

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Foundation at
Monroe County Community College

In planning and performing our audit of the financial statements of The Foundation at Monroe County Community College for the years ended June 30, 2019 and 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of the Board of Directors and management of The Foundation at Monroe County Community College and is not intended to be and should not be used by anyone other than these specific parties.

Very Truly Yours,



August 29, 2019

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

August 29, 2019

To the Board of Directors
The Foundation at
Monroe County Community College

We have audited the financial statements of The Foundation at Monroe County Community College (the "Foundation") for the years ended June 30, 2019 and 2018, and have issued our report thereon dated August 29, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2019. We noted no transactions entered into by the Foundation during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for uncollectible promises to give is based on historical IRS discount rates and an analysis of the collectability of individual promises. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of revenue recognition and the value placed on contributions receivable, in a future year, without a fixed pledge value at current year end. The Foundation is a remainder beneficiary of an estate. The exact value of the remainder interest as of June 30, 2019 is unknown. Management has calculated and recorded what they feel to be reasonably probable of collecting. The methods and calculation used are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

To the Board of Directors
The Foundation at
Monroe County Community College

-2-

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not have any adjustments to the financial statements.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 29, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accounting to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the Board of Directors of The Foundation of Monroe County Community College and is not intended to be, and should not be, used by anyone other than these specified parties.

To the Board of Directors
The Foundation at
Monroe County Community College

-3-

Adopted Pronouncements

Accounting Standards Update 2016-14

This update is to improve the current net asset classification requirements and the information presented in financial statements and notes about the entity's liquidity, financial performance and cash flows. The update will change the net assets classifications within the statement of financial position and the statement of activities, from three classes of net assets down to two. The new classes of net assets will be reported as; *net assets with donor restrictions* and *net assets without donor restrictions*. In addition, the update provides for enhanced disclosures regarding the governing board, donor restrictions, qualitative information regarding liquidity, underwater endowment funds. Investment return, net of external and direct internal investment expenses, will no longer require disclosure of those netted expenses.

Accounting Standards Update 2016-15

This update includes amendments and guidance on eight specific cash flow issues. Currently GAAP is either unclear or does not include specific guidance on the eight cash flow classification issues included in the amendments in this update. The amendments are an improvement because they provide guidance for each issue and thereby reduce the current and potential future diversity in practice.

Accounting Standards Update 2018-08

This update is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Amendments in this update should assist entities in evaluating whether a transaction should be accounted for as a contribution or as an exchange transaction.

Upcoming Pronouncements

Accounting Standards Update 2018-13

Effective for fiscal years beginning after December 15, 2019, this update will modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits.

Very truly yours,

Cooley Hebel Sober & Colburn, PLLC

THE FOUNDATION
at MONROE COUNTY COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

June 30, 2019 and 2018

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Board of Directors.....	1
Independent Auditor's Report.....	2-3
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-16

THE FOUNDATION
at MONROE COUNTY COMMUNITY COLLEGE

Board of Directors
(as of June 30, 2019)

Victor Bellestri, *Board Chair*
Dr. Ronald Campbell, *First Vice-Chair*
Dr. Kojo Quartey, *Second Vice-Chair*
Marjorie McIntyre Evans, *Secretary*
William J. Bacarella, *Treasurer*
Joshua Myers, *Executive Director*

Alan G. Barron
William T. Bruck
Florence M. Buchanan
H. Douglas Chaffin
Ignazio Cuccia
Renee M. Darrow
Julie Edwards
Melissa Grey
Jean Guyor
Emily Hodge
Annette Johnson
Marjorie A. Kreps
Irma "Mima" Kubiske
Krista K. Lambrix
Carol Lenox-Carlton
Molly A. Luempert-Coy
Aaron Mason
Keith P. Masserant
Susan J. Mehregan
Michael R. Meyer
Susan R. S. Miller
James Petrangelo
Lisa Schendel
Richard A. Sieb
Herbert E. Smith
Neal Thurber
Rosemarie Walker
Suzanne M. Wetzel
Laurence W. Wilson

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Members of the Board
The Foundation at Monroe County
Community College
Monroe, Michigan

We have audited the accompanying statements of The Foundation at Monroe County Community College (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Members of the Board
The Foundation at Monroe County
Community College

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation at Monroe County Community College as of June 30, 2019 and 2018, 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.

