



Financial Statements
December 31, 2023 and 2022

**Monterey Peninsula College Foundation
(A California Nonprofit Corporation)**

Monterey Peninsula College Foundation

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December 31, 2023 and 2022

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Independent Auditor's Report

The Board of Directors
Monterey Peninsula College Foundation
Monterey, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Monterey Peninsula College Foundation (the Foundation) (a California nonprofit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Monterey Peninsula College Foundation as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Eide Bailly LLP

Rancho Cucamonga, California
May 15, 2024

Monterey Peninsula College Foundation
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,161,087	\$ 1,103,769
Accounts receivable	1,667	100
Unconditional promises to give	32,151	50,458
Prepaid expenses	1,755	1,755
Total current assets	1,196,660	1,156,082
Noncurrent assets		
Investments	11,947,097	9,453,486
Beneficial interest in assets held by the Foundation for California Community Colleges	422,134	389,339
Beneficial interest in remainder trust	11,852	10,587
Capital assets, net	1,511	956
Total noncurrent assets	12,382,594	9,854,368
Total assets	\$ 13,579,254	\$ 11,010,450
Liabilities and Net assets		
Liabilities		
Current liabilities		
Accounts payable and other current liabilities	\$ 67,654	\$ 5,907
Payroll liability	19,414	19,684
Funds held for others	1,122,270	983,767
Total liabilities	1,209,338	1,009,358
Net Assets		
Without donor restrictions		
Undesignated	906,064	839,144
Board designated	229,100	232,230
Total without donor restrictions	1,135,164	1,071,374
With donor restrictions	11,234,752	8,929,718
Total net assets	12,369,916	10,001,092
Total liabilities and net assets	\$ 13,579,254	\$ 11,010,450

Monterey Peninsula College Foundation

Statements of Activities

Years Ended December 31, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	\$ 371,526	\$ 2,757,677	\$ 3,129,203
Federal/State contracts and grants	-	-	-
Employee retention credit	83,495	-	83,495
In-kind contributions	13,016	-	13,016
Special events	64,673	4,880	69,553
Other income	140,968	-	140,968
Assets released from restrictions	1,761,118	(1,761,118)	-
Total public support and revenues	2,434,796	1,001,439	3,436,235
Expenses			
Program	1,944,260	-	1,944,260
Management and general	326,213	-	326,213
Fundraising	247,756	-	247,756
Total expenses	2,518,229	-	2,518,229
Other Income (loss)			
Net investment return	147,223	1,248,603	1,395,826
Change in value of beneficial interests in remainder trust	-	1,264	1,264
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	53,728	53,728
Total other income (loss)	147,223	1,303,595	1,450,818
Change in Net Assets	63,790	2,305,034	2,368,824
Net Assets, Beginning of Year	1,071,374	8,929,718	10,001,092
Net Assets, End of Year	\$ 1,135,164	\$ 11,234,752	\$ 12,369,916

Monterey Peninsula College Foundation

Statements of Activities

Years Ended December 31, 2023 and 2022

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Public Support and Revenues			
Contributions	\$ 462,830	\$ 1,243,482	\$ 1,706,312
Federal/State contracts and grants	-	692	692
Employee retention credit	32,851	-	32,851
In-kind contributions	11,031	-	11,031
Special events	48,128	13,515	61,643
Other income	165,308	-	165,308
Assets released from restrictions	950,644	(950,644)	-
Total public support and revenues	<u>1,670,792</u>	<u>307,045</u>	<u>1,977,837</u>
Expenses			
Program	1,094,206	-	1,094,206
Management and general	298,969	-	298,969
Fundraising	237,602	-	237,602
Total expenses	<u>1,630,777</u>	<u>-</u>	<u>1,630,777</u>
Other Income (loss)			
Net investment return	(167,009)	(1,289,846)	(1,456,855)
Change in value of beneficial interests in remainder trust	-	(2,824)	(2,824)
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	-	(70,100)	(70,100)
Total other income (loss)	<u>(167,009)</u>	<u>(1,362,770)</u>	<u>(1,529,779)</u>
Change in Net Assets	(126,994)	(1,055,725)	(1,182,719)
Net Assets, Beginning of Year	<u>1,198,368</u>	<u>9,985,443</u>	<u>11,183,811</u>
Net Assets, End of Year	<u>\$ 1,071,374</u>	<u>\$ 8,929,718</u>	<u>\$ 10,001,092</u>

