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MENDOCINO COLLEGE
FOUNDATION, INC.

AUDIT REPORT

Fiscal Years Ended June 30, 2021 and 2020

MENDOCINO COLLEGE FOUNDATION, INC.
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JUNE 30, 2021

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Financial Section



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mendocino College Foundation, Inc.
Ukiah, California

We have audited the accompanying financial statements of Mendocino College Foundation, Inc., a nonprofit corporation (the Foundation), which comprise the statements of financial position as of June 30, 2021, and 2020 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and 2020, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Foundation has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made Accordingly, all contributions received have been reviewed and adjusted accordingly to adopt this standard. Our opinion is not modified with respect to this matter.

CWDL, Certified Public Accountants

San Diego, California
October 23, 2021

MENDOCINO COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND JUNE 30, 2020

June 30,	2021	2020
ASSETS		
Cash and cash equivalents	\$ 335,372	\$ 17,841
Investments		
Evelyn Foote Fund	1,566,812	1,255,780
Foundation Trust Fund	6,606,546	5,112,071
Halliday Fund	286,996	228,838
Salmen Fund	62,375	49,571
Perpetual Fund	836,389	630,806
Adopt A Fifth Grader Fund	706,809	519,613
Bogner Fund	57,373	44,099
Coast Center Fund	274,964	222,422
Elwood	10,129	9,928
Accounts receivables	623	-
Notes receivable	-	662,036
Assets held by others	197,494	191,780
Prepaid expenses	-	4,651
Capital assets:		
Land	1,104,370	1,104,370
Infrastructure	33,278	33,278
Accumulated depreciation	(33,278)	-
Total Capital assets	<u>1,104,370</u>	<u>1,137,648</u>
Total Assets	<u>\$ 12,046,252</u>	<u>\$ 10,087,084</u>
LIABILITIES		
Accounts payable	\$ 6,835	\$ 18,828
Total Liabilities	<u>6,835</u>	<u>18,828</u>
NET ASSETS		
Net assets without donor restrictions	7,845,156	6,756,718
Net assets with donor restrictions	4,194,261	3,311,538
Total Net Assets	<u>12,039,417</u>	<u>10,068,256</u>
Total Liabilities and Net Assets	<u>\$ 12,046,252</u>	<u>\$ 10,087,084</u>

The notes to financial statements are an integral part of this statement.

MENDOCINO COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Year Ended June 30, 2021	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 22,729	\$ 433,343	\$ 456,072
Investment return:			
Interest and dividends	123,963	48,807	172,770
Net investment realized and unrealized gains	1,335,744	781,647	2,117,391
Net assets released from restrictions	381,074	(381,074)	-
Total Support and Revenue	\$ 1,863,510	\$ 882,723	\$ 2,746,233
EXPENSES			
Program services:			
Scholarships	\$ 220,345	\$ -	\$ 220,345
Support of Mendocino - Lake Community College District	240,578	-	240,578
Total Program Services	460,923	-	460,923
Supporting services:			
Management and general	260,109	-	260,109
Fundraising	54,040	-	54,040
Total Supporting Services	314,149	-	314,149
Total Expenses	775,072	-	775,072
Change in Net Assets	1,088,438	882,723	1,971,161
Net Assets - Beginning of Year	6,756,718	3,311,538	10,068,256
Net Assets - End of Year	\$ 7,845,156	\$ 4,194,261	\$ 12,039,417

The notes to financial statements are an integral part of this statement.

MENDOCINO COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Year Ended June 30, 2020	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 20,794	\$ 516,719	\$ 537,513
Investment return:			
Interest and dividends	122,975	46,351	169,326
Net investment realized and unrealized gains	151,644	83,826	235,470
Net assets released from restrictions	500,781	(500,781)	-
Total Support and Revenue	\$ 796,194	\$ 146,115	\$ 942,309
EXPENSES			
Program services:			
Scholarships	\$ 237,125	\$ -	\$ 237,125
Support of Mendocino - Lake Community College District	430,685	-	430,685
Total Program Services	667,810	-	667,810
Supporting services:			
Management and general	274,298	-	274,298
Fundraising	138,161	-	138,161
Total Supporting Services	412,459	-	412,459
Total Expenses	1,080,269	-	1,080,269
Change in Net Assets	(284,075)	146,115	(137,960)
Net Assets - Beginning of Year	7,040,793	3,165,423	10,206,216
Net Assets - End of Year	\$ 6,756,718	\$ 3,311,538	\$ 10,068,256

The notes to financial statements are an integral part of this statement.

