Financial Statements
June 30, 2022 and 2021

Mt. San Jacinto Community College Foundation

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Independent Auditor's Report

The Board of Directors
Mt. San Jacinto Community College Foundation
San Jacinto, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mt. San Jacinto Community College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 the Foundation as of June 30, 2022 and 2021, 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 of 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 these 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 of 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.

Rancho Cucamonga, California
December 10, 2022

Mt. San Jacinto Community College Foundation
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 1,608,330	$ 1,290,650
Noncurrent assets		
Beneficial interest in assets held by the Inland Empire Community Foundation	3,471,297	4,047,049
Total assets	$ 5,079,627	$ 5,337,699
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 161,087	$ -
Due to Mt San Jacinto Community College District	262,712	53,486
Total current liabilities	423,799	53,486
Net Assets		
Without donor restrictions	570,230	648,729
With donor restrictions	4,085,598	4,635,484
Total net assets	4,655,828	5,284,213
Total liabilities and net assets	$ 5,079,627	$ 5,337,699

Mt. San Jacinto Community College Foundation

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 140,168	$ 723,842	$ 864,010
In-kind donations	2,267	-	2,267
Fundraising	13,275	-	13,275
Miscellaneous income	61,184	15	61,199
Assets released from restrictions	768,122	(768,122)	-
Total revenues	985,016	(44,265)	940,751
Expenses			
Program	909,542	-	909,542
Operating	110,320	-	110,320
Fundraising	10,350	-	10,350
Total expenses	1,030,212	-	1,030,212
Other Income (Expense)			
Interest income	5,426	77,739	83,165
Change in value of beneficial interest in assets held by the Inland Empire Community Foundation	(38,729)	(583,360)	(622,089)
Total other income (expense)	(33,303)	(505,621)	(538,924)
Change in Net Assets	(78,499)	(549,886)	(628,385)
Net Assets, Beginning of Year	648,729	4,635,484	5,284,213
Net Assets, End of Year	$ 570,230	$ 4,085,598	$ 4,655,828

Mt. San Jacinto Community College Foundation

Statements of Activities

Years Ended June 30, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 98,381	$ 630,452	$ 728,833
In-kind donations	10,390	-	10,390
Fundraising	1,708	-	1,708
Miscellaneous income	21,493	4,298	25,791
Assets released from restrictions	615,799	(615,799)	-
Total revenues	747,771	18,951	766,722
Expenses			
Program	644,776	-	644,776
Operating	42,158	-	42,158
Fundraising	14,779	-	14,779
Total expenses	701,713	-	701,713
Other Income (Expense)			
Interest income	1,194	-	1,194
Change in value of beneficial interest in assets held by the Inland Empire Community Foundation	62,689	950,063	1,012,752
Total other income (expense)	63,883	950,063	1,013,946
Change in Net Assets	109,941	969,014	1,078,955
Net Assets, Beginning of Year	538,788	3,666,470	4,205,258
Net Assets, End of Year	$ 648,729	$ 4,635,484	$ 5,284,213

	2022			
	Program	Management and General	Fundraising	Total
Non-Instructional Supplies	$ 13,073	$ 50	$ -	$ 13,123
Uniforms, Clothing, Costumes	31,201	12,325	-	43,526
Food Expense	1,172	6,526	2,509	10,207
Bad Debt Expense	-	-	-	-
Postage	-	-	-	-
Contracted Services	100,941	68,891	(32,265)	137,567
Foundation Management Fee Expense	17,566	-	294	17,860
Entry Fee Expense	-	13,334	-	13,334
Equipment Expense	3,710	-	-	3,710
Mileage Expense	66	-	-	66
Other Travel Expense	-	407	-	407
Conferences	2,300	1,035	-	3,335
Student Travel Expenses	-	-	1,464	1,464
Dues Memberships Expense	800	435	-	1,235
Advertising	989	440	-	1,429
Donation Expense	2,315	-	32,265	34,580
District Utility Expense	-	2	-	2
Rent Expense	-	-	-	-
Bank Charges	36,237	431	-	36,668
Prizes Awards Expense	3,702	3,759	71	7,532
Credit Charges	3,125	919	148	4,192
Student Financial Scholarship Expense	688,732	1,400	-	690,132
In-Kind Contributions	-	-	2,267	2,267
Miscellaneous	3,613	366	3,597	7,576
Total expenses	$ 909,542	$ 110,320	$ 10,350	$ 1,030,212

