Financial Statements
December 31, 2020 and 2019

Monterey Peninsula College Foundation
(A California Nonprofit Corporation)

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Monterey Peninsula College Foundation
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of Monterey Peninsula College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, 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.

Eide Bailly LLP

Rancho Cucamonga, California
September 8, 2021

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 743,364	$ 788,793
Investments	9,566,397	7,705,851
Unconditional promises to give	23,260	44,999
Prepaid expenses and other assets	6,880	6,255
Total current assets	10,339,901	8,545,898
Noncurrent assets		
Beneficial interest in assets held by the Foundation for California Community Colleges	447,249	421,236
Investment related to split-interest agreement in remainder trust	13,847	4,216
Unconditional promises to give, net	-	9,670
Capital assets, net	4,892	6,676
Total noncurrent assets	465,988	441,798
Total assets	$ 10,805,889	$ 8,987,696
Liabilities		
Current liabilities		
Accounts payable and other current liabilities	$ 10,703	$ 14,438
Payroll liability	18,455	9,176
Funds held for others	1,065,492	956,995
Total current liabilities	1,094,650	980,609
Long-term liabilities		
Refund advance - PPP Loan	76,777	-
Total liabilities	1,171,427	980,609
Net Assets		
Without donor restrictions		
Undesignated	639,052	248,573
Board designated	250,588	233,725
Total without donor restrictions	889,640	482,298
With donor restrictions	8,744,822	7,524,789
Total net assets	9,634,462	8,007,087
Total liabilities and net assets	$ 10,805,889	$ 8,987,696

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	$ 816,332	$ 956,931	$ 1,773,263
In-kind contributions	28,599	-	28,599
Special events	8,865	-	8,865
Other income	73,696	-	73,696
Assets released from restrictions	664,992	(664,992)	-
Total public support and revenues	1,592,484	291,939	1,884,423
Expenses			
Program	927,074	-	927,074
Management and general	288,739	-	288,739
Fundraising	107,801	-	107,801
Total expenses	1,323,614	-	1,323,614
Other Income			
Interest and dividends, net of fees	19,467	122,997	142,464
Realized loss on investments	(10,958)	(88,998)	(99,956)
Unrealized gain on investments	129,963	848,451	978,414
Change in value of split-interest agreement	-	(369)	(369)
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	46,013	46,013
Total other income	138,472	928,094	1,066,566
Change in Net Assets	407,342	1,220,033	1,627,375
Net Assets, Beginning of Year	482,298	7,524,789	8,007,087
Net Assets, End of Year	$ 889,640	$ 8,744,822	$ 9,634,462

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	$ 189,334	$ 1,639,291	$ 1,828,625
In-kind contributions	26,000	200	26,200
Special events	186,800	18,075	204,875
Other income	105,574	-	105,574
Assets released from restrictions	1,320,591	(1,320,591)	-
Total public support and revenues	1,828,299	336,975	2,165,274
Expenses			
Program	1,444,662	-	1,444,662
Management and general	254,667	-	254,667
Fundraising	164,969	-	164,969
Total expenses	1,864,298	-	1,864,298
Other Income			
Interest and dividends, net of fees	17,621	137,805	155,426
Realized gain on investments	62,275	746,825	809,100
Unrealized gain on investments	-	80,587	80,587
Change in value of split-interest agreement	-	(922)	(922)
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	71,738	71,738
Total other income	79,896	1,036,033	1,115,929
Change in Net Assets	43,897	1,373,008	1,416,905
Net Assets, Beginning of Year, Restated	438,401	6,151,781	6,590,182
Net Assets, End of Year	$ 482,298	$ 7,524,789	$ 8,007,087

	2020			
	Program	Management and General	Fundraising	Total
Scholarships, internships, and student support	$ 380,409	$ -	$ -	$ 380,409
Student emergency and textbook assistance	114,178	-	-	114,178
Faculty and staff support	9,330	-	-	9,330
MPC campus and program support	234,275	-	-	234,275
Events	-	4,103	1,000	5,103
In-kind	3,838	3,746	21,015	28,599
Public relations	-	-	16,668	16,668
Accounting and professional services	-	20,200	-	20,200
Banking and investment fees	51,516	6,620	-	58,136
Foundation salaries and benefits	133,528	210,457	54,047	398,032
Office and administrative expenses	-	43,613	15,071	58,684
Total expenses	$ 927,074	$ 288,739	$ 107,801	$ 1,323,614