MENDOCINO COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

June, 30	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,971,161	\$ (137,960)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest and dividends	(172,770)	(169,326)
Realized and unrealized net gain on investments	(2,117,391)	(235,470)
Changes in:		
Other assets	4,651	(3,276)
Assets held by others	(5,714)	(5,365)
Accounts payable	(11,993)	1,855
Depreciation	33,278	-
Net Cash Used by Operating Activities	<u>(298,778)</u>	<u>(549,542)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment activity	<u>616,932</u>	<u>507,553</u>
Net Cash Provided by Investing Activities	<u>616,932</u>	<u>507,553</u>
Net increase (decrease) in cash and cash equivalents	318,154	(41,989)
Cash and Cash Equivalents - Beginning of Year	<u>17,841</u>	<u>59,830</u>
Cash and Cash Equivalents - End of Year	<u>\$ 335,995</u>	<u>\$ 17,841</u>

The notes to financial statements are an integral part of this statement.

MENDOCINO COLLEGE FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

Functional Expenses as of June 30, 2021	Total Expenses	Program Services	Management	Fundraising
Scholarships	\$ 240,578	\$ 240,578	\$ -	\$ -
Support of Mendocino - Lake CCD	220,345	220,345	-	-
Salaries	144,388	-	106,614	37,774
Other employee benefits	33,967	-	28,887	5,080
Pension plan accruals and contributions	25,374	-	14,188	11,186
Fees for services	22,316	-	22,316	-
Other supplies	20,648	-	20,648	-
Other expenses	20,142	-	20,142	-
Depreciation expense	33,278	-	33,278	-
Accounting	8,204	-	8,204	-
Travel	2,469	-	2,469	-
Office expenses	1,792	-	1,792	-
Advertising and promotion	1,571	-	1,571	-
Total	\$ 775,072	\$ 460,923	\$ 260,109	\$ 54,040

Functional Expenses as of June 30, 2020	Total Expenses	Program Services	Management	Fundraising
Scholarships	\$ 237,125	\$ 237,125	\$ -	\$ -
Support of Mendocino - Lake CCD	430,685	430,685	-	-
Salaries	170,911	-	51,274	119,637
Other employee benefits	33,138	-	29,161	3,977
Pension plan accruals and contributions	35,480	-	20,933	14,547
Fees for services	72,556	-	72,556	-
Other supplies	25,289	-	25,289	-
Other expenses	21,290	-	21,290	-
Accounting	8,005	-	8,005	-
Travel	26,534	-	26,534	-
Office expenses	15,747	-	15,747	-
Advertising and promotion	3,509	-	3,509	-
Total	\$ 1,080,269	\$ 667,810	\$ 274,298	\$ 138,161

The notes to financial statements are an integral part of this statement.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization The Mendocino College Foundation, Inc. (the Foundation), a component unit included in the reporting entity of the Mendocino-Lake Community College District (the District), is a nonprofit organization. It was founded during the 1984-85 year to strengthen student services by providing student scholarships, enriching instruction and basic skills, as well as enhancing program and staff development. The Foundation's goal is to promote and develop a mutually beneficial relationship between the District and the community. Because of the educational nature of the Foundation's activities, it has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code

Basis of Presentation and Accounting These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes: net assets without donor restrictions and net assets with donor restrictions, as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and 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 net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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

Cash and Cash Equivalents The Foundation considers cash on hand, demand deposits, and all net assets without donor restrictions highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Foundation holds those funds as an endowment. The Foundation maintains its cash accounts in depositories that are insured to limits specified by the Federal Deposit Insurance Corporation. It is customary for balances to temporarily exceed insurance limits.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Investments All investments are carried at their fair value as previously described. Unrealized gains and losses are included in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Capital Assets Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Property and equipment are recorded at cost on the date of acquisition or fair value at the time of donation.

Assets Held by Others Assets held by others represent amounts held by the Community College League of California (the League) and Sonoma State University Academic Foundation (SSUAF) for the Foundation. The League facilitated four gift annuities for the Foundation. The amount recorded approximates the net present value of the future benefit to be received by the Foundation. The SSUAF is the trustee for the two Halliday Trusts, one of which terminated in 2019. The Foundation is a 50% beneficiary of the trust.