Monterey Peninsula College Foundation

Statements of Functional Expenses

Years Ended December 31, 2023 and 2022

	2023			Total
	Program	Management and General	Fundraising	
Scholarships, internships, and student support	\$ 1,446,953	\$ -	\$ -	\$ 1,446,953
Student emergency and textbook assistance	34,276	-	-	34,276
Faculty and staff support	36,200	-	-	36,200
MPC campus and program support	168,731	-	-	168,731
Events	4,407	28,106	37,040	69,553
In-kind	4,132	5,020	3,864	13,016
Advertising	-	-	19,173	19,173
Accounting and professional services	-	54,619	-	54,619
Banking and investment fees	67,171	8,531	-	75,702
Foundation salaries and benefits	182,390	225,781	170,553	578,724
Office and administrative expenses	-	2,822	17,126	19,948
Depreciation	-	1,334	-	1,334
Total expenses	<u>\$ 1,944,260</u>	<u>\$ 326,213</u>	<u>\$ 247,756</u>	<u>\$ 2,518,229</u>

Monterey Peninsula College Foundation

Statements of Functional Expenses

Years Ended December 31, 2023 and 2022

	2022			Total
	Program	Management and General	Fundraising	
Scholarships, internships, and student support	\$ 591,588	\$ -	\$ -	\$ 591,588
Student emergency and textbook assistance	22,397	-	-	22,397
Faculty and staff support	31,761	-	-	31,761
MPC campus and program support	195,362	-	-	195,362
Events	2,980	13,918	44,745	61,643
In-kind	3,459	4,277	3,295	11,031
Advertising	-	-	15,464	15,464
Accounting and professional services	-	54,936	-	54,936
Banking and investment fees	80,214	9,133	-	89,347
Foundation salaries and benefits	166,445	209,143	158,553	534,141
Office and administrative expenses	-	5,090	15,545	20,635
Depreciation	-	2,472	-	2,472
Total expenses	<u>\$ 1,094,206</u>	<u>\$ 298,969</u>	<u>\$ 237,602</u>	<u>\$ 1,630,777</u>

Monterey Peninsula College Foundation

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	\$ 2,368,824	\$ (1,182,719)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,334	2,472
Realized loss (gain) on investments	(96,928)	(27,789)
Unrealized loss (gain) on investments	(1,025,572)	1,763,321
Contributions restricted for long-term purposes	(1,257,124)	(512,898)
Distributions from beneficial interest in assets held by the Foundation for California Community Colleges	20,933	20,866
Change in value of beneficial interest in assets held by the Foundation for California Community Colleges	(53,728)	70,100
Change in value of beneficial interest in remainder trust	(1,265)	2,824
Changes in operating assets and liabilities		
Accounts receivable	(1,567)	6,513
Unconditional promises to give	18,307	31,685
Prepaid expenses	-	1,000
Accounts payable and other current liabilities	61,477	(41,630)
Funds held for others	138,503	(211,761)
Net Cash Flows From Operating Activities	<u>173,194</u>	<u>(78,016)</u>
Investing Activities		
Purchase of investments	(2,656,577)	(1,166,045)
Proceeds from sales of investments	1,229,213	690,710
Purchase of capital assets	(1,889)	-
Net Cash Flows From Investing Activities	<u>(1,429,253)</u>	<u>(475,335)</u>
Financing Activities		
Contributions restricted for long-term purposes	<u>1,257,124</u>	<u>512,898</u>
Net Change in Cash and Cash Equivalents	1,065	(40,453)
Cash and Cash Equivalents, Beginning of Year	<u>1,103,769</u>	<u>1,144,222</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,104,834</u>	<u>\$ 1,103,769</u>

Note 1 - Organization and General

Organization

The Monterey Peninsula College Foundation (the Foundation) is organized as a nonprofit corporation under the laws of the State of California. The Foundation was incorporated in November 1994.

Purpose

The Foundation's main purpose is to raise funds to support students and educational programs at Monterey Peninsula College (MPC), a California public community college located in Monterey, California.

Note 2 - Summary of Significant Accounting Policies

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.

The Foundation and the District are financially interrelated organizations as defined by Accounting Standards Codification (ASC) Topic 958-605 *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, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed 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. Net assets without donor restrictions represents all resources over which the governing board has discretionary control for use in operating the Foundation. The Foundation's Board has designated, from net assets without donor restrictions, net assets for certain uses, as described in Note 12.

