Financial Statements
June 30, 2021

MiraCosta College Foundation
(A California Nonprofit Corporation)

Independent Auditor's Report

The Board of Directors
MiraCosta College Foundation
Oceanside, California

Report on the Financial Statements

We have audited the accompanying financial statements of MiraCosta College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Rancho Cucamonga, California
May 13, 2022

Assets	
Current assets	
Cash and cash equivalents	$ 1,284,580
Investments	18,432,786
Investments related to deferred gifts	642,714
Accounts receivable	183
Unconditional promises to give	326,449
Donated artwork held for sale	417,563
Total current assets	21,104,275
Noncurrent assets	
Beneficial interest in assets held by the Foundation for California Community Colleges	921,110
Cash surrender value of life insurance	28,375
Unconditional promises to give - net of amortized discount	947,600
Total noncurrent assets	1,897,085
Total assets	$ 23,001,360
Liabilities and Net Assets	
Current liabilities	
Accounts payable	$ 5,262
Due to MiraCosta Community College District	71,602
Total liabilities	76,864
Net assets	
Without donor restrictions	
Undesignated	1,808,146
Board designated	544,101
Total without donor restrictions	2,352,247
With donor restrictions	20,572,249
Total net assets	22,924,496
Total liabilities and net assets	$ 23,001,360

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions, gifts, and grants	$ 250,783	$ 937,574	$ 1,188,357
Donated asset contributions	417,563	113,390	530,953
Management fees	200,261	(200,261)	-
Net assets released from restrictions	908,104	(908,104)	-
Total public support and revenues	1,776,711	(57,401)	1,719,310
Expenses			
Program	936,368	-	936,368
Management and general	371,397	-	371,397
Total expenses	1,307,765	-	1,307,765
Other Income			
Unrealized gain on investments	557,437	3,654,461	4,211,898
Change in value of deferred gifts	-	16,337	16,337
Change in cash surrender value of life insurance	-	476	476
Change in value of beneficial interest in assets held by Foundation for California Community Colleges	-	201,032	201,032
Interest and dividends, net	1,304	-	1,304
Total other income	558,741	3,872,306	4,431,047
Change in Net Assets	1,027,687	3,814,905	4,842,592
Net Assets, Beginning of Year	1,324,560	16,757,344	18,081,904
Net Assets, End of Year	$ 2,352,247	$ 20,572,249	$ 22,924,496

	Program	Management and General	Total
Foundation staff salaries and wages	$ 24,872	$ 160,146	$ 185,018
Supplies	102,286	41,267	143,553
Other services	51,342	23,785	75,127
Travel, conferences, training	3,613	2,760	6,373
Dues and membership	1,592	3,400	4,992
Contract services	52,818	106,856	159,674
Audit	-	12,000	12,000
Advertising & postage	11,526	8,558	20,084
Direct student aid	140,502	4,975	145,477
Scholarships	434,427	7,650	442,077
Gift in kind	113,390	-	113,390
Total	$ 936,368	$ 371,397	$ 1,307,765

Operating Activities	
Change in net assets	$ 4,842,592
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Contributions restricted for long-term purposes	61,011
Net unrealized gain on investments	(4,211,898)
Distribution from beneficial interest in assets held by the Foundation for California Community Colleges	40,400
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	(201,032)
Change in value of deferred gifts	(16,337)
Cash surrender value of life insurance	(476)
Change in assets and liabilities	
Accounts receivable	1,737
Unconditional promises to give	(127,540)
Donated artwork held for sale	(417,563)
Accounts payable	2,852
Due to Miracosta Community College District	25,621
Net Cash Flows From Operating Activities	(633)
Investing Activities	
Sale of investments	650,000
Financing Activities	
Collections of contributions restricted for long-term purposes	(61,011)
Change in Cash and Cash Equivalents	588,356
Cash and Cash Equivalents, Beginning of Year	696,224
Cash and Cash Equivalents, End Of Year	$ 1,284,580

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

Organization

The MiraCosta College Foundation (the Foundation) is a non-profit public benefit corporation organized under the Non-profit Public Benefit Corporation Law of the State of California. The Foundation was incorporated on April 26, 1967, as an independent foundation established under the laws of the State of California. The purpose of the Foundation is to promote the benefits of the MiraCosta College (the College) and to assist in securing, managing and distributing resources for students in the community. The members of the Foundation's Board of Directors are composed of members from the local community. In addition, the College president and two members of the College management staff are Advisors to the Board.