Endowment Investment and Spending Policy The Foundation's endowment consists of the Evelyn Foote Fund and gift annuities that will create a perpetual scholarship fund when the Foundation receives the residual of the annuities in the future. As required by accounting principles generally accepted in the United States of America, 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.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of California, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to net assets with donor restrictions, and (b) the original value of subsequent gifts to net assets with donor restrictions.

The remaining portion of the donor-restricted endowment fund until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Underwater Endowment Funds 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 Organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The Foundation considers its endowments to be underwater if their fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. The Foundation had no underwater endowment funds at June 30, 2021 or 2020.

Investment Return Objectives, Risk Parameters, and Strategies The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that are intended to result in a consistent annual inflation-protected rate of return, over time, of approximately 8% for the Foundation Trust Fund and 7% for the Evelyn Foote Fund, annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy The Foundation has a policy of appropriating for distribution each year 6% for the Foundation Trust Fund and 4% for the Evelyn Foote Fund. Where a distribution percentage is used, it shall be applied to the respective 20-quarters rolling average Fair Market Value of that Holding Accounts as of December 31 of the prior fiscal year for all accounts that have been established for 6 years or more and 12-quarters rolling average Fair Market Value of that Holding Accounts as of December 31 of the prior fiscal year for all accounts established less than 6 years. In establishing this policy, the Foundation considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions The Foundation recognizes contributions from unconditional promises to give when such promises are made if the amounts can be reasonably determined. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are to be received in future years are discounted at the Foundation's risk-free rate of return.

Donations and Contributions Donations and contributions are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Such donations and contributions are primarily with individuals, businesses, or organizations located in northern California.

Donated Assets Donated marketable securities and other noncash donations (gift annuities) are recorded as contributions at their estimated fair values at the date of donation.

Donated Services Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, Not-for-Profit Entities- Revenue Recognition, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

During the year, the Foundation received services meeting these criteria from the District in the form of accounting and administrative services as well as use of facilities. The value of these services is not included in the financial statements as management believes the value is not material to the financial statements as a whole. The Foundation did not receive any other services during the year that met the criteria for recognition in these financial statements.

Volunteers also provided their time and performed a variety of tasks that assisted the Foundation with specific program services and fundraising. Although such donated services do not meet the aforementioned criteria for recognition in the financial statements, they are essential to the success of the Foundation's mission and programs.

Income Taxes The Foundation, as a nonprofit organization, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(3). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2010 and beyond, and the California returns for tax years 2009 and beyond, remain subject to examination by the taxing authorities. The Foundation adopted FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principle In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the ASU 2018-08 apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

New Accounting Pronouncements In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2016-02 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Evaluation of Subsequent Events has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through October 23, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact, on the current year financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Foundation has concentrated essentially all cash with the County. Because of the nature of pooled accounts, the Foundation is not able to determine what portion of its balances are insured; however, the *California Government Code* requires California banks and savings and loan associations to secure local governments (such as the County) deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposit

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 3 – CAPITAL ASSETS

As of June 30, 2021, the Foundation owns approximately 224 acres of real property which surrounds the main campus of Mendocino-Lake Community College District at 1000 Hensley Road, Ukiah, California. In June of 2017, the Foundation purchased one acre of land for \$25,000 and recorded the purchase as a capital asset at the original cost. The historical value of the property which will be retained for the future growth of the college is \$1,104,370. In addition, a road has been built on the retained property totaling \$33,278 that has been fully depreciated.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

June 30,	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 335,372	\$ 17,841
Assets held by others	197,494	191,780
Investments	10,408,393	8,073,128
Total financial assets, at year-end	<u>\$ 10,941,259</u>	<u>\$ 8,282,749</u>
Restrictions for specific purposes:		
Donor designated	<u>\$ 4,194,261</u>	<u>\$ 3,311,538</u>
Total contractual or donor-imposed restrictions	4,194,261	3,311,538
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 6,746,998</u>	<u>\$ 4,971,211</u>

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions related to scholarships and endowments consisted of the following individual contributions:

ADOPT A FIFTH GRADER

The program was established during the 2007-2008 fiscal year by donors donating funds to the program. The donors give the Foundation \$700 to adopt a fifth grade student. The student will receive \$25 during the fifth grade and \$500 upon graduation from high school, or \$1,000 if they enroll at Mendocino College as a full-time student after graduating high school. \$ 646,379