	2021			
	Program	Management and General	Fundraising	Total
Non-Instructional Supplies	$ 2,485	$ 4,799	$ 1,568	$ 8,852
Uniforms, Clothing, Costumes	2,588	3,903	-	6,491
Food Expense	-	955	-	955
Bad Debt Expense	800	-	-	800
Postage	220	542	-	762
Contracted Services	19,053	25,597	900	45,550
Foundation Management Fee Expense	15,032	-	694	15,726
Entry Fee Expense	(350)	-	-	(350)
Equipment Expense	-	4,000	-	4,000
Mileage Expense	99	-	-	99
Other Travel Expense	-	-	-	-
Conferences	-	690	-	690
Student Travel Expenses	-	-	-	-
Dues Memberships Expense	1,715	85	-	1,800
Advertising	-	-	-	-
Donation Expense	795	-	82	877
District Utility Expense	-	-	-	-
Rent Expense	-	729	-	729
Bank Charges	32,698	405	925	34,028
Prizes Awards Expense	1,069	119	-	1,188
Credit Charges	529	163	220	912
Student Financial Scholarship Expense	568,043	169	-	568,212
In-Kind Contributions	-	-	10,390	10,390
Miscellaneous	-	2	-	2
Total expenses	$ 644,776	$ 42,158	$ 14,779	$ 701,713

Mt. San Jacinto Community College Foundation

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	$ (628,385)	$ 1,078,955
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(723,842)	(630,452)
Changes in assets and liabilities		
Accounts receivable	-	4
Student loan receivable	-	800
Accounts payable	161,087	(1,515)
Due to Mt San Jacinto Community College District	209,226	(29,283)
Beneficial interest in assets held by the Inland Empire Community Foundation	575,752	(895,245)
Net Cash Flows From Operating Activities	(406,162)	(476,736)
Financing Activities		
Collections of contributions restricted for long-term purposes	723,842	630,452
Net Increase in Cash and Cash Equivalents	317,680	153,716
Cash and Cash Equivalents, Beginning of Year	1,290,650	1,136,934
Cash and Cash Equivalents, End of Year	$ 1,608,330	$ 1,290,650

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

Organization and Nature of Activities

The Mt. San Jacinto Community College Foundation (the Foundation) is a California nonprofit auxiliary organization of the Mt. San Jacinto Community College District (the District), a California public community college located in San Jacinto, California. The Foundation's main purpose is to support the students and educational programs of the District. The Foundation was incorporated in the State of California in April 1998 and is a Voluntary Health and Welfare Organization.

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 financial 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*. Under ASC Topic 958-605, 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.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Net Asset Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

- Net Assets without Donor Restrictions - Net assets available for general operations and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

- Net Assets with Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor 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. The Foundation reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Support and Expenses

The Foundation receives substantially all of its revenue from direct donations, pledges, and corporate grants. 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. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases 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.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, unconditional promises 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. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. In the years ended June 30, 2022 and 2021, the Foundation did not receive any conditional promises to give.

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.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Property and Equipment

For equipment, the Foundation capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Depreciation for equipment and leasehold improvements is computed on a straight-line basis over an estimated useful life of three to five years.

The carrying values of capital assets 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 June 30, 2022 and 2021.

Beneficial Interest in Assets Held by Community Foundation

During 2015, the Foundation established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Agency Endowment Funds program and named the Foundation as 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.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program and supporting services activities occurring.

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 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. Management believes 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.

Advertising Costs

Advertising costs are expensed as incurred and approximated $1,429 and $0 during the years ended June 30, 2022 and 2021, respectively.

Change in Accounting Principle

As of July 1, 2021, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis because it provides increased and more transparent disclosure around contributed nonfinancial assets.

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 comprise of the following:

	2022	2021
Cash and cash equivalents	$ 542,336	$ 428,296

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances, expenditures, and the budget.

Note 3 - 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 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the Foundation. These are considered to be Level 3 measurements.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2022.