Financial Statement Presentation

The Foundation and the District are financially interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others,* issued by the Financial Accounting Standards Board (FASB). 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.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The FASB has established the Accounting Standards of Codification (ASC) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. The financial statements include the accounts maintained by and directly under the control of the Foundation. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting.

Net Asset Accounting

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor or grantor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation. In addition, the Foundation's Board has also designated various balances of net assets without donor restrictions for certain uses, as described in Note 12.

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 that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue and Revenue Recognition

In May 2014, the FASB issued guidance ASC 606, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Foundation adopted ASC 606 with a date of the initial application of July 1, 2020, using the full-retrospective method.

As part of the adoption of ASC 606, the Foundation elected to use the following transition practical expedients: (1) revenue from contracts which begin and end in the same fiscal year has not been restated; (2) hindsight was used when determining the transaction price for contracts that include variable consideration, rather than estimating variable consideration amounts in the comparative reporting period; (3) the amount of transaction price allocated to unsatisfied performance obligations and when those amounts are expected to be recognized, for the reporting periods prior to the date of initial application of the guidance, have not been disclosed; and (4) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate.

The Foundation recognizes contributions, including unconditional promises to give, as revenues in the period the contribution or unconditional promise is received. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Contributions are reported as 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 released from restrictions. When a donor's restriction is met within the same year as the donation, the donation is reported as net assets without donor restrictions.

The adoption of ASC 606 did not have a significant impact on the Foundation’s statement of financial position, results of its activities, or cash flows. The Foundation’s revenue arrangements generally consist of a single performance obligation to transfer services. There are no significant contract assets, accounts receivable, or contract liabilities associated with these revenue streams. Based on the Foundation’s evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Foundation maintains investment balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to $500,000. At June 30, 2021, the Foundation had investment balances held in financial institutions in excess of SIPC in the amount of $17,932,786.

Donated Assets

The Foundation records the value of donated assets when there is an objective basis available to measure their value. Donated assets are capitalized at the stated donated value and depreciated in accordance with Foundation policies unless they are passed through to the College.

Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with original maturities of less than 90 days, which are neither held for nor restricted by donors for long-term purposes. The Foundation maintains cash balances in financial institutions which are insured up to $250,000. At June 30, 2021, the Foundation had uninsured cash deposits of $1,021,164.

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions. 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 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. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. At June 30, 2021, unconditional promises to give have been recorded in the financial statements in the amount of $1,274,049, net of unamortized discount.

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. Management has determined all amounts to be collectible.

Beneficial Interest in Assets held by Community Foundation

During 2008, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Osher Endowment Scholarship program and named the Foundation as a beneficiary. Variance power was granted 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 statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

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. 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.

Accounts Payable and Current Liabilities

Accounts payable balance consists of expenditures incurred prior to fiscal year end, but not yet paid. Due to MiraCosta Community College District (the District) balance consists of payroll processed by the District on behalf of the Foundation and other miscellaneous expenditures owed to the District.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Management Fee

Endowments received by the Foundation are subject to a 1.5% endowment management fee. The fee is assessed annually at 1.5% of the endowment fund balance before distribution. In addition, the Foundation assesses a 5% gift fee on all planned gifts, at the time of receipt. Revenues received from management fees are used by the Foundation to cultivate and solicit new gifts, as well as pay for administrative overhead related to processing gifts and endowments.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of ASU 2016-02 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective for the Foundation for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