ALBERT BELTRAMI PERPETUAL INTERNSHIP SCHOLARSHIP

Established In 2011, this scholarship is for Mendocino College students pursuing a career in local government. The student(s) selected will intern in a local city or county government office and enroll in Mendocino College Work Experience Education for college credit. Participating students receive \$500 to \$1,000 for successfully completing the internship and coursework. 64,471

BISTRIN SCHOLARSHIP

The Bistrin Scholarship was created in 2011 when Mendocino College Foundation Director, Harry Bistrin, passed away and donations were received in his memory. The first Bistrin Scholarship was awarded in the 2012-13 academic year. 32,670

CHARLIE BARRA MEMORIAL SCHOLARSHIP

Established in memory of the "godfather of grape growing", Charlie L. Barra in 2020. This annual scholarship is awarded to a Mendocino College student enrolled and majoring in the Agricultural Sciences. This scholarship was created to encourage and promote higher education training and skills for those individuals to enter into the agricultural field. 6,700

COAST CENTER

These funds are comprised of fundraising dollars from the coastal community along with Federal Title III Endowment Challenge Grant matching dollars. Grant conditions expired on May 31, 2017. These funds may be used for any educational purpose which supports students that attend the coastal campus. 309,964

COAST CENTER PERPETUAL SCHOLARSHIP

These funds are comprised of numerous small scholarship donations designated for the fine wood working program through the coast campus in Fort Bragg, California. These funds were combined in order to generate a perpetual scholarship for the fine wood working program or for students attending the coast campus. 33,791

Balance Forward	\$ 1,093,975
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MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTES 5 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Balance Brought Forward \$ 1,093,975

ELWOOD SCHOLARSHIP

This bequest came from James Richard (Jim) Williams who chose the name The Elwood Fund because the first play that Jim ever performed in, his character's name was Elwood.

Jim was an educator who worked primarily in Mendocino County for The Mendocino County Office of Education, The Potter Valley Community Unified School District, Near and Arnold's School of Performing Arts and Cultural Education and briefly as a part-time instructor at Mendocino College. 10,189

EVELYN FOOTE TRUST

Beginning in 1992 and continuing over subsequent years, the Foundation received major contributions from the Evelyn Foote Remainder Annuity Trust for a total amount of \$803,542. The trust stipulated that the contributions shall be used to establish a perpetual fund in Ms. Foote's name, and income from the fund shall be distributed annually to supplement extracurricular programs or scholarships to benefit District students. The Foundation has determined that the trust document does not consider unrealized gains and losses as income that becomes available for annual distribution. 1,566,812

FETZER NURSING SCHOLARSHIP

The Kathleen Kohn Fetzer Family Foundation provided \$50,000 in perpetuity which will fund one Nursing Program Scholarship and one Student Scholarship annually. The Foundation funded these scholarships to inspire and assist nursing students in furthering their career. 67,986

FLOYD ROSS SCHOLARSHIP

This scholarship was created to encourage and provide support for students who obtained their high school diploma for Ukiah High School and plan to pursue a degree in business and emphasis will be given to individuals who desire a career in the finance industry. The Floyd Ross Memorial Scholarship is limited to Ukiah High School graduates who enroll at Mendocino College immediately following high school graduation. 46,407

Balance Forward \$ 2,785,369

**MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Balance Brought Forward \$ 2,785,369

FOUNDATION AFFILIATE ORGANIZATIONS

Friends of Mendocino College Coast Center	\$ 9,845
Friends of Mendocino College Agriculture	50,960
Friends of Mendocino College Coastal Field Station and Natural Sciences (FMCCFSNS)	65,499
Friends of Mendocino College Art Gallery	5,850
Friends of the Mendocino College Theatre (FMCT)	9,791
Friends of the Mendocino College Nursing Program (FMCNP)	1,862
North County Friends of Mendocino College (NCFMC)	5,789
Lake County Friends of Mendocino College	8,986
Friends of Mendocino College Recording Arts (FMCRA)	16,193
North County Friends of Mendocino College (NCFMC)	6,872
Mendocino College Athletics Boosters	14,324
Subtotal Foundation Affiliate Organizations	\$ 195,971

GIFT ANNUITY

The Foundation is the beneficiary of gift annuities funded during prior years. At the end of the donor's life, the foundation will receive the residual of the assets used to create the annuities. The amounts have been restricted by the donors to fund a scholarship endowment. 197,494