	2019			
	Program	Management and General	Fundraising	Total
Scholarships, internships, and student support	$ 359,806	$ -	$ -	$ 359,806
Student emergency and textbook assistance	21,837	-	-	21,837
Faculty and staff support	33,653	-	-	33,653
MPC campus and program support	817,022	-	-	817,022
Events	2,916	33,972	55,061	91,949
In-kind	-	9,000	17,200	26,200
Public relations	-	-	19,169	19,169
Accounting and professional services	-	17,150	-	17,150
Banking and investment fees	52,673	8,820	-	61,493
Foundation salaries and benefits	156,755	154,652	63,449	374,856
Office and administrative expenses	-	31,073	10,090	41,163
Total expenses	$ 1,444,662	$ 254,667	$ 164,969	$ 1,864,298

	2020	2019
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	$ 1,627,375	$ 1,416,905
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,784	1,784
Realized loss (gain) on investments	99,956	(809,100)
Unrealized gain on investments	(978,414)	(80,587)
Contributions restricted for long-term purposes	(15,805)	(556,107)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	20,000	19,900
Change in beneficial interest in assets held by the Foundation for California Community Colleges	(46,013)	(71,738)
Changes in operating assets and liabilities		
Accounts receivable	-	4,672
Unconditional promises to give	31,409	3,917
Prepaid expenses and other assets	(625)	(3,475)
Split-interest agreement in remainder trust	(9,631)	922
Accounts payable and other current liabilities	5,544	7,695
Funds held for others	108,497	120,912
Refundable advance - PPP Loan	76,777	-
Net cash flows from operating activities	920,854	55,700
Investing Activities		
Purchase of investments	(2,206,076)	(6,672,015)
Proceeds from sales of investments	1,223,988	6,332,338
Purchase of fixed assets	-	(3,352)
Net cash flows from investing activities	(982,088)	(343,029)
Financing Activities		
Contributions restricted for long-term purposes	15,805	556,107
Net Change in Cash and Cash Equivalents	(45,429)	268,778
Cash and Cash Equivalents, Beginning of Year	788,793	520,015
Cash and Cash Equivalents, End of Year	$ 743,364	$ 788,793

Note 1 - Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The Monterey Peninsula College Foundation (the Foundation) is a nonprofit organization whose main purpose is to support education and educational purposes of Monterey Peninsula Community College District (the District), a California public community college located in Monterey, California, through raising funds and acquiring real and personal properties to support the District's programs of public education and its community programs. The Foundation was incorporated in the State of California in November 1994.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

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.* 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.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for general operations and not subject to donor (or grantor) restrictions. The Foundation's Board has designated, from net assets without donor restrictions, net assets for certain uses, as described in Note 10.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in 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 reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor, either without or with restrictions. The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about how the contributions are to be spent, the Foundation reports these contributions as without donor restrictions. The Foundation records special events revenue equal to the cost of direct benefit to donors, and contribution revenue for the excess received when the event takes place.

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with original maturities of less than 90 days. The Foundation maintains cash balances and investment balances at financial institutions in excess of Federal Deposit of Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. Deposit concentration risk is managed by placing cash and investment balances with financial institutions believed by the Foundation to be creditworthy. Management believes credit risk is limited.

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 statements 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.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management has determined all amounts to be collectable.

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. The Foundation granted variance power 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 statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Capital Assets

The Foundation maintains an initial unit cost capitalization threshold of $500. Capital assets are stated at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from three to seven years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2020 and 2019.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Advertising Costs

Advertising costs are expensed as incurred and approximated $16,668 and $19,169 during the years ended December 31, 2020 and 2019, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

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 199T, when applicable. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a). There was no unrelated business activity income for the years ended December 31, 2020 and 2019.

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 accounting adjustment has been made to the financial statements.

The Foundation's Federal informational tax returns for the years ended December 31, 2017, 2018, and 2019, are open to audit by the Federal authorities. California State informational returns for the years ended December 31, 2016, 2017, 2018, and 2019, are open to audit by State authorities.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present 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. The expenses that are allocated include salaries and benefits, including those received in-kind, which are allocated on the basis of estimates of time and effort studies.

Change in Accounting Principle

The Foundation has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Foundation in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of January 1, 2020, the Foundation has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Foundation's financial statements.

The Foundation has adopted the provisions of ASU 2018-13, *Fair Value Measurement* (ASU 2018-13). The amendments in ASU 2018-13 remove, modify, and supplement the disclosure requirements for fair value measurements. These changes did not have a material impact on the Foundation's financial statements and disclosures. The Foundation has implemented the provisions of this ASU because management believes it improves the Foundation's financial reporting.