Net Assets with Donor Restrictions - Net assets that are contributions 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

The Foundation receives substantially all of its revenue from direct donations. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Net realized gains and net unrealized gains on investments and other assets or liabilities are reported as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as assets released from restriction between the applicable classes of net assets.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest 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 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.

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.

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. The Foundation maintains investment balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$500,000.

Concentration of Risk

The Foundation maintains cash and investment balances at banks in excess of Federal Deposit of Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. The Foundation had cash balances of approximately \$274 thousand and \$118 thousand held in financial institutions in excess of the FDIC coverage and investment balances of \$12.6 million and \$9.9 million held in excess of the SIPC coverage at December 31, 2023 and 2022, respectively. 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.

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 initially 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 the Foundation for California Community Colleges

During 2008, the Foundation established an endowment fund that is perpetual in nature (the Fund) under the Foundation for California Community College's (the FCC) Osher Endowment Scholarship program and named the Foundation as a beneficiary. The Foundation granted variance power to the FCC which allows the FCC 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 FCC'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 FCC 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.

Beneficial Interest in Remainder Trust

The Foundation has been named as 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. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities and a 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. Thereafter, beneficial interests in the trusts are reported at fair value in the statement of financial position, using a discount rate of 5%, with changes in fair value recognized in the statement 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 \$11,852 and \$10,587 at December 31, 2023 and 2022, respectively.

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, 2023 and 2022.

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. Total advertising costs were \$19,173 and \$15,464 during the years ended December 31, 2023 and 2022, 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 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.

Allocation of Functional Expenses

The cost 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.

Subsequent Events

The Foundation has evaluated subsequent events through May 15, 2024, the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation’s financial statements.

Note 3 - 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:

	2023	2022
Board-designated operating reserve	\$ 200,000	\$ 200,000
Unconditional promises to give, current	32,151	50,458
Cash and cash equivalents	465,712	401,910
Investments	85,450	41,861
	\$ 783,313	\$ 694,229

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 4 - Unconditional Promises to Give

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

	<u>2023</u>	<u>2022</u>
Unconditional promises to give before unamortized discount and allowance for doubtful accounts	\$ 32,151	\$ 50,458
Less: Unamortized discount	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 32,151</u>	<u>\$ 50,458</u>
Amounts due in:		
Less than one year	<u>\$ 32,151</u>	<u>\$ 50,458</u>

There were no unconditional promises to give due in more than one year for the years ending December 31, 2023 and 2022.

Note 5 - 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, 2023 and 2022, the ending balances of the Osher Endowment Scholarship were \$422,134 and \$389,339, 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 6 - Investments

The following schedule summarizes the net investment return for the year ended December 31,:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 300,803	\$ 306,996
Net unrealized gain (loss) on investments	1,025,572	(1,763,321)
Net realized gain on investments	<u>96,928</u>	<u>27,789</u>
Subtotal	1,423,303	(1,428,536)
Less: investment fees	<u>(27,477)</u>	<u>(28,319)</u>
Net investment income	<u>\$ 1,395,826</u>	<u>\$ (1,456,855)</u>

Note 7 - 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. 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.

Assets and Liabilities Recorded at Fair Value on a 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, 2023. The Foundation did not have any liabilities measured at fair value on a recurring basis as of December 31, 2023.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Investment Assets				
Equity, bonds, and mutual funds	\$ 11,947,097	\$ -	\$ -	\$ 11,947,097
Beneficiary interest in remainder trust	-	-	11,852	11,852
Beneficial interest in assets held by the Foundation for California Community Colleges	-	-	422,134	422,134
	<u>-</u>	<u>-</u>	<u>422,134</u>	<u>422,134</u>
Total	<u>\$ 11,947,097</u>	<u>\$ -</u>	<u>\$ 433,986</u>	<u>\$ 12,381,083</u>

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, 2022. The Foundation did not have any liabilities measured at fair value on a recurring basis as of December 31, 2022.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Investment Assets				
Equity, bonds, and mutual funds	\$ 9,453,486	\$ -	\$ -	\$ 9,453,486
Beneficiary interest in remainder trust	-	-	10,587	10,587
Beneficial interest in assets held by the Foundation for California Community Colleges	-	-	389,339	389,339
	<u>-</u>	<u>-</u>	<u>389,339</u>	<u>389,339</u>
Total	<u>\$ 9,453,486</u>	<u>\$ -</u>	<u>\$ 399,926</u>	<u>\$ 9,853,412</u>