Cathy Hehl Suber, Colkins, PLLC

August 29, 2019

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (Note 5)	\$853,614	\$751,598
Prepaid expenses	0	220
Unconditional promises to give (Note 7):		
Restricted for scholarships	2,445	653,905
Restricted other (net of allowance \$200 and \$3,300)	17,430	146,728
Total unconditional promises to give	<u>19,875</u>	<u>800,633</u>
Total Current Assets	873,489	1,552,451
Brokeraged investments, at market value (Note 6):		
Endowment investments	4,175,742	3,138,714
Cultural investments	2,120,166	2,051,885
Total brokeraged investments, at market value	<u>6,295,908</u>	<u>5,190,599</u>
Long-term unconditional promises to give (Note 7):		
Restricted other (net of allowance \$0 and \$0)	<u>50,000</u>	<u>50,000</u>
Total Assets	<u><u>\$7,219,397</u></u>	<u><u>\$6,793,050</u></u>
 LIABILITIES		
Accounts payable	\$45,697	\$32,661
Deferred revenue	<u>1,000</u>	<u>0</u>
Total Current Liabilities	46,697	32,661
 NET ASSETS		
Net Assets, without restrictions	65,765	68,171
Net Assets, with restrictions (Note 3)	<u>7,106,935</u>	<u>6,692,218</u>
Total Net Assets	<u>7,172,700</u>	<u>6,760,389</u>
Total Liabilities and Net Assets	<u><u>\$7,219,397</u></u>	<u><u>\$6,793,050</u></u>

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF ACTIVITIES

June 30, 2019 and 2018

	2019		
	Without Restrictions	With Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	\$14,697	\$312,516	\$327,213
Corporate grants	0	130,000	130,000
Special events	1,122	35,759	36,881
Donated administrative support (Note 11)	267,578	0	267,578
Net investment income	3,083	410,052	413,135
Net assets released from restrictions:			
Satisfaction of donor restrictions (Note 4)	468,949	(468,949)	0
Total Revenues, Gains, and Other Support	755,429	419,378	1,174,807
EXPENSES:			
Scholarships	160,693	0	160,693
Grants	327,605	0	327,605
Fund raising	742	4,661	5,403
Donated administrative expenses (Note 11)	267,578	0	267,578
Other	1,217	0	1,217
Total Expenses	757,835	4,661	762,496
Changes in Net Assets	(2,406)	414,717	412,311
Net Assets at Beginning of Year	68,171	6,692,218	6,760,389
Net Assets at End of Year	\$65,765	\$7,106,935	\$7,172,700

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF ACTIVITIES

June 30, 2019 and 2018

	2018		
	Without Restrictions	With Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	\$35,409	\$1,058,795	\$1,094,204
Corporate grants	0	0	0
Special events	1,630	31,745	33,375
Donated administrative support (Note 11)	237,252	0	237,252
Net investment income	1,923	347,909	349,832
Net assets released from restrictions:			
Satisfaction of donor restrictions (Note 4)	779,344	(779,344)	0
Total Revenues, Gains, and Other Support	1,055,558	659,105	1,714,663
EXPENSES:			
Scholarships	160,974	0	160,974
Grants	625,588	0	625,588
Fund raising	2,120	4,088	6,208
Donated administrative expenses (Note 11)	237,252	0	237,252
Other	1,278	0	1,278
Total Expenses	1,027,212	4,088	1,031,300
Changes in Net Assets	28,346	655,017	683,363
Net Assets at Beginning of Year	39,825	6,037,201	6,077,026
Net Assets at End of Year	\$68,171	\$6,692,218	\$6,760,389