New 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. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. 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 December 31, 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:

	2020	2019
Board-designated operating reserve	$ 200,000	$ 200,000
Unconditional promises to give, current	23,260	24,999
Cash and cash equivalents	290,201	194,406
Investments	9,246	39,690
	$ 522,707	$ 459,095

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 a Board-Designated Operating Reserve Fund (the Fund). The Fund is equal to at least three months of average operating costs, and is available in cash or cash equivalent funds. Foundation staff monitor cash balances and anticipated cash flows, and are poised to liquidate invested assets as appropriate. The Foundation's investment policy further supports ready cash access with a five to ten percent allocation target for cash within invested fund.

Note 3 - Unconditional Promises to Give

The Foundation's unconditional promises to give consisted of the following at December 31,:

	2020	2019
Unconditional promises to give before unamortized discount and allowance for doubtful accounts	$ 23,260	$ 54,999
Less: Unamortized discount	-	(330)
Net unconditional promises to give	$ 23,260	$ 54,669
Amounts due in:		
Less than one year	$ 23,260	$ 44,999
One to five years	-	10,000
Less: Unamortized discount	-	(330)
Subtotal long-term portion of unconditional promises to give	-	9,670
Total	$ 23,260	$ 54,669

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.41% for the year ending December 31,2019. There were no unconditional promises to give due in more than one year for the year ending December 31, 2020.

Note 4 - Beneficial Interest in Assets Held by the Foundation for California Community Colleges

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 $339,728 from the amounts held for others accounts that reside in the Foundation. As of December 31, 2020 and 2019, the ending balances of the Osher Endowment Scholarship were $447,249 and $421,236, respectively. The Foundation 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 5 - Fair Value Measurements and Disclosures

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

Level II - Inputs other than quoted prices included within Level I 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 III - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair values of beneficial interests in charitable trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees.

Unconditional promises to give that are expected to be collected in future years are recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The fair value of the beneficial interest in assets held by the Foundation for California Community Colleges is based on the fair values of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

The following table provides a summary of the financial instruments the Foundation measures at fair value on a recurring basis as of December 31, 2020. The Foundation did not have any liabilities measured at fair value on a recurring basis as of December 31, 2020.

	Level I	Level II	Level III	Total
Investment Assets				
Equity, Bonds, and Mutual Funds	$ 9,566,397	$ -	$ -	$ 9,566,397
Beneficiary Remainder Trust	-	-	13,847	13,847
Beneficial interest in assets held by the Foundation for California Community Colleges	-	-	447,249	447,249
Other Assets				
Unconditional promises to give	-	-	23,260	23,260
Total	$ 9,566,397	$ -	$ 484,356	$ 10,050,753

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis.

The following table provides a summary of the financial instruments the Foundation measures at fair value on a recurring basis as of December 31, 2019. The Foundation did not have any liabilities measured at fair value on a recurring basis as of December 31, 2019.

	Level I	Level II	Level III	Total
Investment Assets				
Equity, Bonds, and Mutual Funds	$ 7,705,851	$ -	$ -	$ 7,705,851
Beneficiary Remainder Trust	-	-	4,216	4,216
Beneficial interest in assets held by the Foundation for California Community Colleges	-	-	421,236	421,236
Other Assets				
Unconditional promises to give, net	-	-	54,669	54,669
Total	$ 7,705,851	$ -	$ 480,121	$ 8,185,972

The Foundation did not have any assets or liabilities recorded at fair value on a non-recurring basis.

Note 6 - Funds Held for Others

The Foundation acts as a fiscal agent for departments, organizations, and groups of Monterey Peninsula College. Accordingly, at December 31, 2020 and 2019, respectively, $1,065,492 and $956,995 of the Foundation's assets belongs to other parties. The Foundation does not have legal access nor any discretion over the funds held for others behalf.