	Level 3	Total
Assets		
Beneficial Interest in assets held by the Inland Empire Community Foundation	$ 3,471,297	$ 3,471,297

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2021. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021.

	Level 3	Total
Assets		
Beneficial Interest in assets held by the Inland Empire Community Foundation	$ 4,047,049	$ 4,047,049

Note 4 - Property and Equipment

Property and equipment consisted of the following as of June 30,:

	2022	2021
Furniture and equipment	$ 29,346	$ 29,346
Less accumulated depreciation	(29,346)	(29,346)
	$ -	$ -

Depreciation expense for the years ended June 30, 2022 and 2021, was $0 and $0, respectively.

Note 5 - Net Assets with Donor Restrictions

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

	2022	2021
Endowments - accumulated and unspent earnings	$ 867,663	$ 1,108,125
Scholarships	1,980,011	2,289,435
	$ 2,847,674	$ 3,397,560

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

	2022	2021
Endowed scholarships	$ 1,237,924	$ 1,237,924

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	2022	2021
Satisfication of purpose restrictions		
Scholarships	$ 764,251	$ 612,790
Educational programs	3,871	3,009
	$ 768,122	$ 615,799

Note 6 - Endowments

The Foundation's endowment consists of approximately 107 individual funds established by donors to provide annual funding for specific activities and general operations. Its endowment includes both donor-restricted endowment funds that the Foundation must hold in perpetuity, or for a donor-specified period, as well as funds designated by the Board of Directors to function as endowments (funds designated). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated consist of non-endowed, donor-restricted gifts that are unable to be spent in the near term and have been designated by the Board of Directors to be treated as endowments.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, 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 donated to the Endowment and (b) any accumulations 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

As of June 30, 2022, endowment net asset composition by type of fund is as follows:

	With Donor Restrictions
Board-designated endowment funds	$ 2,847,674
Donor-restricted endowment funds	1,237,924
	$ 4,085,598

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

	With Donor Restrictions
Board-designated endowment funds	$ 3,397,560
Donor-restricted endowment funds	1,237,924
	$ 4,635,484

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature reported as of June 30, 2022, and 2021, respectively.

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 4,635,484
Contributions	723,842
Miscellaneous income	15
Investment income	(505,621)
Amounts appropriated for expenditures	(768,122)
Endowment net assets, end of year	$ 4,085,598

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 3,666,470
Contributions	630,452
Miscellaneous income	4,298
Investment income	950,063
Amounts appropriated for expenditures	(615,799)
Endowment net assets, end of year	$ 4,635,484

Risk 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 supported by its endowment while seeking to maintain the purchasing power of the endowment assets. In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested to meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the style of investment management. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately four percent annually. Actual returns in any given year may vary from this amount.

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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Foundation may distribute up to 40% of accrued interest annually from scholarship endowments for intended scholarship awards. In establishing this policy, the Foundation considered the long-term expected return on its endowment and the need to maintain some investment income in reserve to plan for the potential of scholarship awards exceeding investment income.

Note 7 - Related Party Transactions

Mt. San Jacinto Community College District

The Foundation provides various levels of monetary support and service to the District departments and programs, as well as scholarships for students. The District provides office space and other support to the Foundation. The District support is not recognized in the statement of activities, as there is no basis for the noncash contributions. The Foundation provided $764,251 to the District for student scholarships and $3,871 for program support during the year ended June 30, 2022. The Foundation provided $568,043 to the District for student scholarships and $169 for program support during the year ended June 30, 2021. Accordingly, at June 30, 2022 and 2021, the Foundation owed the District $262,712 and $53,486 for all services, respectively.

Note 8 - In-Kind Contributions

Contributed nonfinancial assets recognized within the statement of activities included for the years ended June 30:

	2022	2021
Donated services without donor restrictions		
Pledge for Success Program	$ 1,290	$ 6,075
Operating expenses	977	4,315
Total donated services without donor restrictions	$ 2,267	$ 10,390

All donated assets received during the years ended June 30, 2022 and 2021 were unrestricted.

Note 9 - Subsequent Events

The Foundation's management has evaluated events or transactions from June 30, 2022 through December 10, 2022, which is 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.