

MT. SAN ANTONIO COLLEGE FOUNDATION
(A California Nonprofit Corporation)

**Financial Statements and
Independent Auditors' Report
For the Fiscal Year Ended June 30, 2008**



MT. SAN ANTONIO COLLEGE FOUNDATION
FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Mt. San Antonio College Foundation
1100 N. Grand Avenue
Walnut, California 91789

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Mt. San Antonio College Foundation (the Foundation), a California nonprofit corporation, as of June 30, 2008, and the related statement of revenues, expenses and other changes in net assets – modified cash basis and statement of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

As explained in note 5 to the financial statements, donated property held for investment is recorded at the fair value at the time of the donation and is not adjusted to current fair value in the financial statements. Accounting principles generally accepted in the United State of America require that donated property held for investment is recorded at its current fair value. It was not practicable to determine the effects of the change in property value on the financial statements.

The Board of Directors
Mt. San Antonio College Foundation

In our opinion, except for the effects of not recording adjustments to fair value of donated property held for investment, as discussed in the preceding paragraph, the financial statements described above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of the Mt. San Antonio College Foundation at June 30, 2008, and the results of its revenues, expenses and other changes in net assets and cash flows for the year then ended on the basis of accounting described in note 2.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

February 4, 2009

MT. SAN ANTONIO COLLEGE FOUNDATION

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

June 30, 2008

ASSETS

Cash and cash equivalents	\$ 90,133
Restricted cash and cash equivalents	503,564
Investments, at fair value (Note 4)	1,250,545
Assets held for investment (Note 5)	<u>704,000</u>
Total assets	<u>\$ 2,548,242</u>

LIABILITIES AND NET ASSETS

Liabilities

Notes payable (Note 6)	<u>\$ 76,812</u>
Total liabilities	<u>76,812</u>

Net Assets (Note 2)

Unrestricted	858,352
Temporarily restricted	1,317,873
Permanently restricted	<u>295,205</u>

Total net assets	<u>2,471,430</u>
Total liabilities and net assets	<u>\$ 2,548,242</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, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions, gifts and grants	\$ 23,350	\$ 307,100	\$ 23,125	\$ 353,575
In kind contributions (Note 5 & 9)	701,510			701,510
Fundraising	240,913			240,913
Donated services (Note 9)	222,970			222,970
Donated facilities (Note 9)	22,599			22,599
Other revenue	1,013			1,013
Total support and revenue	<u>1,212,355</u>	<u>307,100</u>	<u>23,125</u>	<u>1,542,580</u>
Other income:				
Investment income, net of expense (Note 4)	8,677	41,942		50,619
Realized and unrealized loss on investments (Note 4)	<u>(11,666)</u>	<u>(74,089)</u>		<u>(85,755)</u>
Total other income	<u>(2,989)</u>	<u>(32,147)</u>	<u>-</u>	<u>(35,136)</u>
Total support and revenue before net assets released from restrictions	<u>1,209,366</u>	<u>274,953</u>	<u>23,125</u>	<u>1,507,444</u>
Net assets released from restrictions (Note 7)	<u>188,234</u>	<u>(188,234)</u>	<u>-</u>	<u>-</u>
Total support and revenue after net assets released from restrictions	<u>1,397,600</u>	<u>86,719</u>	<u>23,125</u>	<u>1,507,444</u>
Expenses:				
Program services	300,978			300,978
General and administrative	136,010			136,010
Fundraising	253,071			253,071
Total expenses (Note 8)	<u>690,059</u>	<u>-</u>	<u>-</u>	<u>690,059</u>
Change in net assets	707,541	86,719	23,125	817,385
Net assets				
Beginning, July 1	<u>150,811</u>	<u>1,231,154</u>	<u>272,080</u>	<u>1,654,045</u>
Ending, June 30	<u>\$ 858,352</u>	<u>\$ 1,317,873</u>	<u>\$ 295,205</u>	<u>\$ 2,471,430</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, 2008**

Cash Flows From Operating Activities:	
Cash received from donations and fundraisers	\$ 594,488
Cash paid for operating expenses and fundraisers	(444,490)
Other operating cash receipts	1,013
Cash received from investment income	<u>950</u>
Net cash provided by operating activities	<u>151,961</u>
Cash Flows From Investing Activities:	
Reinvested interest and dividends, net of expense	49,669
Proceeds on the sale of investments	142,814
Purchase of investments	<u>(377,972)</u>
Net cash used by investing activities	<u>(185,489)</u>
Cash Flows from Financing Activities:	
Decrease in notes payable	<u>(8,304)</u>
Net cash used by financing activities	<u>(8,304)</u>
Net decrease in cash	(41,832)
Cash, July 1, 2007	<u>635,529</u>
Cash, June 30, 2008	<u>\$ 593,697</u>