	2020			
	Balance Beginning of Year	Cash Receipts and Transfers	Cash Disbursements/ Transfers	Balance End of Year
Wilder Nursing Trust	$ 398,962	$ 128,596	$ 83,365	$ 444,193
Orr Scholarship Trust	102,947	33,183	21,512	114,618
MPC Scholarship Endowments	242,368	78,122	50,644	269,846
Long-Term Endowments	212,718	68,565	44,448	236,835
Total	$ 956,995	$ 308,466	$ 199,969	$ 1,065,492

	2019			
	Balance Beginning of Year	Cash Receipts and Transfers	Cash Disbursements/ Transfers	Balance End of Year
Wilder Nursing Trust	$ 350,927	$ 80,276	$ 32,241	$ 398,962
Orr Scholarship Trust	87,902	20,305	5,260	102,947
MPC Scholarship Endowments	206,949	47,804	12,385	242,368
Long-Term Endowments	190,305	43,296	20,883	212,718
Total	$ 836,083	$ 191,681	$ 70,769	$ 956,995

Note 7 - Capital Assets

The following is a summary of capital assets as of December 31,:

	2020	2019
Furniture and equipment	$ 18,752	$ 18,752
Less: Accumulated depreciation	(13,860)	(12,076)
Total	$ 4,892	$ 6,676

Depreciation expenses for the years ended December 31, 2020 and 2019 were $1,784 and $1,784, respectively.

Note 8 - Paycheck Protection Program (PPP) Loan

The Foundation applied for and was granted a $76,777 loan under the Paycheck Protection Program administered by a US Small Business Administration (SBA) approved lender. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Foundation initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Foundation maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended December 31, 2020. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The full loan amount of $76,777 was forgiven subsequent to year end.

Note 9 - Endowment

The Foundation's endowment (the Endowment) consist of approximately 35 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has adopted 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. At December 31, 2020, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulation to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset compositions by type of fund are as follows as of December 31,:

	2020 With Donor Restrictions	2019 With Donor Restrictions
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 5,689,818	$ 5,668,330
Accumulated investment gains	1,265,953	711,587
	$ 6,955,771	$ 6,379,917

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual tiered distribution of four to six percent, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation's Board approved spending policy, known as Banded Inflation, was created to protect the values of the endowments. First year spending will be four percent of the original gift. Thereafter, spending for each calendar year will be the prior year's spending increased by the Consumer Price Index, subject to the minimum of four percent and the maximum of six percent bands. This rate will be reviewed annually. The expenditure rate includes an administrative expense of one percent of assets on September 30 of each year.

Changes in endowment net assets as of December 31, 2020, are as follows:

	With Donor Restrictions
Balance at December 31, 2019	$ 6,379,917
Contributions	16,240
Interest and dividends, net	106,983
Realized loss on investments	(75,330)
Unrealized gain on investments	738,268
Uncollectable promise to give written off	(20,000)
Amounts appropriated for expenditures	(190,307)
Balance at December 31, 2020	$ 6,955,771

Changes in endowment net assets as of December 31, 2019, are as follows:

	With Donor Restrictions
Balance at December 31, 2018	$ 5,093,864
Contributions	556,107
Interest and dividends, net	125,712
Realized gain on investments	516,789
Unrealized gain on investments	293,668
Amounts appropriated for expenditures	(206,223)
Balance at December 31, 2019	$ 6,379,917

Note 10 - Board Designated Net Assets

Net assets without donor restrictions that have been board designated consist of the following at December 31,:

	2020	2019
General Reserve	$ 200,000	$ 200,000
Marketing	35,844	25,828
Board of Directors Designated Campus Support	1,770	597
FASA Grants	12,974	7,300
Total board designated net assets	$ 250,588	$ 233,725

Note 11 - Restrictions on Net Asset Balances

Donor restricted net assets with time and/or purpose restrictions consist of the following at December 31,:

	2020	2019
Scholarships and Internships	$ 1,470,993	$ 903,763
Textbook Assistance	13,242	8,138
College Incentive Program	258,806	264,669
Emergency Assistance	100,309	77,608
Faculty and Staff Support	404,656	294,432
Athletics and Booster Club	53,499	66,168
Beneficiary Trust	13,847	4,216
Child Development Center	25,843	25,843
MPCF Strategic Planning Implementation	101,370	105,912
Other MPC Departments and Programs	552,181	64,737
Foundation Operations	60,258	40,973
Total donor restricted net assets with time and/or purpose restrictions	$ 3,055,004	$ 1,856,459

Donor restricted net assets with perpetual restrictions consist of the following at December 31,:

