

**MOORPARK COLLEGE
FOUNDATION**

**FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**MOORPARK COLLEGE FOUNDATION
(A California Non-Profit Corporation)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Moorpark College Foundation:

We have audited the accompanying financial statements of Moorpark College Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities 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.

Auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moorpark College Foundation as of June 30, 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.



Oxnard, CA

November 5, 2020

MOORPARK COLLEGE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (see Note 5)	\$ 1,282,381	\$ 1,167,477
Investments	1,761,912	1,611,891
Other assets	<u>2,287</u>	<u>5,546</u>
TOTAL ASSETS	<u><u>\$ 3,046,580</u></u>	<u><u>\$ 2,784,914</u></u>
LIABILITIES - deferred revenue	<u>\$ -</u>	<u>\$ 5,275</u>
NET ASSETS		
Without donor restrictions	454,865	463,309
With donor restrictions	<u>2,591,715</u>	<u>2,316,330</u>
Total Net Assets	<u><u>3,046,580</u></u>	<u><u>2,779,639</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,046,580</u></u>	<u><u>\$ 2,784,914</u></u>

See accompanying notes to financial statements.

MOORPARK COLLEGE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 9,330	\$ 260,410	\$ 269,740
Investment income	-	49,726	49,726
In-Kind contributions	66,024		66,024
Special events, net	29,939		29,939
Realized & unrealized gain (loss) on investments	(16,692)	(4,026)	(20,718)
Restrictions released	30,725	(30,725)	-
Total Revenue and Support	119,326	275,385	394,711
EXPENSES			
Program Expenses			
Grants and scholarships	30,725	-	30,725
Administrative Expenses			
In-Kind expenses	66,024	-	66,024
Salaries & wages	737	-	737
Consulting	9,000	-	9,000
Other expenses	21,284	-	21,284
Total Expenses	127,770	-	127,770
CHANGE IN NET ASSETS	(8,444)	275,385	266,941
NET ASSETS- Beginning of the year	463,309	2,316,330	2,779,639
NET ASSETS- End of the year	\$ 454,865	\$ 2,591,715	\$ 3,046,580

	2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 13,485	\$ 188,214	\$ 201,699
Investment income	37,644	-	37,644
In-Kind contributions	70,797	-	70,797
Special events, net	47,281	-	47,281
Realized & unrealized gain (loss) on investments	55,495		55,495
Restrictions released	201,360	(201,360)	-
Total Revenue and Support	426,062	(13,146)	412,916
EXPENSES			
Program Expenses			
Grants and scholarships	202,879	-	202,879
Administrative Expenses			
In-Kind expenses	70,797	-	70,797
Salaries & wages	28,469	-	28,469
Consulting	13,785	-	13,785
Other expenses	23,907	-	23,907
Total Expenses	339,837	-	339,837
CHANGE IN NET ASSETS	86,225	(13,146)	73,079
NET ASSETS- Beginning of the year	377,084	2,329,476	2,706,560
NET ASSETS- End of the year	\$ 463,309	\$ 2,316,330	\$ 2,779,639

See accompanying notes to financial statements.

MOORPARK COLLEGE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 266,941	\$ 73,079
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized (gain) / loss on investments	55,520	(11,493)
Change in:		
Other assets	3,259	(1,292)
Deferred revenue	(5,275)	4,125
Total adjustments	<u>53,504</u>	<u>(8,660)</u>
Net Cash Provided by Operating Activities	<u>320,445</u>	<u>64,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	<u>(205,541)</u>	<u>(80,638)</u>
Net Cash Used by Investing Activities	<u>(205,541)</u>	<u>(80,638)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	114,904	(16,219)
Cash and Cash Equivalents At Beginning of Year	<u>1,167,477</u>	<u>1,183,696</u>
Cash and Cash Equivalents At End of Year	<u>\$ 1,282,381</u>	<u>\$ 1,167,477</u>

See accompanying notes to financial statements.

**MOORPARK COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

1. ORGANIZATION

Moorpark College Foundation (“Foundation”), a California non-profit corporation, is a community volunteer organization that assists Moorpark College (“College”) with various activities, including accumulating and managing endowment and student scholarship funds, administering various educational-related activities and special programs, and in general, raises funds to support College programs, services, and facility development to supplement federal, state, county, and city tax revenues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. In 2019, the Foundation adopted ASU No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires the Foundation to reclassify its net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories: net assets without restrictions donor restrictions and net assets with donor restrictions, among other requirements. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein, are classified and reported as follows:

Net Assets Without Restrictions - Net assets that are not subject to donor-imposed stipulations. This category also includes net assets the Board of Directors of the Foundation have designated to function as endowments (“quasi-endowments”).

