

**THE FOUNDATION AT
MONROE COUNTY
COMMUNITY COLLEGE**

ANNUAL FINANCIAL REPORT

June 30, 2018 and 2017

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-15

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, 2018 and 2017, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

August 31, 2018

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$751,598	\$942,368
Prepaid expenses	220	0
Unconditional promises to give (Note 5):		
Restricted for scholarships	653,905	1,620
Restricted other (net of allowance \$3,300 and \$6,700)	146,728	263,942
Total unconditional promises to give	<u>800,633</u>	<u>265,562</u>
Total Current Assets	1,552,451	1,207,930
Brokeraged investments, at market value (Note 4):		
Endowment investments	3,138,714	2,881,259
Cultural investments	2,051,885	1,958,393
Total brokeraged investments, at market value	<u>5,190,599</u>	<u>4,839,652</u>
Long-term unconditional promises to give (Note 5):		
Restricted other (net of allowance \$0 and \$0)	<u>50,000</u>	<u>50,000</u>
Total Assets	<u><u>\$6,793,050</u></u>	<u><u>\$6,097,582</u></u>
LIABILITIES		
Accounts payable	\$32,661	\$5,556
Deferred revenue	<u>0</u>	<u>15,000</u>
Total Current Liabilities	32,661	20,556
NET ASSETS		
Unrestricted	68,171	39,825
Temporarily restricted (Note 6)	3,749,395	3,884,599
Permanently restricted	<u>2,942,823</u>	<u>2,152,602</u>
Total Net Assets	<u>6,760,389</u>	<u>6,077,026</u>
Total Liabilities and Net Assets	<u><u>\$6,793,050</u></u>	<u><u>\$6,097,582</u></u>

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF ACTIVITIES

June 30, 2018 and 2017

	2018			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	\$35,409	\$278,574	\$780,221	\$1,094,204
Special events	1,630	31,745	0	33,375
Donated administrative support	236,922	0	0	236,922
Net investment income	1,923	347,909	0	349,832
Net assets restricted for endowment	0	(10,000)	10,000	0
Changes in value of gift annuity	0	0	0	0
Net assets released from restrictions:				
Satisfaction of donor restrictions	779,344	(779,344)	0	0
Total Revenues, Gains, and Other Support	<u>1,055,228</u>	<u>(131,116)</u>	<u>790,221</u>	<u>1,714,333</u>
EXPENSES:				
Scholarships	160,974	0	0	160,974
Grants	625,588	0	0	625,588
Fund raising	2,120	4,088	0	6,208
Donated administrative expenses	236,922	0	0	236,922
Other	1,278	0	0	1,278
Total Expenses	<u>1,026,882</u>	<u>4,088</u>	<u>0</u>	<u>1,030,970</u>
Changes in Net Assets	28,346	(135,204)	790,221	683,363
Net Assets at Beginning of Year	<u>39,825</u>	<u>3,884,599</u>	<u>2,152,602</u>	<u>6,077,026</u>
Net Assets at End of Year	<u><u>\$68,171</u></u>	<u><u>\$3,749,395</u></u>	<u><u>\$2,942,823</u></u>	<u><u>\$6,760,389</u></u>

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF ACTIVITIES

June 30, 2018 and 2017

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	\$22,426	\$581,162	\$54,888	\$658,476
Special events	1,796	32,459	0	34,255
Donated administrative support	217,508	0	0	217,508
Net investment income	1,423	483,418	0	484,841
Net assets restricted for endowment	0	(67,484)	67,484	0
Changes in value of gift annuity	0	17,494	0	17,494
Net assets released from restrictions:				
Satisfaction of donor restrictions	393,701	(393,701)	0	0
Total Revenues, Gains, and Other Support	<u>636,854</u>	<u>653,348</u>	<u>122,372</u>	<u>1,412,574</u>
EXPENSES:				
Scholarships	141,297	0	0	141,297
Grants	252,404	0	0	252,404
Fund raising	1,541	4,120	0	5,661
Donated administrative expenses	217,508	0	0	217,508
Other	1,467	0	0	1,467
Total Expenses	<u>614,217</u>	<u>4,120</u>	<u>0</u>	<u>618,337</u>
Changes in Net Assets	22,637	649,228	122,372	794,237
Net Assets at Beginning of Year	<u>17,188</u>	<u>3,235,371</u>	<u>2,030,230</u>	<u>5,282,789</u>
Net Assets at End of Year	<u><u>\$39,825</u></u>	<u><u>\$3,884,599</u></u>	<u><u>\$2,152,602</u></u>	<u><u>\$6,077,026</u></u>