	2020	2019
Midori Arima Scholarship Fund	$ 25,000	$ 25,000
Balestreri Family Scholarship Fund	10,247	10,247
Dr. Peggy Downs-Baskin Faculty Advancement Endowment	267,749	267,749
Mrs. Barbara Bucquet Endowed Scholarship	20,000	20,000
Robert K. Bullock Journalism Scholarship Endowment	2,234,610	2,234,610
Chevron FASA Award Fund	47,500	47,500
Peter J. Cutino Athlete of the Year Endowment	44,045	42,545
Donald L. Davidson, M.D. Memorial Scholarship Endowment	17,920	17,920
Jennifer Denmark Memorial Scholarship Endowment	13,939	13,939
Doolittle Performing Arts Fund	45,000	40,000
Oscar Dunn and Alexandra Clark Scholarship Fund	1,000,000	1,000,000
Alison Faul Memorial Scholarship Endowment	15,870	15,870
George J. Faul Academic Excellence Endowment	100,000	100,000
Dr. Douglas Garrison Fund for Education Excellence	28,850	28,850
Bruce C. Gregor Memorial Scholarship Endowment	15,805	15,765
Marilynn Dunn Gustafson Scholarship Endowment	14,585	14,085
Rosabelle Hamann Memorial Scholarship Fund	330,727	330,727
Dr. Richard Kezirian Endowed Scholarship	76,277	71,777
Jon M. Lefstad Scholarship Endowment	10,000	10,000
John and Jeanne Logan Memorial Award Endowment	25,590	25,590
Donald and Laura Newmark Scholarship Endowment	53,000	53,000
Rod Oka Scholarship Fund	19,910	19,910
Coach Luke Phillips Scholarship Fund	10,800	6,865
Peter Pilat Scholarship and Materials Fund	525,938	525,938
Operating Reserve Endowment	129,138	129,138
William M. Shanner Memorial Award Endowment	32,083	32,083
Clyn Smith, M.D. Memorial Scholarship Endowment	20,150	20,150
Leon and Mary Lou Stutzman Choral Music Scholarship Endowment	12,084	12,084
Mary Lou Stutzman Nursing Scholarship Endowment	16,263	16,263
Dr. Winona Trason Scholarship Fund	10,000	10,000
Jim Tunney Scholar Athlete Award	20,963	20,963
Martha Mulford Ceramics Fund	8,000	8,000
Mary Lou Welch Endowed Scholarship	10,526	10,526
Val Chao Wu Theater Fund	30,000	50,000
Osher Scholarship Fund	447,249	421,236
Total donor restricted net assets with perpetual restrictions	$ 5,689,818	$ 5,668,330

Note 12 - Split-Interest Agreement

The Foundation is the remainder beneficiary under the terms of three irrevocable charitable remainder trusts that are administered by third party trustees (the Community College League of California and Friends Fiduciary). These trusts were created independently by donors and are administered by outside agents designated by the donors. The Foundation has neither possession nor control over the assets of the trusts. The beneficial interest in charitable trusts held by others is recorded in the statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. A corresponding amount is reflected in the statement of activities as a contribution with donor restrictions in the year the Foundation was notified of its irrevocable interest. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. At the end of the trust's terms, the remaining assets are available to the Foundation. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released. Assets held in the charitable remainder trusts totaled $13,847 and $4,216 at December 31, 2020 and 2019, respectively.

Note 13 - Related Party Transactions

The Foundation awards financial support for various programs and general support, along with grants and scholarships, to faculty and students of the Monterey Peninsula Community College District (the District). These transactions are recorded within the financial statements under program expenses.

The Executive Director's salary and benefits for the time that is spent on Foundation activities is donated by the District. Accordingly, $9,137 is included as in-kind revenue. In addition, the District provides office space for employees who perform services for the Foundation. The fair market value of this donated office space is not determinable and is not recognized in the financial statements.

Note 14 - Retirement Plan

Effective January 1, 2017, the Foundation adopted the Monterey Peninsula College Foundation 401(k) Profit Sharing Plan and Trust (the Plan) in accordance with Internal Revenue Code Section 401(k). The Plan is available to all eligible employees over the age of 16. The Plan allows for elective employee deductions, as well as Employer Profit Sharing Contributions under a Pro Rata Formula. Under this formula, each Qualifying Participant's Individual Account will receive a pro rata allocation. This allocation is based on the Qualifying Participant's Compensation in relation to the total Compensation of all Qualifying Participants. Profit sharing contributions become 100% vested after one year. The Foundation made contributions of $13,395 and $13,375 during the years ended December 31, 2020 and 2019, respectively.

Note 15 - Subsequent Events

In March 2021, the Foundation received a second loan under the Paycheck Protection Program (PPP), administered by a Small Business Administration (SBA) approved partner in the amount of $81,150. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Foundation has initially recorded this as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. In the event that a portion of the loan is not forgiven, the Foundation will be required to repay any remaining balance in monthly payments including interest accrued at 1%.

The Foundation has evaluated subsequent events through September 8, 2021, the date the financial statements were available to be issued.