Net Assets With Restrictions - Net assets that are subject to temporary or permanent donor-imposed stipulations. Net assets with restrictions that are temporary include donor-imposed restrictions that their donations be used for providing scholarships to College students and that those students meet certain eligibility criteria or for support for certain College programs. Net assets that are subject to permanent donor-imposed stipulations generally permit the Foundation to use all or part of the income earned on any related investment for general or specific purposes.

ASU 2016-14 also requires information concerning liquidity and availability of resources and expenses must be presented both by functional and natural classification.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments - Financial instruments include items reported as assets or liabilities in the Statements of Financial Position. The fair values of investments are disclosed in Footnote 3. The fair values of other assets and deferred revenue are equal to the amounts reported on the Statements of Financial Position.

Cash and Cash Equivalents - Cash and cash equivalents are composed of cash on hand and in commercial checking accounts, savings accounts, time certificates of deposits with original maturities of three months or less, and money market accounts. These investments are carried at cost which approximates market value. The Foundation maintains its cash in bank deposit accounts, which may at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments are reflected on the Statements of Financial Position at fair value with changes in unrealized gains and losses resulting from changes in fair value as well as investment fees and costs included in the Statements of Financial Activities as “realized & unrealized gain (loss) on investments.”

Revenue Recognition - Revenue from contributions and grants is recognized when received and classified as a part of either net assets without restrictions or net assets with restrictions based on donor specifications. Fees received in advance for future special events is reported as deferred revenue and recognized as revenue once the event is completed.

Donated Services - Donated services are recognized in the financial statements as revenue and expense in equal amounts using estimated fair values at the date of receipt. Donated services are primarily comprised of the value of services provided by College employees to the Foundation to carry out the Foundation’s day-to-day operations. Donated services are shown on the Statements of Activities as In-Kind contributions and In-Kind expenses.

Concentration of Revenue & Support - Although the Foundation receives its revenue and support from many different individuals and companies, contributions made by these individuals and companies to the Foundation are subject to decline with declines in the overall economy.

Income Taxes - The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from franchise taxes under Section 23710d of the California Revenue Taxation Code. The Foundation believes that it is no longer subject to examination from taxing authorities for years prior to 2012.

Subsequent Events - The Foundation’s management has evaluated subsequent events through November 5, 2020, the date the financial statements were available to be issued.

3. FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none"> • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**MOORPARK COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

3. FAIR VALUE OF INVESTMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Mutual Funds: valued at the net asset value (NAV) of shares held by the plan at year end.

Pooled Separate Account: valued at the cumulative NAV of investments in the account. This account was created as part of the California Community College's Scholarship Endowment Fund ("CCCSE") which solicited and matched funds from California community colleges. Annual distribution of scholarships is based on the greater of 50% of investment earnings, or 5% of the total corpus. The CCCSE has guaranteed that a minimum 5% of the Endowment will be provided for scholarship purposes and has explicitly approved the expenditure of Endowment principle in order to guarantee the minimum 5% distribution.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019 and 2018:

Assets at Fair Value as of June 30, 2020

	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Pooled separate account	\$ -	\$ -	\$ 88,564	\$ 88,564
Investments measured at net asset value				1,673,348
Investments at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,564</u>	<u>\$ 1,761,912</u>

Assets at Fair Value as of June 30, 2019

	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Pooled separate account	\$ -	\$ -	\$ 92,590	\$ 92,590
Investments measured at net asset value				1,519,301
Investments at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,590</u>	<u>\$ 1,611,891</u>

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 pooled separate account:

	2020	2019
Balance, beginning of year	\$ 92,590	\$ 91,933
Contributions	-	-
Realized and unrealized gains (loss)	774	5,057
Disbursements for scholarships	(4,800)	(4,400)
Balance, end of year	<u>\$ 88,564</u>	<u>\$ 92,590</u>

3. FAIR VALUE OF INVESTMENTS (Continued)

There were no direct investment expenses for the fiscal years ended June 30, 2020 and 2019. Indirect investment costs including load and commission charges are netted with the gains and losses reported to the Foundation. Direct and indirect costs are included in realized & unrealized gain (loss) on investments in the Statements of Activities.