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

Monterey Peninsula College Foundation

Notes to Financial Statements

December 31, 2023 and 2022

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2023:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests	
	Charitable Remainder Trusts	Assets Held by the Foundation for California Community Colleges
Balance at December 31, 2022	\$ 10,587	\$ 389,339
Purchases/contributions of investments	-	-
Investment return, net	-	53,728
Distributions	1,265	(20,933)
Balance at December 31, 2023	<u>\$ 11,852</u>	<u>\$ 422,134</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests	
	Charitable Remainder Trusts	Assets Held by the Foundation for California Community Colleges
Balance at December 31, 2021	\$ 13,411	\$ 480,305
Purchases/contributions of investments	-	-
Investment return, net	-	(70,100)
Distributions	(2,824)	(20,866)
Balance at December 31, 2022	<u>\$ 10,587</u>	<u>\$ 389,339</u>

Monterey Peninsula College Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Note 8 - Funds Held for Others

The Foundation acts as a fiscal agent for departments, organizations, and groups of Monterey Peninsula College. Accordingly, at December 31, 2023 and 2022, respectively, \$1,122,270 and \$983,767 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.

	2023			
	Balance Beginning of Year	Cash Receipts and Transfers	Cash Disbursements/ Transfers	Balance End of Year
Wilder Nursing Trust	\$ 409,232	\$ 119,627	\$ 60,054	\$ 468,805
Orr Scholarship Trust	108,103	31,601	15,864	123,840
MPC Scholarship Endowments	254,507	74,397	37,348	291,556
Long-Term Endowments	211,925	61,403	35,259	238,069
Total	\$ 983,767	\$ 287,028	\$ 148,525	\$ 1,122,270
	2022			
	Balance Beginning of Year	Cash Receipts and Transfers	Cash Disbursements/ Transfers	Balance End of Year
Wilder Nursing Trust	\$ 498,403	\$ 80,895	\$ 170,066	\$ 409,232
Orr Scholarship Trust	128,607	21,333	41,837	108,103
MPC Scholarship Endowments	302,779	50,225	98,497	254,507
Long-Term Endowments	265,739	42,760	96,574	211,925
Total	\$ 1,195,528	\$ 195,213	\$ 406,974	\$ 983,767

Note 9 - Capital Assets

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

	2023	2022
Furniture and equipment	\$ 20,641	\$ 18,752
Less: Accumulated depreciation	(19,130)	(17,796)
Total	\$ 1,511	\$ 956

Depreciation expenses for the years ended December 31, 2023 and 2022 were \$1,334 and \$2,472, respectively.

Note 10 - Employee Retention Credit (ERC)

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 per employee per quarter through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per employee per quarter. The Foundation preliminarily determined they will receive an approximate benefit from the credit of about \$108,000 related to 2020 and 2021 wages. The Foundation has recorded contribution revenue for the credit in the amount of \$116,346 as of December 31, 2023.

The Foundation has elected to account for the credits by applying FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this method, the Foundation records contribution revenue when the contribution is deemed to be unconditional, that is when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.

Note 11 - Endowment

The Foundation's endowment (the Endowment) consist of approximately 50 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, 2023, 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 Foundation considers the following factors 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

Monterey Peninsula College Foundation

Notes to Financial Statements

December 31, 2023 and 2022

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

	2023	2022
	With Donor Restrictions	With Donor Restrictions
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 8,134,278	\$ 6,705,409
Accumulated investment gains	1,411,298	584,816
	\$ 9,545,576	\$ 7,290,225

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, 2023, are as follows:

	With Donor Restrictions
Balance at December 31, 2022	\$ 7,290,225
Contributions	1,416,390
Reclassifications	23,888
Net investment return, net of fees	1,139,596
Amounts appropriated for expenditures	(324,523)
Balance at December 31, 2023	\$ 9,545,576

Monterey Peninsula College Foundation

Notes to Financial Statements

December 31, 2023 and 2022

Changes in endowment net assets as of December 31, 2022, are as follows:

	<u>With Donor Restrictions</u>
Balance at December 31, 2021	\$ 8,086,230
Contributions	574,396
Reclassifications	75,000
Net investment return, net of fees	(1,212,096)
Amounts appropriated for expenditures	<u>(233,305)</u>
Balance at December 31, 2022	<u><u>\$ 7,290,225</u></u>