**Reconciliation of Change in Net Assets to Net Cash
Provided by Operating Activities**

Change in Net Assets	\$ 817,385
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
In kind contributions	(701,510)
Realized and unrealized loss on investments	85,755
Reinvested interest income, net of expense	<u>(49,669)</u>
Net cash provided by operating activities	<u>\$ 151,961</u>
Breakdown of ending cash balance:	
Cash and cash equivalents	\$ 90,133
Restricted cash and cash equivalents	<u>503,564</u>
Total	<u>\$ 593,697</u>

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

MT. SAN ANTONIO COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

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. SAN ANTONIO COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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

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, 2008 was \$1,064,358 and \$295,205, 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, 2008 was \$142,104.

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, 2008, was \$111,411. See Note 10 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. SAN ANTONIO COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

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. SAN ANTONIO COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

NOTE 3 – CONCENTRATION OF CREDIT RISK:

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, 2008, \$495,855 of the Foundation's bank balance of \$629,766 was exposed to uninsured credit risk. In October 2008, the FDIC insurance level increased to \$250,000.

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, 2008 the Foundation has investments in excess of the SIPC insurance amount.

NOTE 4 – INVESTMENTS:

The cost and fair values at June 30, 2008, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Net Gain/(Loss)</u>
Money Market	\$ 135,100	\$ 135,100	\$ -
Mutual Funds	622,862	695,417	72,555
Bonds	137,570	136,136	(1,434)
Equities	61,306	43,650	(17,656)
SEI Private Trust	136,800	143,653	6,853
Investment Trust	49,947	46,589	(3,358)
Collateralized Notes	50,000	50,000	-
Total Investments	<u>\$ 1,193,585</u>	<u>\$ 1,250,545</u>	<u>\$ 56,960</u>

MT. SAN ANTONIO COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

NOTE 4 – INVESTMENTS: (continued)

Investment return for the year ended June 30, 2008 was as follows:

Interest on bank	\$	950
Investment income, net of expense of \$5,103		49,669
Net realized gains		444
Net unrealized losses		<u>(86,199)</u>
Total	\$	<u>(35,136)</u>

NOTE 5 – ASSETS HELD FOR INVESTMENT:

The Foundation was granted two lots of land located in Salton City, California. The fair value at the time of the donation was \$4,000. The Foundation intends to liquidate this asset; however, there is no viable market for this property at this time. The Foundation is therefore holding this land as an investment.

In July 2007, the Foundation acknowledged and accepted the gift of property located in Pomona, California. The fair value at the time of the donation was \$700,000. This property is currently on the market with a licensed Real Estate Broker and listed at \$645,000. The Board intends to sell the property as soon as an acceptable offer is made.

As of June 30, 2008, these assets held for investment have not been adjusted to current fair value. Given today's real estate market climate, it is difficult, if not impossible, to find comparable sales of each parcel of property, and therefore, it was not practicable to determine the effects of the change in property value on the financial statements.

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, 2008 is \$76,812. The note is scheduled to be fully repaid by November 2015.

MT. SAN ANTONIO COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

NOTE 6 – NOTES PAYABLE: (continued)

Annual loan payments outstanding as of June 30, 2008 are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Payment</u>
2009	\$ 10,380
2010	10,380
2011	10,380
2012	10,380
2013	10,380
2014-2016	<u>24,912</u>
Total	<u>\$ 76,812</u>

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets of \$188,234 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</u> <u>Services</u>	<u>General &</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 94,665	\$ 65,669	\$ 76,328	\$ 236,662
Scholarship payments	61,781			61,781
Facilities	18,079	2,260	2,260	22,599
Program activities	126,453			126,453
Professional fees		9,411		9,411
Supplies and printing		18,056		18,056
Conferences and travel		4,536		4,536
Dues and memberships		1,341		1,341
General operating expenses		34,737	174,483	209,220
Total	<u>\$ 300,978</u>	<u>\$ 136,010</u>	<u>\$ 253,071</u>	<u>\$ 690,059</u>

MT. SAN ANTONIO COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008**

NOTE 9 – 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 2008 were \$222,970 and \$22,599 respectively and have been reflected in the financial statements as donated services and facilities. Additionally, the District donated \$1,510 in supplies to the Foundation which are reflected in the financial statements as contributions.

NOTE 10 – 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 including unrealized gains (losses) from inception of the grant on the amount received from the U.S. Department of Education are \$11,411. The Foundation reinvests the earnings from the matching funds portion of the grant in temporarily restricted scholarship funds for use on allowable expenditures.

At June 30, 2008, the fair value of investments for the endowment grant is \$111,411.