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$412,311	\$683,363
Adjustments to reconcile change in net assets to cash used by operating activities:		
(Increase) decrease in unconditional promises to give		
Restricted for scholarships	651,460	(652,285)
Restricted other	129,298	117,214
(Increase) decrease in prepaid expenses	220	(220)
Increase (decrease) in accounts payable	13,036	27,105
Increase (decrease) in deferred revenue	1,000	(15,000)
Net realized and unrealized loss (gain) included in investment income	(443,099)	(220,005)
Additions to permanently restricted	(813,904)	(790,221)
Non-cash contributions - marketable securities	<u>(32,845)</u>	<u>(16,286)</u>
Net Cash Used by Operating Activities	(82,523)	(866,335)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash to investment accounts	0	(55,947)
Proceeds from sale of investments	2,185,930	1,027,217
Purchases of investments	<u>(2,815,295)</u>	<u>(1,085,926)</u>
Net Cash Used by Investing Activities	(629,365)	(114,656)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to permanently restricted	<u>813,904</u>	<u>790,221</u>
Net Cash Provided by Financing Activities	<u>813,904</u>	<u>790,221</u>
Net Increase (Decrease) in Cash and Cash Equivalents	102,016	(190,770)
Cash and Cash Equivalents at Beginning of Year	<u>751,598</u>	<u>942,368</u>
Cash and Cash Equivalents at End of Year	<u><u>\$853,614</u></u>	<u><u>\$751,598</u></u>

Supplemental Data:

There were no payments made for interest or income tax expenses.

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 1

Nature of Operations

The Foundation at Monroe County Community College (the "Foundation") is a non-profit corporation incorporated under the laws of the State of Michigan in 1998 and a component unit of Monroe County Community College (the "College"). The purpose of the Foundation shall be to enhance the educational opportunities and environment at the College through the encouragement of gifts and contributions to the Foundation as a means of directly supporting the College. The Foundation receives funds from various outside sources, board members, the College and employees of the College. The Foundation's board members are appointed by the College's board.

Note 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 accounting principles generally accepted in the United States of America. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, money market accounts, and any certificates of deposit with an original maturity of three months or less, except that such investments purchased with endowment assets are classified as investments.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give are reported at the net realizable value by establishing an allowance for uncollectible promises. The allowance is recorded as a reduction of the related contribution revenue, and is based on prior years' experience and management's analysis of specific promises made. Unconditional promises to give over a period of time in excess of one year, which result in future cash flows, are discounted to present value using a discount rate. Subsequent accruals of the "interest" element are recorded as contribution revenue.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized gains and losses and any changes in market value during the year (unrealized gains and losses) are included in investment income.

Endowment investments are those investments that hold the funds in which donors have restricted the use of principal.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 2 Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Foundation determines fair values by applying the following guidelines. If available, the Foundation uses market prices in active markets for identical assets and classifies these assets as Level 1. When the market prices for similar financial instruments in an active market are not available, the Foundation estimates fair value based on pricing models using matrix pricing and classifies these assets as Level 2. In situations where there is little or no market activity for the same or similar financial instruments, the Foundation estimates fair value using its own assumptions about future cash flows and appropriate risk-adjusted discount rates and classifies these assets as Level 3. As of June 30, 2019, and 2018, the Foundation's investment holdings were all Level 1 assets. The Foundation did not have any Level 2 or Level 3 assets during the reported years.

Revenue Recognition

Contributions and unconditional pledges are recognized as revenue in the period received and recorded at estimated fair value.

Donated Administrative Support

The Foundation receives administrative support from the College. The direct support consists primarily of administrative and clerical personnel services, office supplies and use of equipment paid directly by the College.

The College also donates the use of office facilities and indirect support activities to the Foundation; however, because of the difficulty in assigning values for these items, a value has not been estimated.

Tax Status

The Foundation is an exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code, except for income derived from unrelated business activities. Management of the Foundation believes that they have appropriate support for any tax positions taken, and such as, do not have any uncertain tax positions that are material to the financial statements.