4. ENDOWMENTS

The Foundation's endowment ("Endowment") includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted the California-enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gifts to the Endowment as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment to the extent specified by the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the original contribution value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed benchmarks applicable to various asset classes.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has established targets to assure a diversified asset allocation. Diversification of endowment assets is specified in the bylaws and includes diversification by asset type, characteristic, and number of investments. While the Foundation does not expect to change its basic investment policy as a result of recent market conditions, increased emphasis is being placed on the ongoing evaluation of each investment's concentration within the overall portfolio (measured across all funds and managers), barriers to exit, and overall fund leverage.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the Endowment are determined by the Board, which considers, among other factors, anticipated budget needs, available funds, recent endowment performance, and overall economic conditions. The practice of the Board has been to adopt a distribution rate of the Endowment's assets equal to investment earnings on the Endowment corpus, such that the original principal of the original investment is adequately maintained. The Foundation's bylaws seek to achieve a 5% return on its investments. The distribution amount is approved by the Board and is subject to Board review and change.

**MOORPARK COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

4. ENDOWMENTS (Continued)

Changes in Endowment Net Assets

The changes in endowment net assets for the years ended June 30, 2020 and 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	\$ 17,763	\$ 883,751	\$ 901,514
Investment return:			
Investment income	648	23,869	24,517
Net depreciation (realized and unrealized)	970	28,476	29,446
Total investment return	1,618	52,345	53,963
Contributions	-	1,847	1,847
Transfers from other categories	-	-	-
Appropriation of endowment assets for expenditure	-	(36,808)	(36,808)
Endowment net assets, June 30, 2019	19,381	901,135	920,516
Investment return:			
Investment income	858	26,501	27,359
Net appreciation (realized and unrealized)	(352)	(10,858)	(11,210)
Total investment return	506	15,643	16,149
Contributions	-	130,000	130,000
Transfers from other categories	-	-	-
Appropriation of endowment assets for expenditure	-	(37,025)	(37,025)
Endowment net assets, June 30, 2020	\$ 19,887	\$ 1,009,753	\$ 1,029,640

Donor-restricted endowment funds were \$1,009,753 and 901,135 as of June 30, 2020 and 2019, respectively. Board-designated endowment funds were \$19,887 and \$19,381 as of June 30, 2020 and 2019, respectively.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2020, and June 30, 2019, the Foundation had approximately \$455,000 and \$463,000, respectively, of cash in bank accounts, that could be made available within one year to meet cash needs for general expenditures. Cash and cash equivalents exceed the total of net assets without donor restrictions by \$827,517 as of June 30, 2020 and \$704,168 as of June 30, 2019 and are considered restricted amounts that can generally be used only to pay scholarships to College students or in support of specific College programs. Additional assets unavailable for use within one year include investment account assets, to which donor-imposed restrictions are attached. The Foundation strives to keep as much liquid cash available as possible to meet operational needs.

**MOORPARK COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

6. FUNCTIONAL EXPENSE ALLOCATIONS

For the years ended June 30, 2020 and 2019, the Foundation defines its programs to include the awarding of scholarships to Moorpark College students and College support activities, including supporting payments of the on-campus Exotic Animal Training and Management (EATM) program and related teaching zoo. The Foundation owns no real property and primarily utilizes staff of the College to carry out their activities, which is treated as in-kind expenses. For the years ended June 30, 2020 and 2019, the Foundation expenses are functionally allocated as follows:

June 30, 2020 Expense	Program Scholarships	Program Campus Support	Support Activities	Total
Grants and scholarships	\$25,725	\$5,000	-	\$30,725
In-kind expenses	-	-	\$66,024	66,024
Salaries & Wages	737	-	-	737
Consulting	9,000	-	-	9,000
Other expenses	-	-	21,284	21,284
Total expenses	\$35,462	\$5,000	\$87,308	\$127,770
June 30, 2019 Expense	Program Scholarships	Program Campus Support	Support Activities	Total
Grants and scholarships	\$149,340	\$ 53,539	-	\$202,879
In-kind expenses	-	-	\$70,797	70,797
Salaries & wages	28,469	-	-	28,469
Consulting	13,785	-	-	13,785
Other expenses	-	-	23,907	23,907
Total expenses	\$191,594	\$53,539	\$ 73,644	\$339,837

The scholarship program includes the actual amount of awards for the year to College students and the cost of workers time directly involved with special events and other revenue-generating activities.

The campus support program includes the actual amount of awards for the year to College support activities including the EATM program.

Support activities include the in-kind value of College employees time spent in support activities such as financial services and coordination with the Foundation's Board of Directors. It also includes amounts paid to outside professionals for their services.

7. FUNDRAISING EXPENSES

The Foundation performed four fundraising events in the fiscal year ended June 30, 2020 which raised gross proceeds of \$57,903 and had costs of \$27,964 and nine fundraising events in the fiscal year ended June 30, 2019 which raised gross proceeds of \$90,905 and had costs of \$43,624. These amounts are shown as "special events, net" in the Statements of Activities