HULDA AND ALFRED WEGER SCHOLARSHIP

During fiscal year 2009-10, Hulda Weger donated \$25,000 to be used for annual scholarships. The \$25,000 generates a permanent \$1,000 per-year scholarship to benefit Ukiah High School graduates who attend Mendocino College. 63,402

JEFF BANKS PERPETUAL SCHOLARSHIP

Jeff Banks graduated from Ukiah High School in 1963 and briefly played professional football for the New York Jets and Cincinnati Bengals. He obtained a BA in English from University of the Pacific and an MA in International Marketing. He retired from the Metropolitan Outdoor Advertising Company as their CEO. In addition to his interest in sports, he enjoys singing and has played with several bay area bands. Recipients of the Jeff Banks Scholarship are limited to Ukiah High School graduates who enroll at Mendocino College immediately following high school graduation. 77,345

Balance Forward \$ 3,319,581

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Balance Brought Forward \$ 3,319,581

JOAN MOORE ERIKSEN SCHOLARSHIP

She graduated from Ukiah High School in 1948. Upon graduation, she worked at Ukiah High in the principal's office, under Principal Wm. "Bud" Chesall, for several years. Later in life she received her AA at Mendocino College and her BA at Sonoma State University. She is a long standing member of The American Association of University Women, Ukiah Branch. This scholarship is specifically for Ukiah High School graduating seniors. 5,388

JOE AND DOROTHY HALLIDAY SCHOLARSHIPS

In 2011, the Mendocino College Foundation received a generous gift through the estate of Joe and Dorothy Halliday. The Hallidays were loyal and hard working Point Arena residents with ancestral ties to the Mendocino Coastal communities dating back to the late 1800s. The gift will fund three scholarships with an internship component. Priority is given to Point Arena High School graduates. Recipients must demonstrate a high level of community volunteerism and successfully complete a basic geography examination. 286,996

JOHN BOGNER FINE ARTS SCHOLARSHIP

This perpetual scholarship was established by countless donations from the community to honor and remember beloved community leader and advocate, Mr. John Bogner. Theatre and music were a passion of Mr. Bogner's, and it is fitting that this award be given to a student pursuing a career in the fine arts. 57,373

KOENINGER FUND

The Koeninger Fund was established during the 2007-08 fiscal year by a donation received from Mary Lou and Wade Koeninger to fund a program whereby each June, a fifth grader attending Hopland Elementary is awarded \$25. The student will then receive \$500 upon graduation from high school, or \$1,000 if they enroll at Mendocino College as a full-time student after graduating high school. 20,000

LARUE KORBIN SCHOLARSHIP

LaRue Korbin spent her entire life in the service of helping others. She was a loving, caring and giving person who truly believed in doing everything possible to make our world a better place. The impact of Korbin's work, and her passion for helping others, will live on in perpetuity. In 2014, husband Frank Bender generously created the LaRue Korbin Memorial Scholarships for Mendocino County students enrolled in the nursing program. 128,223

Balance Forward \$ 3,817,561

**MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Balance Brought Forward \$ 3,817,561

LES GREGG FAMILY SCHOLARSHIP

Mrs. Catherine Gregg and daughter, Leslie Gregg Banta, established a new perpetual scholarship in memory of their late husband and father, longtime Ukiah restaurant owner, Les Gregg. The scholarship is awarded to students enrolled in six or more units in the Culinary Arts Management Program at Mendocino College. 30,938

MARY LOU KOENINGER MEMORIAL SCHOLARSHIP

This fully funded perpetual scholarship was created by husband Wade Koeninger on May 10, 2019 in the amount of \$25,000. Every year, in perpetuity, faculty members will choose an enrolled full time student who is pursuing a career in Earth Sciences as recipient of a \$1,000 scholarship. Qualifications of the recipient are left to the faculty but all aspects of need, time available, extra non-school commitments, citizenship, should be considered in addition to proven intellectual and other worthwhile attributes. 32,215

MARY OOSTING FINE ARTS SCHOLARSHIP

Established in memory of Mary Oosting by loving family and friends, this scholarship supports students who are highly motivated in the area of visual arts. Each year, art faculty identify a recipient who demonstrates commitment and enthusiasm in fine arts. 30,938