The Foundation is no longer subject to examination of its Federal Return of Organization exempt from Income Tax (Form 990) filed for the years before June 30, 2019.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent 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.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 3 Restrictions on Net Assets

Net Assets with donor restrictions are restricted for the following purpose:

	June 30	
	2019	2018
Scholarships:		
Held under endowment	\$ 4,179,707	\$ 3,814,996
Available	329,785	326,427
	4,509,492	4,141,423
Cultural enrichment of the performing arts:		
Permently restricted	25,000	25,000
Available	2,108,805	2,029,047
	2,133,805	2,054,047
Corporate Grants	326,756	212,966
Construction of the career technology center	136,882	283,782
Totals	\$ 7,106,935	\$ 6,692,218

Note 4 Endowment Fund

The endowment funds maintained by the Foundation are held for the purpose of perpetual scholarship funds which permit the use of net investment earnings only and require that the original fund corpus be maintained.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 4 Endowment Fund (continued)

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Foundation have interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Foundation would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

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 for scholarships supported by the endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that approximate the price and yield results of various indexes such as the S&P 500. 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.

The composition of endowment net assets and the changes in endowment net assets as of June 30, 2019 and 2018 are as follows:

	June 30	
	2019	2018
Endowment net assets, beginning	\$ 3,138,714	\$ 2,881,259
Contributions collected	836,931	138,246
Net investment income	286,770	204,417
Distributions	(86,673)	(85,208)
Endowment net assets, ending	\$ 4,175,742	\$ 3,138,714

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 4 Endowment Fund (concluded)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount equal to 4 percent of the three-year rolling average of each endowment. The Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The investment earnings on these restricted assets, along with other designated contributions and earnings are classified as net assets with restrictions because the funds are used according to donor-imposed restrictions. Once restrictions are met restricted net assets are reclassified to net assets without restrictions and reported in the Statement of Activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by the donors:

	June 30	
	2019	2018
Scholarships	160,693	160,974
Grants	308,256	618,370
Totals	\$ 468,949	\$ 779,344

Note 5 Deposits

The Foundation's deposits were included in the Statement of Financial Position under the following classifications:

	June 30	
	2019	2018
Cash and cash equivalents	\$ 853,614	\$ 751,598

Deposits are comprised of a checking account. The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$853,614 and \$751,598 for 2019 and 2018 respectively. Of that amount, approximately \$250,000 is covered by federal depository insurance each year, and the remainder is covered by Monroe Bank & Trust through a bond program, where the bank holds municipal bonds which are used to collateralize the funds held in the sweep accounts for not-for-profit entities.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 6 Brokeraged Investments and Fair Value Measurements

Level 1 fair value of the Foundation's financial assets that are measured on a recurring basis as of June 30, 2019 and 2018, are as follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Money Market (a)	\$332,723	\$332,723	\$169,260	\$169,260
Individual Securities: (b)				
Corporate stocks	270,348	358,748	222,802	297,059
Mutual Funds: (c)				
Equity funds	2,000,559	2,588,886	1,448,924	1,974,058
Fixed income funds	1,097,925	1,119,509	814,327	788,686
Total Mutual Funds	3,098,484	3,708,395	2,263,251	2,762,744
Exchange Traded Funds: (d)				
Equity funds	665,239	895,714	658,026	934,045
Fixed income funds	816,708	826,339	808,015	780,912
REIT	156,007	173,989	238,217	246,579
Total Exchange Traded Funds	1,637,954	1,896,042	1,704,258	1,961,536
Total Brokeraged Investments	\$5,339,509	\$6,295,908	\$4,359,571	\$5,190,599

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 6 Brokeraged Investments and Fair Value Measurements (Concluded)

(a) Invested cash and short-term investments are invested in money market funds whose portfolio is composed of highly rated short-term issuance managed with the primary goal of preserving principal while providing minimal yield.

(b) Individual securities are stated at fair value determined primarily from quoted prices in the market in which they are principally traded.