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$683,363	\$794,237
Adjustments to reconcile change in net assets to cash used by operating activities:		
(Increase) decrease in unconditional promises to give		
Restricted for scholarships	(652,285)	1,104
Restricted other	117,214	132,787
(Increase) decrease in prepaid expenses	(220)	0
Increase (decrease) in accounts payable	27,105	(4,026)
Increase (decrease) in deferred revenue	(15,000)	5,000
Increase (decrease) in gift annuity	0	(17,494)
Net realized and unrealized loss (gain)		
included in investment income	(220,005)	(358,931)
Additions to permanently restricted	(790,221)	(122,372)
Non-cash contributions - marketable securities	(16,286)	(15,619)
Net Cash Used by Operating Activities	(866,335)	414,686
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash to investment accounts	(55,947)	0
Proceeds from sale of investments	1,027,217	1,302,949
Purchases of investments	(1,085,926)	(1,382,360)
Net Cash Used by Investing Activities	(114,656)	(79,411)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to permanently restricted	790,221	122,372
Net Cash Provided by Financing Activities	790,221	122,372
Net Increase (Decrease) in Cash and Cash Equivalents	(190,770)	457,647
Cash and Cash Equivalents at Beginning of Year	942,368	484,721
Cash and Cash Equivalents at End of Year	\$751,598	\$942,368

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, 2018 and 2017

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.

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.

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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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. 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.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Note 2 Summary of Significant Accounting Policies (continued)

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 in one of the following ways:

1. Principal to be maintained in perpetuity. (Permanently restricted)
2. Principal to be maintained long-term unless required to fulfill minimum donor requirements. (Temporarily restricted)

The Foundation's endowment investment income spending policy is 100% of the realized earnings of each endowment. The annual spending income allocation cannot reduce the original gift principal. There is no net appreciation on investments of donor-restricted endowments included in net assets at June 30, 2018 or 2017. According to the law of the State of Michigan, the Board of Directors may appropriate for expenditure, for the uses and purposes for which an endowment is established, an allocation of the net appreciation, realized and unrealized, in the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

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, 2018 and 2017, 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.

Net Assets

The Foundation classifies resources into three classes of net assets as follows:

Unrestricted Net Assets - Resources available to the Foundation, which have not been restricted by donors or the donor-imposed restrictions, have expired. Certain unrestricted net assets, from time to time, could be designated by the Foundation Board for a specific purpose.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 2 Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Temporarily Restricted Net Assets - Contributed assets whose use by the Foundation has been limited by donors to a specific time period or purpose. These assets are generally available to support higher education projects or student scholarships.

Permanently Restricted Net Assets - Contributed assets which have donor-imposed restrictions which do not expire and which allow only the income earned thereon to be expended for higher education scholarships or, in some cases, other general purposes of the Foundation.

Revenue Recognition

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

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, 2018.

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.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between June 30, 2018 and August 31, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Upcoming Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities*, which makes several improvements to current reporting requirements. ASU 2016-14 will be effective for fiscal year beginning July 1, 2018.

The FASB also issued in August 2016, ASU 2016-15, *Statement of Cash Flows*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU 2016-15 will be effective for fiscal year beginning July 1, 2019.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Upcoming Accounting Pronouncements (continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 will be effective for fiscal year beginning July 1, 2018.

Note 3 Deposits

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

	June 30	
	2018	2017
Cash and cash equivalents	<u>\$ 751,598</u>	<u>\$ 942,368</u>

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 \$751,598 and \$921,278 for 2018 and 2017 respectively. Of that amount, approximately \$250,000 is covered by federal depository insurance each year, and the remainder was uninsured and uncollateralized.