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 date, comprise the following:

Cash and cash equivalents	$ 1,284,580
Board reserves	50,000
Accounts receivable	183
	$ 1,334,763

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. To ensure the stability of its mission, programs, employment, and ongoing operations, the Foundation maintains Board-Designated Operating Reserves. Quarterly, the Associate Vice President, Institutional Advancement and the Finance Committee chair will determine if funds need to be transferred from the Operations Reserve Account (Vanguard) into local operating accounts to meet upcoming cash needs. The assets apportioned to the Reserve Account (Portfolio) are to be invested with the objective of security of principal and short-term liquidity.

Note 3 - Unconditional Promises to Give

The Foundation's unconditional promises to give consisted of the following at June 30, 2021:

Unconditional promises to give before unamortized discount and allowance for doubtful accounts	$ 1,277,947
Less: Unamortized discount	(3,898)
Net Unconditional Promises to Give	$ 1,274,049

Unconditional promises to give can be classified as without, or with donor restriction. Management has determined that all amounts are deemed collectible at June 30, 2021.

The Foundation has been promised unconditional promises to give, which were classified as follows at June 30, 2021:

	Annual Fund	Deferred Action for Childhood Arrivals (DACA)	Hatoff Endowment
Amounts due in			
Due within one year	$ 31,449	$ 25,000	$ 65,000
Due within one to five years	41,448	50,000	250,000
Due within six to ten years	-	-	-
Less: Unamortized discount	(182)	(187)	(998)
Subtotal long-term portion of unconditional promises to give	41,266	49,813	249,002
Total	$ 72,715	$ 74,813	$ 314,002

	Karetas Family	Promise Program	Total
Amounts due in			
Due within one year	$ 5,000	$ 200,000	$ 326,449
Due within one to five years	10,050	500,000	851,498
Due within six to ten years	-	100,000	100,000
Less: Unamortized discount	(37)	(2,494)	(3,898)
Subtotal long-term portion of unconditional promises to give	10,013	597,506	947,600
Total	$ 15,013	$ 797,506	$ 1,274,049

The discount rate used was 0.25% for the year ended June 30, 2021.

Note 4 - Donated Artwork Held For Sale

During the year ended June 30, 2021, the Foundation received various works of art, which based on donor stipulations can be sold for the benefit of the Foundation's mission. The works of art were valued using independent appraisals. As of June 30, 2021, the balance of artwork held for sale was $417,563.

Note 5 - Investments

Investments are stated at fair value and are summarized as of June 30, 2021:

Investments	
Investments	$ 18,432,786
Deferred gifts	642,714
Beneficial interest in assets held by the Foundation for California Community Colleges	921,110
Total investments	$ 19,996,610

The investment return consists of the following at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 31,073	$ -	$ 31,073
Unrealized gain on investments	557,437	3,654,461	4,211,898
Total investment income	588,510	3,654,461	4,242,971
Investment fees	(29,769)	-	(29,769)
Total investment income	$ 558,741	$ 3,654,461	$ 4,213,202

Note 6 - Fair Value Measurement 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 Foundation for California Community Colleges is based on the fair value of fund investments as reported by the Foundation. These are considered to be level 3 measurements.

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, 2021. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021. The Foundation has no assets or liabilities recorded at fair value on a non-recurring basis as of June 30, 2021.

	Level 1	Level 3	Total
Assets			
Equity	$ 13,605,216	$ -	$ 13,605,216
Fixed income	4,827,570	-	4,827,570
Deferred gifts	-	642,714	642,714
Beneficial interest in assets held by the Foundation for California Community Colleges	-	921,110	921,110
Total	$ 18,432,786	$ 1,563,824	$ 19,996,610

Note 7 - Deferred Gifts

The Foundation is the beneficiary of various charitable remainder trusts, administered by the Community College League of California and one individual trustor, which provide for the payment of distributions to the grantor or other designated beneficiary over the trust's term (generally the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available to the Foundation. The Foundation recognizes the fair value of its interest in the trust at the time the trust is established as a contribution. Fair value is based on the present value of the estimated future benefits to be received using discount rates ranging from 5.6% to 8.4%.