(c) Mutual funds are pools of assets commingled together to benefit from professional management and through economies of scale. Investors own shares of the fund and are provided a net asset value (NAV) per share on a regular basis. Mutual funds are registered with the U.S. Securities and Exchange Commission.

(d) Exchange traded funds are baskets of securities designed to replicate various indices and whose value is determined through daily market action in the shares of the exchange traded fund. Fair market value is determined by obtaining prices from quoted market sources.

Note 7 Promises to Give

Unconditional promises to give at June 30, 2019 and 2018 are as follows:

	2019	2018
Receivable in Less than One Year	\$20,075	\$803,933
Receivable in One to Five Years	50,000	50,000
Receivable in More than Five Years	0	0
Total Unconditional Promises to Give	70,075	853,933
Less: Discounts to Net Present Value	0	0
Less: Allowance for Uncollectible Promises	(200)	(3,300)
Net Unconditional Promises to Give	\$69,875	\$850,633

Discount rates used on long term promises to give are based on market rates in the year of the gift. The rate was 2.5% for fiscal 2019 and 2018. There were no long-term pledges made between fiscal years 2006 and 2012.

As of June 30, 2019, three donors accounted for \$65,000, or 93% of the total asset “Unconditional Promises to Give” (pre-discounts and allowances).

As of June 30, 2018, three donors accounted for \$825,000, or 97% of the total asset “Unconditional Promises to Give” (pre-discounts and allowances).

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 8 Liquidity and Availability of Financial Assets

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. As part of the Foundation's liquidity management, its investment policy is to structure its financial assets to be available as its obligations come due. The Foundation considers its annual scholarship obligations, as prescribed by each donor-endowed fund, as a general use obligation. As stated in Note 4, the Foundation's policy of appropriating funds for distribution uses an amount equal to 4 percent of the three-year rolling average of each endowment. Over the past four years the funds required to meet the endowment distribution policy and the annual scholarships awards have ranged from \$136,047 to \$160,974.

The Foundation's has cash available, not including cash within the endowment funds, of \$853,614 and \$751,598 as of June 30, 2019 and 2018 respectively. Available cash exceeds the necessary amounts to cover the Foundation's annual general use obligations.

Note 9 Risk Management

The Foundation is exposed to various risks of loss related to its non-profit activity including tort, theft or other loss to assets, and errors and omissions. The College provides donated management and other personnel to operate the Foundation. The Foundation does carry insurance separate from the College. There have been no losses sustained by the Foundation in any of the past three fiscal years.

Note 10 Contingencies

The Foundation and its legal counsel are of the opinion that there are no legal actions which will have a material effect on the financial statements.

Note 11 Related Party Transactions

The Foundation received donated direct personnel support, supplies and use of equipment from the College for the years ended June 30, 2019 and 2018 of \$267,578 and \$237,252 respectively. These amounts included fund raising activities, its primary function, and are reflected in the Foundation's statements of activities as both revenue and expenses.

The Foundation distributes scholarships and grants for the sole benefit of the College and its students. The total amount distributed to the College for scholarships and grants for the years ended June 30, 2019 and 2018 were \$488,299 and \$786,562 respectively. At year end the Foundation and the College had outstanding balances between the entities of \$50,772 and \$39,511 for 2019 and 2018 respectively.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 11 **Related Party Transactions (concluded)**

The Foundation received donated contractor costs associated with building a road for the College's Agricultural program. The fair value of the amount of labor and materials was \$6,500 and \$0 for fiscal years ending June 30, 2019 and 2018 respectively. These amounts are reflected in the Foundation's statements of activities as both revenue and expenses.

During the Subsequent period of July 1, 2019 through September 25, 2019, The Foundation received a contribution of Furniture from La-Z-Boy, Inc. in the fair market value of about \$15,000.

Note 12 **Events Occurring After Reporting Date**

The Foundation has evaluated events and transactions that occurred between June 30, 2018 and September 25, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.