Note 12 - Board Designated Net Assets

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

	<u>2023</u>	<u>2022</u>
General Reserve	\$ 200,000	\$ 200,000
Marketing	16,000	16,000
Board of Directors Designated Campus Support	2,100	800
FASA Grants	<u>11,000</u>	<u>15,430</u>
Total board designated net assets	<u><u>\$ 229,100</u></u>	<u><u>\$ 232,230</u></u>

Note 13 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose and/or Passage of Time		
Scholarships and Internships	\$ 468,906	\$ 405,153
Textbook Assistance	24,204	36,931
College Incentive Program	250,857	301,014
Emergency Assistance	74,129	83,518
Faculty and Staff Support	199,432	173,522
Athletics and Booster Club	64,324	58,779
Beneficiary Trust	11,852	10,588
Child Development Center	25,843	25,843
MPCF Strategic Planning Implementation	1,204	14,032
Other MPC Departments and Programs	568,425	530,113
	<u>1,689,176</u>	<u>1,639,493</u>
 Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Faculty and Staff Support	224,253	143,614
MPC Foundation Operations	75,084	49,511
Other MPC Departments and Programs	25,962	6,173
Scholarships and Internships	1,085,999	385,518
	<u>1,411,298</u>	<u>584,816</u>
 Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Midori Arima Scholarship Fund	25,000	25,000
Ashton Family Scholarship Fund	12,500	10,000
Balestreri Family Scholarship Fund	11,247	10,247
Dr. Peggy Downs-Baskin Faculty Advancement Endowment	267,749	267,749
John Newman Becker Memorial Scholarship Fund	22,690	22,690
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	56,045	53,045
Donald L. Davidson, M.D. Memorial Scholarship Endowment	17,920	17,920
Jennifer Denmark Memorial Scholarship Endowment	14,739	14,589
Doolittle Performing Arts Fund	60,000	55,000
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

Monterey Peninsula College Foundation

Notes to Financial Statements

December 31, 2023 and 2022

	2023	2022
Fletes-Adelante Scholarship Endowment	\$ 10,000	\$ -
General MPCF Scholarship Endowment	30,000	30,000
Gentrain Scholarship Endowment	87,365	87,365
Dr. John M. Gonzalez Endowment Fund	10,000	10,000
Bruce C. Gregor Memorial Scholarship Endowment	16,060	15,880
Marilynn Dunn Gustafson Scholarship Endowment	14,585	14,585
Rosabelle Hamann Memorial Scholarship Fund	330,727	330,727
Happy Days Scholarship Fund	26,415	23,675
Internship Endowment Fund	140,834	79,145
Dr. Richard Kezirian Endowed Scholarship	101,186	91,277
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
Phi Ho Nguyen Nursing Scholarship	873,987	-
O'Hare/Chenoweth Family Scholarship Endowment	10,250	10,000
Rod Oka Scholarship Fund	37,010	31,010
Coach Luke Phillips Scholarship Fund	13,535	13,535
Peter Pilat Scholarship and Materials Fund	811,359	811,359
Peter Pilat FASA Materials Fund	270,453	270,453
Bertha Samora Scholarship Endowment	12,202	10,000
Frank Samora Scholarship Endowment	13,202	10,000
Operating Reserve Endowment	129,138	129,138
William M. Shanner Memorial Award Endowment	32,083	32,083
Clyn Smith, M.D. Memorial Scholarship Endowment	20,650	20,150
STEM Endowment	449,257	45,492
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
Mackenzie Scholarship Fund	130,700	130,700
Martha Mulford Ceramics Fund	8,000	8,000
Mary Lou Welch Endowed Scholarship	10,526	10,526
Val Chao Wu Theater Fund	30,000	30,000
We Believe Endowment	10,000	-
Osher Scholarship Fund	422,134	389,339
	8,134,278	6,705,409
Total endowments	9,545,576	7,290,225
Total net assets with donor restrictions	\$ 11,234,752	\$ 8,929,718

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31,:

	<u>2023</u>	<u>2022</u>
Restricted-purpose distributions and appropriations		
Special Event	\$ 18,167	\$ 38,572
Operating - General Administrative	89,090	112,500
Foundation Programs	1,650,417	792,032
Other Programs	3,444	7,540
	<u>\$ 1,761,118</u>	<u>\$ 950,644</u>

Note 14 - 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 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, in-kind revenue totaled \$13,016 and \$11,031 at December 31, 2023 and 2022, respectively. 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 15 - 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 \$27,223 and \$24,762 during the years ended December 31, 2023 and 2022, respectively.