MENDOCINO COLLEGE COAST CENTER ART AND SCIENCE SCHOLARSHIPS

This scholarship was created by Arthur and Jean Morley to support art and science programs at Mendocino College. The couple believed in giving back to their community and merged that with their love of natural environments and the arts to create this scholarship for a Mendocino College student that exhibits outstanding initiative and demonstrates potential. 32,343

NATALIE MCCOY SCHOLARSHIP

Natalie McCoy Foucault graduated from Ukiah High School in 1955 and according to close friends, she was a beautiful human being. This scholarship is intended for a student who shows the determination to succeed in spite of her/his background. The student does not have to be a 4.0 student, but one who shows promise and determination to succeed. Recipients of the Natalie McCoy Foucault Scholarships are limited to Ukiah High School graduates who enroll at Mendocino College immediately following high school graduation. 11,009

Balance Forward \$ 3,955,004

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Balance Brought Forward \$ 3,955,004

NED WALSH SCHOLARSHIP

Established in memory of the Drug and Alcohol Administrator, Ned Walsh, for the Mendocino County Public of Health Department for 26 years, where he grew the program from 3 staff to 60 when he retired. This scholarship is designated for a Mendocino College Student with a declared major of Alcohol and Other Drug Studies (AODS) and created to honor the generous life of Ded Walsh and to honor is career in the AODP field. 5,675

NURSING SCHOLARSHIP FUND

The Nursing Scholarship Fund was established by donations from the Kathleen Kohn Fetzer Family Foundation and Doug Atkinson, and is restricted for Kohn Fetzer Family Foundation and Doug Atkinson, and is restricted for scholarships to nursing students. scholarships to nursing students. 15,000

ROBERT AND MARLYS BLANC SCHOLARSHIP

The scholarship program was established in 2015 to support a Mendocino College student in reaching their academic goals. The Blancs reflected on how much a college education has been part of their lives and success, and they wanted to give back in a very direct and personal way. 30,938

RICARDO STOCKER SCHOLARSHIP

Established in memory of Ricardo Stocker, an absolute pillar in the lives of so many in Mendocino County affecting them through his storytelling, counseling, music, philosophy, poetry and teachings. The inception of this scholarship took place in 2021 to be awarded to a student from an underrepresented group attending Mendocino College to encourage and promote higher education and skills for atypical students. 6,400

SALMEN FAMILY SCHOLARSHIP

The Salmen Family's Perpetual Scholarship was established in 2010 to support Mendocino College students pursuing a career in one or more of the following sciences: astronomy, chemistry, computer, physics, and math by providing an annual \$1,000 scholarship. The Salmen family donates \$3,000 annually, and a \$3,000 donation is provided by the New York Life Foundation's matching gift program. The Salmen family formally changed this from a perpetual scholarship to an endowment account. The endowment will continue to fund student scholarships using the same criteria as originally established. 62,376

Balance Forward \$ 4,075,393

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS, continued

Balance Brought Forward \$ 4,075,393

SILVERIA-CLEARY FAMILY SCHOLARSHIP

The Cleary Family created this scholarship in loving memory of Robert and Jean Silveira as a testament to their hard work and family commitment. This award is designated for a Mendocino College student who resides on the coast and is working towards an associate of arts or science degree and who plans to transfer to a four-year university. 30,938

TOM GOFORTH PERPETUAL SCHOLARSHIP

Tom Goforth graduated from Ukiah High School in 1955. He was successful business man, owning Chamberlains Floor Coverings for many years on North State Street. He loved Ukiah and had an "encyclopedic memory" of the history of Ukiah and its residents. He was a charter member of the Ukiah Alumni Association and an avid golfer. He would have loved to support a student golfer in any way possible. This scholarship is for Ukiah High School graduating seniors. 48,102

VARIOUS SCHOLARSHIPS

Miscellaneous scholarships. 10,641

WALLACE MEEK PEREZ SCHOLARSHIP

Established in 2013, the scholarship assists a MESA student in obtaining their educational goals at Mendocino College. Wallace and Virginia Meek believed in everyone having an opportunity to obtain an education. Wallace passed away in late 2012, and Virginia created this award in their names. This is an open-ended fund and contributions can be made through the Mendocino College Foundation. 29,187

YVONNE SLIGH BOOK AWARD

The Yvonne Sligh Book Award funds student book vouchers in the amount of \$150. Eligible students do not receive financial aid from Mendocino College and have not received a Mendocino College Foundation Scholarship. This program was established in 2002-03 by the Mendocino College Foundation and honors the late librarian, Yvonne Sligh, who was employed by the college for 16 years. -

