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**MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
(A California Nonprofit Auxiliary Organization)**

JUNE 30, 2014 AND 2013

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Opinion

In our opinion, the 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, 2014 and 2013, 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.



Riverside, California
November 26, 2014

The accompanying notes are an integral part of these financial statements.

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
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STATEMENTS OF ACTIVITIES

The accompanying notes are an integral part of these financial statements.

Temporarily Permanently

MT. SAN JACINTO COMMUNITY COLLEGE FOUNDATION
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STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 61,395	\$ 47,581
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	367	878
Unrealized loss on investments	8,652	144,076
Contributions restricted for long-term purposes	(292,916)	(303,462)
Changes in Assets and Liabilities		
(Increase) decrease in accounts receivable	581	(1,012)
Decrease in student loans	1,211	1,459
(Increase) decrease in prepaid expenses	(3,000)	1,500
Increase (decrease) in accounts payable	(2,055)	1,132
Increase (decrease) in due to Mt. San Jacinto Community College District	10,394	(36,352)
Net Cash Flows From Operating Activities	(215,371)	(144,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase) sales of investments	78,335	(91,785)
Increase (decrease) in restricted cash and cash equivalent	(120,840)	(192,302)

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STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			Total
	Program	Operating	Fundraising	
Non-instructional supplies	\$ 2,336	\$ 6,188	\$ 5,989	\$ 14,513
Hospitality	-	1,589	7,424	9,013
Bad debt expense	1,121	-	1,050	2,171
Depreciation	-	367	-	367
Postage	-	3,950	781	4,731
Contracted services	7,029	3,485	30,654	41,168
Foundation management fee expense	24,736	-	-	24,736
Entry fee expense	-	-	-	-
Dues/Memberships expense	115	185	-	300
Travel/Conference expenses	513	-	-	513
Miscellaneous	1,370	9	853	2,232
Equipment expenses	6,209	-	-	6,209
Advertising	-	-	2,488	2,488
Donation expense	-	-	100	100
Prizes/Awards expense	-	1,000	1,310	2,310
Credit charges/Bank charges	-	267	312	579
Student financial scholarship expenditures	319,684	-	750	320,434
Student travel expense	3,070	-	4,551	7,621
Total Expenses	<u>\$ 366,183</u>	<u>\$ 17,040</u>	<u>\$ 56,262</u>	<u>\$ 439,485</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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 \$367 and \$878, for the years ended June 30, 2014 and 2013, 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

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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

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JUNE 30, 2014 AND 2013

Investment activity for the year ended June 30, 2014, consisted of the following:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 4,002	\$ 55,999	\$ 60,001
Unrealized loss	(331)	(8,321)	(8,652)
Total Investment Return	<u>\$ 3,671</u>	<u>\$ 47,678</u>	<u>\$ 51,349</u>

Investment activity for the year ended June 30, 2013, consisted of the following:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 3,798	\$ 53,285	\$ 57,083
Unrealized loss	(8,563)	(135,513)	(144,076)
Total Investment Return	<u>\$ (4,765)</u>	<u>\$ (82,228)</u>	<u>\$ (86,993)</u>

Investment Policies

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Endowment net asset composition by type of fund as of June 30, 2014, is as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	<u>\$ 415,263</u>	<u>\$ 1,237,924</u>	<u>\$ 1,653,187</u>

Endowment net asset composition by type of fund as of June 30, 2013, is as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Donor-restricted endowment funds	<u>\$ 405,307</u>	<u>\$ 1,237,924</u>	<u>\$ 1,643,231</u>

Changes in endowment net assets as of June 30, 2014, are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Balance at June 30, 2013	\$ 405,307	\$ 1,237,924	\$ 1,643,231
Current year additions/earnings	9,956	-	9,956
Balance at June 30, 2014	<u>\$ 415,263</u>	<u>\$ 1,237,924</u>	<u>\$ 1,653,187</u>

Changes in endowment net assets as of June 30, 2013, are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Funds
Balance at June 30, 2012	\$ 477,046	\$ 1,216,340	\$ 1,693,386
Current year earnings	33,306	21,584	54,890
Amounts appropriated for current year expenditures	(105,045)	-	(105,045)
Balance at June 30, 2013	<u>\$ 405,307</u>	<u>\$ 1,237,924</u>	<u>\$ 1,643,231</u>

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 6 - RESTRICTIONS ON NET ASSET BALANCES

Temporarily restricted net assets consist of the following at June 30, 2014:

Heffner Memorial Fund

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Permanently restricted net assets consist of the following at June 30, 2014:

Emma J. Hammagren Perpetual Scholarship	\$ 327,233
McQueen Scholarship	199,451
Raymond and Leila Marie Waterhouse	136,046
Weinstein Perpetual Scholarship	100,998
Alice Jezan Turner Perpetual Scholarship	91,453
Mina Pennick Perpetual Scholarship	67,114
William Pemberton Endowed Scholarship	52,359
Allied Health Programs	50,000
James Simpson Memorial Scholarship	40,000
Nolur Scholarship	40,000
Doyle Memorial Endowment	30,114
Charles and Norma Opie Endowment	25,000
Harold Heller Endowment Scholarship	25,000
Robert and Alma Burke Memorial	21,584
GL Tyler Memorial	10,000
Sylvia Shirko Endowment	10,000
Sandra J. Saraydarian Scholarship	9,072
William Sprowl Memorial Book Scholarship	2,500
	<u>\$ 1,237,924</u>

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 \$319,955 to the District for student scholarships and \$22,704 for program support during the year ended June 30, 2014.

NOTE 8 - SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events for recognition and disclosure through November 26 2014, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.