Assets held in the charitable remainder trusts totaled $642,714 at June 30, 2021, and are reported at fair value or cost, depending on the nature of the assets in the statement of financial position. The Foundation revalues its liability to make distributions to the other designated beneficiaries annually based on mortality tables and other applicable factors. The revision of this liability together with the amortization of the discount associated with the contribution is reported as changes in the value of deferred gifts in the statement of activities.

Note 8 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges - Osher Endowment Scholarship

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a $25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the District and its donors have contributed $682,313. As of June 30, 2021, the ending balance of the Osher Endowment Scholarship was $921,110. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

Note 9 - Donor Designated Endowments

The Foundation's financial assets consist of various funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowments funds, are classified and reported based on existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation 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 gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to permanent endowment, (b) plus the original value of subsequent gifts to the endowments, (c) plus accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not held in perpetuity is classified as net assets with donor restrictions and may be appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds by preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the institution. Endowment assets are invested in a well-diversified mix including equity and fixed-income securities, intended to provide an inflation-protected rate of return satisfying the distribution requirements while protecting the corpus. Investment risk is measured in terms of the total endowment fund, not individual endowments.

Spending Policy

The Foundation's Board approved spending policy was created to protect the values of the endowments. An endowment spending rate of no more than 5.5% is based on a three-year moving average of current market values as of June 30, 2021. This rate is reviewed on an annual basis.

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Funds
Donor-restricted endowment funds	$ -	$ 16,069,395	$ 16,069,395
Board-designated endowment funds	494,101	-	494,101
Total	$ 494,101	$ 16,069,395	$ 16,563,496

Changes in endowment net assets as of June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Funds
Balance at June 30, 2020	$ 396,085	$ 13,053,878	$ 13,449,963
Contributions	-	61,011	61,011
Change in value of investments	120,743	3,634,574	3,755,317
Amounts appropriated for expenditures	(22,727)	(680,068)	(702,795)
Balance at June 30, 2021	$ 494,101	$ 16,069,395	$ 16,563,496

Note 10 - Restrictions of Net Asset Balances

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2021:

Deferred gifts and cash surrender value of life insurance	$ 671,089
Campus Activity	1,960,021
Donor restricted endowments	4,597,664
Foundation scholarships	1,189,431
Total net assets with time/purpose restriction	$ 8,418,205

Donor-restricted net assets with perpetual restrictions consist of the following at June 30, 2021:

Scholarship endowments	$ 3,986,443
Beneficial interest in assets held by the Foundation for California Community Colleges	682,313
General endowments	7,485,288
Total net assets with perpetual restriction	$ 12,154,044

Note 11 - Net Assets Released from Restrictions

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes were as listed below at June 30, 2021:

Scholarships and grants	$ 574,929
Other program services	219,785
Gift in Kind	113,390
Total	$ 908,104

Note 12 - Board Designated Net Assets

Net assets without donor restrictions that have been Board designated consist of the following at June 30, 2021:

Board-designated endowment funds	$ 494,101
General Reserves	50,000
Total	$ 544,101

Note 13 - Transactions with Related Entities

There are certain administrative costs of the Foundation that are paid by the District in accordance with a Memorandum of Understanding between the District and the Foundation. The District believes that so long as the Foundation continues to adequately perform funds management and fundraising assistance to the District, the District's best interests are served by continuing to support the Foundation's operations by providing personnel, certain facilities, and administrative services including the services of the District's Associate Vice President, Institutional Advancement, (formerly known as executive director of development and the Foundation).

Note 14 - Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2021 through May 13, 2022, which is the date the financial statements were available to be issued.