Level II - Observable inputs other than Level I prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

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

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, 2016. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2016. The Foundation did not have any Level I or Level III investments.

	_	Level II
Investment Assets		
The Community Foundation		
Government securities	\$	2,787,394

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2015. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2015. The Foundation did not have any Level I or Level III investments.

	Level II
Investment Assets	
Merrill Lynch	
Government securities	\$ 2,888,016

NOTE 4

Permanently restricted net assets consist of the following at June 30, 2016:

Mina P Pennick Scholarship	\$ 67,114
Weinstein Perpetual Scholarship	100,998
Charles & Norma Opie Endowment	25,000
Sylvia Shirko Estate	10,000
Waterhouse Edwards	136,046
Robert & Alma Burke Music	10,792
Robert & Alma Burke Art	10,792
Doyle Memorial Endowment	30,115
GL Tyler Memorial	10,000
Nolur	40,000
J Simpson Memorial	40,000
Harold Heller Scholarship	25,000

NOTE 7 RELATED PARTY TRANSACTIONS

The Foundation provides various levels of monetary support and service to the District departments and programs, as well as scholarships for students. The District provides office space and other support to the Foundation. The District support is not recognized in the statement of activities, as there is no basis for the noncash contributions. The Foundation provided \$435,884 to the District for student scholarships and \$20,750 for program support during the year ended June 30, 2016.

NOTE 8 SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events for recognition and disclosure through November 18, 2016, which is the date the financial statements were available to be issued. Management has determined there are no subsequent events or transactions that have a material impact on the current year financial statements.