Note 4 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, 2018 and 2017, are as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Money Market (a)	\$169,260	\$169,260	\$113,313	\$113,313
Individual Securities: (b)				
Corporate stocks	222,802	297,059	238,531	291,763
Mutual Funds: (c)				
Equity funds	1,448,924	1,974,058	1,456,100	1,880,005
Fixed income funds	814,327	788,686	686,161	680,876
Total Mutual Funds	<u>2,263,251</u>	<u>2,762,744</u>	<u>2,142,261</u>	<u>2,560,881</u>
Exchange Traded Funds: (d)				
Equity funds	658,026	934,045	676,420	867,302
Fixed income funds	808,015	780,912	689,478	755,055
REIT	238,217	246,579	263,710	251,338
Total Exchange Traded Funds	<u>1,704,258</u>	<u>1,961,536</u>	<u>1,629,608</u>	<u>1,873,695</u>
Total Brokeraged Investments	<u>\$4,359,571</u>	<u>\$5,190,599</u>	<u>\$4,123,713</u>	<u>\$4,839,652</u>

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 4 Brokeraged Investments and Fair Value Measurements (Continued)

(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.

Endowed investment classification as of June 30, 2018 and 2017, are as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Temporary	\$1,958,110	\$2,331,368	\$1,897,616	\$2,227,071
Permanent	2,401,461	2,859,231	2,226,097	2,612,581
	<u>\$4,359,571</u>	<u>\$5,190,599</u>	<u>\$4,123,713</u>	<u>\$4,839,652</u>

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 4 Brokeraged Investments and Fair Value Measurements (Concluded)

The following schedule summarizes the investment income and its classification in the statement of activities for the year ended June 30, 2018 and 2017:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends	\$1,923	\$170,695	\$0	\$172,618
Net Realized and Unrealized (Losses)	0	219,862	0	219,862
Investment Advisory Fees		(42,648)	0	(42,648)
Net Investment Income (Loss)	<u>\$1,923</u>	<u>\$347,909</u>	<u>\$0</u>	<u>\$349,832</u>

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends	\$1,423	\$148,690	\$0	\$150,113
Net Realized and Unrealized (Losses)		373,448	0	373,448
Investment Advisory Fees		(38,720)	0	(38,720)
Net Investment Income (Loss)	<u>\$1,423</u>	<u>\$483,418</u>	<u>\$0</u>	<u>\$484,841</u>

Note 5 Promises to Give

Unconditional promises to give at June 30, 2018 and 2017 are as follows:

	2018	2017
Receivable in Less than One Year	\$803,933	\$274,262
Receivable in One to Five Years	50,000	50,000
Receivable in More than Five Years	0	0
Total Unconditional Promises to Give	853,933	324,262
Less: Discounts to Net Present Value	0	(2,000)
Less: Allowance for Uncollectible Promises	(3,300)	(6,700)
Net Unconditional Promises to Give	<u>\$850,633</u>	<u>\$315,562</u>

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 5 Promises to Give (Concluded)

Discount rates used on long term promises to give are based on market rates in the year of the gift. The rate was 1.5% for fiscal 2018 and 2017. There were no long term pledges made between fiscal years 2006 and 2012.

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).

As of June 30, 2017, three donors accounted for \$267,500, or 96% of the total asset "Unconditional Promises to Give" (pre-discounts and allowances).

Note 6 Restrictions on Net Assets

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which may be utilized only in accordance with the purposes established by the source of such funds. The permanently restricted funds maintained by the Foundation are primarily 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 investment earnings on these permanently restricted assets, along with other designated contributions and earnings are classified as temporarily restricted net assets because the funds are used according to donor imposed restrictions. Once restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Scholarships	\$1,223,600	\$1,043,331
Grants	212,966	178,8052
Enrichment of the cultural and performing arts	2,029,047	1,934,833
Construction of the career technology center	<u>283,783</u>	<u>728,383</u>
	<u>\$3,749,395</u>	<u>\$3,884,599</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations in prior years. The donor account deficiencies at June 30, 2017 and 2016 were \$188 and \$2,378 respectively.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 6 Restrictions on Net Assets (Concluded)

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's principal balance through the calendar year-end proceeding the fiscal year in which the distribution is planned. In November of 2009, the Foundation board revised the distribution policy to allow an amount equal to 4 percent of the three year rolling average of each endowment. The revised policy was first effective for the 2010/2011 distributions. 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.

Note 7 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 8 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.

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 9 Related Party Transactions

The Foundation received donated direct personnel support, supplies and use of equipment from the College for the years ended June 30, 2018 and 2017 of \$236,922 and \$217,508 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, 2018 and 2017 were \$786,562 and \$393,701 respectively. At year end the Foundation and the College had outstanding balances between the entities of \$39,511 and \$12,318 for 2018 and 2017 respectively.