Total Net Assets with Donor Restrictions \$ 4,194,261

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 – INVESTMENTS

June 30, 2021	Evelyn Foote Fund	Foundation Trust Fund	Halliday Fund	Salmen Fund	Perpetual Fund	Adopt a Fifth Grader Fund	Bogner Fund	Elwood Fund	Coast Center Fund	Total
Cash and Bank Sweep	\$ 2,937	\$ 17,868	\$ 2,933	\$ 2,444	\$ 53,535	\$ 66,421	\$ 3,396	\$ 6,913	\$ 7,721	\$ 164,168
Money market funds	42,093	179,384	8,667	2,085	24,242	20,201	1,824	-	5,480	283,976
Fixed income	101,612	629,481	16,309	-	31,493	26,462	-	-	5,133	810,490
Equities	1,329,936	5,349,644	238,462	51,939	652,908	527,085	46,644	2,765	236,940	8,436,324
Exchange traded funds	90,234	430,169	20,625	5,907	74,211	66,640	5,509	451	19,690	713,436
Total Investments	\$ 1,566,812	\$ 6,606,546	\$ 286,996	\$ 62,375	\$ 836,389	\$ 706,809	\$ 57,373	\$ 10,129	\$ 274,964	\$ 10,408,393

June 30, 2020	Evelyn Foote Fund	Foundation Trust Fund	Halliday Fund	Salmen Fund	Perpetual Fund	Adopt a Fifth Grader Fund	Bogner Fund	Elwood Fund	Coast Center Fund	Total
Cash and Bank Sweep	\$ 65,840	\$ 135,938	\$ 12,168	\$ 6,794	\$ 32,769	\$ 28,658	\$ 5,347	\$ 7,581	\$ 12,119	\$ 307,214
Money market funds	30,000	-	20,000	-	41,000	63,000	-	-	14,000	168,000
Fixed income	176,308	1,032,860	26,227	-	92,498	62,170	-	-	30,908	1,420,971
Equities	912,332	3,643,011	157,388	40,099	429,727	338,337	36,409	2,347	152,675	5,712,325
Exchange traded funds	71,299	300,262	13,055	2,678	34,813	27,448	2,343	-	12,720	464,618
Total Investments	\$ 1,255,780	\$ 5,112,071	\$ 228,838	\$ 49,571	\$ 630,806	\$ 519,613	\$ 44,099	\$ 9,928	\$ 222,422	\$ 8,073,128

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 – ENDOWMENTS

Endowment net assets composition by type of fund as of June 30, 2021, is as follows:

June 30, 2021	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Foundation Trust Fund	\$ 6,351,196	\$ 255,350	\$ 6,606,546
Evelyn Foote Fund	-	1,566,812	1,566,812
Halliday Fund	-	286,996	286,996
Salmen Fund	-	62,375	62,375
Perpetual Fund	-	836,389	836,389
AAFG Fund	60,430	646,379	706,809
Bogner Fund	-	57,373	57,373
Coast Center Fund	-	274,964	274,964
Elwood	-	10,129	10,129
Gift Annuity Fund	-	197,494	197,494
Total Endowment of June 30, 2021	\$ 6,411,626	\$ 4,194,261	\$ 10,605,887
Endowment Net Assets - Beginning of Year	\$ 4,953,370	\$ 3,311,538	\$ 8,264,908
Contributions	-	433,343	433,343
Endowed assets pledged in prior year	40,532	-	40,532
Interest and Dividends	91,308	48,807	140,115
Net realized and unrealized gains	1,335,744	781,647	2,117,391
Amounts appropriated for expenditures	(9,328)	(381,074)	(390,402)
Endowment Net Assets - End of Year	\$ 6,411,626	\$ 4,194,261	\$ 10,605,887

From time to time, the fair value of assets associated with individual donor designated endowment funds may fall below the level that the donor requires the Foundation to retain, over the long term, as a fund of perpetual duration. There were no deficiencies of this nature of as June 30, 2021.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 – ENDOWMENTS, continued

Endowment net assets composition by type of fund as of June 30, 2020, is as follows:

June 30, 2020	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Foundation Trust Fund	\$ 4,888,589	\$ 223,482	\$ 5,112,071
Evelyn Foote Fund	-	1,255,780	1,255,780
Halliday Fund	-	228,838	228,838
Salmen Fund	-	49,571	49,571
Perpetual Fund	-	630,806	630,806
AAFG Fund	64,781	454,832	519,613
Bogner Fund	-	44,099	44,099
Coast Center Fund	-	222,422	222,422
Elwood	-	9,928	9,928
Gift Annuity Fund	-	191,780	191,780
Total Endowment of June 30, 2020	\$ 4,953,370	\$ 3,311,538	\$ 8,264,908
Endowment Net Assets - Beginning of Year	\$ 5,164,541	\$ 3,165,423	\$ (65,056)
Contributions	-	516,719	516,719
Endowed assets pledged in prior year	66,400	-	66,400
Interest and Dividends	89,069	46,351	135,420
Net realized and unrealized gains	151,644	83,826	235,470
Amounts appropriated for expenditures	(518,284)	(500,781)	(1,019,065)
Endowment Net Assets - End of Year	\$ 4,953,370	\$ 3,311,538	\$ 8,264,908

From time to time, the fair value of assets associated with individual donor designated endowment funds may fall below the level that the donor requires the Foundation to retain, over the long term, as a fund of perpetual duration. There were no deficiencies of this nature of as June 30, 2020.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 – EXPENSE CLASSIFICATION

The natural classification for the management, general, and fundraising expenses as of June 30, 2021, is as follows:

June 30, 2021	Management and General	Fundraising
Salaries and consulting fees	\$ 149,689	\$ 54,040
Supplies, materials, and other	110,420	-
Total Management, General, and Fundraising Expenses	\$ 260,109	\$ 54,040

The natural classification for the management, general, and fundraising expenses as of June 30, 2020, is as follows:

June 30, 2020	Management and General	Fundraising
Salaries and consulting fees	\$ 144,763	\$ 138,161
Supplies, materials, and other	129,535	-
Total Management, General, and Fundraising Expenses	\$ 274,298	\$ 138,161

NOTE 9 – FAIR VALUE MEASUREMENTS

Fair Value Measurements Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurement.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded, and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 9 – FAIR VALUE MEASUREMENTS, continued

Valuations within the hierarchy levels are based upon the following:

- Level 1: Quoted market prices for identical instruments traded in active exchange markets.
- Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3: Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2021 and 2020.

Money Market Funds: These assets are valued at the net asset value (NAV), generally \$1 per share, and are reported on the active market on which securities are traded.

Equity Securities, and Exchange Traded Funds: Each investor will typically receive units of participation of shares. These shares are valued daily, based on the underlying securities owned, and are usually publicly traded equity securities. Equity securities are instruments that signify an ownership position in a corporation and represents a claim on its proportional share in the Foundation's assets and profits. Ownership is determined by the number of shares an investor owns divided by the total number of shares outstanding. Equity securities and exchange traded funds are valued daily based on the closing market price in the active exchange markets.

Bonds: Corporate, municipal bonds and U.S. Treasury bonds are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value. Each bond series has a unique set of variables including coupon payment, number of payments, interest rate, and the maturity value. These factors are used to determine the estimated market value and can be determined daily.

MENDOCINO COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 9 – FAIR VALUE MEASUREMENTS, continued

The methods described above may produce fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis as of June 30, 2021, is as follows:

June 30, 2021	Fair Value	Level 1	Level 2	Level 3
Money market deposit	\$ 448,144	\$ 448,144	\$ -	\$ -
US treasury bonds	172,505	-	172,505	-
Corporate bonds	258,945	-	258,945	-
Municipal bonds	379,039	-	379,039	-
Exchange traded funds:	713,437	-	-	-
Equity securities	8,436,323	8,436,323	-	-
Total	\$ 10,408,393	\$ 8,884,466	\$ 810,489	\$ -

Fair values of assets measured on a recurring basis as of June 30, 2020, is as follows:

June 30, 2020	Fair Value	Level 1	Level 2	Level 3
Money market deposit	\$ 475,214	\$ 475,214	\$ -	\$ -
US treasury bonds	162,068	-	162,068	-
Corporate bonds	731,057	-	731,057	-
Municipal bonds	530,524	-	530,524	-
Equity securities	5,712,325	5,712,325	-	-
Other	461,940	461,940	-	-
Total	\$ 8,073,128	\$ 6,649,478	\$ 1,423,649	\$ -

NOTE 10 – RISK AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets.