

MT. SAN ANTONIO COLLEGE FOUNDATION

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS**

June 30, 2007

ASSETS

Cash and cash equivalents	\$ 18,606
Restricted cash and cash equivalents	616,923
Investments, at fair value (Note 4)	1,099,632
Assets held for investments (Note 5)	<u>4,000</u>
Total assets	<u>\$ 1,739,161</u>

LIABILITIES AND NET ASSETS

Liabilities

Notes payable (Note 6)	\$ <u>85,116</u>
Total liabilities	<u>85,116</u>

Net Assets (Note 2)

Unrestricted	150,811
Temporarily restricted	1,231,154
Permanently restricted	<u>272,080</u>
Total net assets	<u>1,654,045</u>
Total liabilities and net assets	<u>\$ 1,739,161</u>

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

MT. SAN ANTONIO COLLEGE FOUNDATION

STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS -
MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions, gifts and grants	\$ 34,395	\$ 326,672	\$ 14,050	\$ 375,117
Fundraising (Note 9)	238,031	9,450		247,481
Donated services (Note 10)	209,834			209,834
Donated facilities (Note 10)	22,599			22,599
Other revenue	31,470			31,470
Total support and revenue before net assets released from restrictions	<u>536,329</u>	<u>336,122</u>	<u>14,050</u>	<u>886,501</u>
Net assets released from restrictions (Note 7)	<u>175,207</u>	<u>(175,207)</u>	-	-
Total support and revenue after net assets released from restrictions	<u>711,536</u>	<u>160,915</u>	<u>14,050</u>	<u>886,501</u>
Expenses:				
Program services	290,728			290,728
Fundraising	218,888			218,888
General and administrative	112,723			112,723
Total expenses (Note 8)	<u>622,339</u>	-	-	<u>622,339</u>
Excess of operating revenues over expenses	<u>89,197</u>	<u>160,915</u>	<u>14,050</u>	<u>264,162</u>
Other income:				
Investment income, net of expense (Note 4)	46,906	21,165		68,071
Realized and unrealized gain on investments (Note 4)	7,073	71,819		78,892
Total other income	<u>53,979</u>	<u>92,984</u>	-	<u>146,963</u>
Change in net assets	<u>143,176</u>	<u>253,899</u>	<u>14,050</u>	<u>411,125</u>
Net assets				
Beginning, July 1	7,635	977,255	258,030	1,242,920
Ending, June 30	<u>\$ 150,811</u>	<u>\$ 1,231,154</u>	<u>\$ 272,080</u>	<u>\$ 1,654,045</u>

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

MT. SAN ANTONIO COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007

Cash Flows From Operating Activities:	
Cash received from donations and fundraisers	\$ 622,598
Cash paid for operating expenses and fundraisers	(398,210)
Other operating cash receipts	31,470
Cash received from investment income	<u>13,452</u>
Net cash provided by operating activities	<u>269,310</u>
Cash Flows From Investing Activities:	
Reinvested interest and dividends, net of expense	54,619
Proceeds on the sale of investments	225,268
Purchase of investments	<u>(262,376)</u>
Net cash provided by investing activities	<u>17,511</u>
Net increase in cash	286,821
Cash, July 1, 2006	<u>348,708</u>
Cash, June 30, 2007	<u>\$ 635,529</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities	
Change in Net Assets	\$ 411,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	(78,892)
Reinvested interest income, net of expense	(54,619)
Decrease in notes payable	<u>(8,304)</u>
Net cash provided by operating activities	<u>\$ 269,310</u>
Breakdown of ending cash balance:	
Cash and cash equivalents	\$ 18,606
Restricted cash and cash equivalents	<u>616,923</u>
Total	<u>\$ 635,529</u>

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

MT. SAC COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

NOTE 1 – ORGANIZATION:

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Foundation have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenue and related assets are recorded when received rather than earned and certain expenses are recognized when paid rather than when obligations are incurred. Modifications to the cash basis of accounting include recording investments at fair market value and recording notes payable.

Donations, other than cash are recorded at estimated fair value at the time of the donation.

Classification of Net Assets

The Foundation reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are restricted for scholarships and capital improvements.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. Earnings generated from the permanently restricted net assets are available for scholarships.

MT. SAC COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Classification of Net Assets (continued)

The following is a brief description of the Foundation's temporarily and permanently restricted net assets:

Scholarship Fund

These funds consist of gifts received by the Foundation which are restricted for scholarships for students in need. The temporarily restricted and permanently restricted portion of this fund as of June 30, 2007 was \$854,201 and \$272,080, respectively.

Planetarium Fund

Funds are temporarily restricted for capital improvements to the College's planetarium. The balance of temporarily restricted net assets related to this fund as of June 30, 2007 was \$259,560.

Title V Endowment Challenge Grant

Funds are temporarily restricted for scholarships for students in need. The balance of temporarily restricted net assets related to this fund, as of June 30, 2007, was \$117,393. See Note 11 for additional disclosure.

Contributions

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Recognition of Donor Restricted Contributions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

MT. SAC COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all cash available for immediate use and cash held for investment. Cash and cash equivalents consist of cash in interest bearing bank accounts and money market funds. Restricted cash and cash equivalents are money market funds restricted for scholarships.

Investments

Investments are recorded at fair value based on quoted market values as prescribed by Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments held by Not-for-Profit Organizations."

Donated Services and Facilities

The Foundation records the value of donated services and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the financial statements at fair market value. Donated services are recorded at fair value when a specialized skill is provided that would have otherwise been purchased or paid.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocations of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of revenues, expenses and other changes in net assets – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a non-profit foundation 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 made in the accompanying financial statements.

MT. SAC COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

NOTE 3 – CONCENTRATION OF CREDIT RISK:

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation occasionally has a need to maintain cash balances in excess of the \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2006, \$669,510 of the Foundation's bank balance of \$769,510 was exposed to an uninsured credit risk.

B. Investments

Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$100,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against decline in market values. As of June 30, 2007 the Foundation has investments in excess of the SIPC insurance amount.

NOTE 4 – INVESTMENTS:

The cost and fair values at June 30, 2007, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Net Gain/(Loss)</u>
Money Market	\$ 60,090	\$ 60,090	\$
Investments in transit	136,926	136,926	
Mutual Funds	445,527	664,901	219,374
Bonds	11,645	12,049	404
Equities	96,436	46,214	(50,222)
SEI Private Trust	125,000	129,452	4,452
Collateralized Notes	50,000	50,000	
Total Investments	<u>\$ 925,624</u>	<u>\$ 1,099,632</u>	<u>\$ 174,008</u>

MT. SAC COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

NOTE 4 – INVESTMENTS: (continued)

Investment return for the year ended June 30, 2007 was as follows:

Interest on bank	\$ 13,452
Investment income, net of expense of \$5,382	54,619
Net realized gains	21,103
Net unrealized gains	<u>57,789</u>
Total	<u>\$ 146,963</u>

NOTE 5 – ASSETS HELD FOR INVESTMENT:

The Foundation was granted two lots of land located in Salton City, California. The fair market value at the time of the donation was \$4,000. The Foundation intends to hold this land as an investment.

NOTE 6 – NOTES PAYABLE:

The Foundation has a loan agreement with the Mt. San Antonio College Auxiliary Services. 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.

Repayment began November 2004 with annual payments varying from \$4,152 to \$10,380. The balance outstanding at June 30, 2007 is \$85,116. The note is scheduled to be fully repaid by November 2015.

Annual loan payments outstanding as of June 30, 2007 are as follows:

Year Ended <u>June 30</u>	<u>Payment</u>
2008	\$ 8,304
2009	10,380
2010	10,380
2011	10,380
2012	10,380
2013-2016	<u>35,292</u>
Total	<u>\$ 85,116</u>

MT. SAC COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007**

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$175,207 were released from temporary donor restrictions during the fiscal year. The Foundation met donor imposed restrictions by incurring qualified expenses.

NOTE 8 – FUNCTIONAL EXPENSE:

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 83,934	\$ 56,516	\$ 69,384	\$ 209,834
Scholarship payments	173,495			173,495
Facilities	18,079	2,260	27,567	47,906
Program activities	15,220			15,220
Professional fees		6,550		6,550
Supplies and printing		12,760		12,760
Conferences and travel		5,913		5,913
Dues and memberships		2,167		2,167
General operating expenses		26,557	121,937	148,494
Total	<u>\$ 290,728</u>	<u>\$ 112,723</u>	<u>\$ 218,888</u>	<u>\$ 622,339</u>

NOTE 9 – FUNDRAISING:

The Foundation held four major fundraising events during fiscal year 2006-07. Revenue and expenses for these events are as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net Income</u>
60th Anniversary Gala	\$ 94,600	\$ 59,960	\$ 34,640
Annual Golf Tournament	89,284	50,588	38,696
Hot Blues Cool Jazz	38,576	25,829	12,747
Monte Carlo Night - Alumni	25,021	10,867	14,154
Total Special Events	<u>\$ 247,481</u>	<u>\$ 147,244</u>	<u>\$ 100,237</u>

For financial statement purposes, revenue and expenses for fundraising events are recognized as unrestricted, with the exception of the 60th Anniversary Gala, of which \$9,450 was recognized as temporarily restricted for scholarships.

MT. SAC COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007**

NOTE 10 – RELATED PARTIES:

To assist the Foundation in carrying out its purpose, the Mt. San Antonio Community College District provides administrative services to the Foundation. The District pays salaries and benefits of the director and accountant. In addition, working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated services and facilities for the fiscal year 2007 were \$209,834 and \$22,599 respectively and have been reflected in the financial statements as donated services and facilities. Additionally, the District reimbursed Foundation employees \$1,493 for travel expenses related to the Foundation which are reflected in the financial statements in contributions.

NOTE 11 – TITLE V ENDOWMENT CHALLENGE GRANT:

The Foundation received an endowment grant awarded by the U.S. Department of Education in fiscal year ended June 30, 2004. The purpose of the grant is to provide scholarships for students in need.

The Foundation received \$50,000 by certifying that matching funds of \$50,000 from acceptable resources had been met. The corpus of the endowment is to be invested over a period of twenty years and the Foundation may not spend more than fifty percent of the aggregate income earned for allowable expenditures. At the end of twenty years, the Foundation may use the corpus for any educational purpose.

The cumulative earnings from inception of the grant on the amount received from the U.S. Department of Education are \$17,393. The Foundation reinvests the earnings from the matching funds portion of the grant in other temporarily restricted scholarship funds annually for use on allowable expenditures.

At June 30, 2007, the fair value of investments for the endowment grant is \$117,393.

NOTE 12 – SUBSEQUENT EVENTS:

On July 18, 2007, the Foundation acknowledged and accepted the gift of property located in Pomona, California. The property has been appraised at \$700,000. The Board intends to hold the property as an investment until such time as market conditions improve.