

**Cambridge Community College Center Foundation**

**Financial Statements**

**June 30, 2020 and 2019**



**Cambridge Community College Center Foundation  
Table of Contents**

Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

**Independent Accountant's Review Report**

To the Board of Directors  
Cambridge Community College Center Foundation  
Cambridge, Minnesota

We have reviewed the accompanying financial statements of Cambridge Community College Center Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***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.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*BergankDV, Ltd.*

St. Cloud, Minnesota  
September 22, 2020

(PAGE LEFT BLANK INTENTIONALLY)

## **FINANCIAL STATEMENTS**

**Cambridge Community College Center Foundation**  
**Statements of Financial Position**  
**As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 305,633	\$ 327,584
Contributions receivable	<u>1,000</u>	<u>-</u>
Total current assets	<u>306,633</u>	<u>327,584</u>
Noncurrent assets		
Investments, at fair value	<u>197,849</u>	<u>216,504</u>
Total assets	<u><u>\$ 504,482</u></u>	<u><u>\$ 544,088</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	<u>\$ 3,842</u>	<u>\$ -</u>
Net assets		
Without donor restrictions	86,769	91,624
With donor restrictions	<u>413,871</u>	<u>452,464</u>
Total net assets	<u>500,640</u>	<u>544,088</u>
Total liabilities and net assets	<u><u>\$ 504,482</u></u>	<u><u>\$ 544,088</u></u>

See accompanying notes to financial statements.

**Cambridge Community College Center Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenues</b>			
Public support			
Contributions and private grants	\$ 8,769	60,363	\$ 69,132
In-kind contributions	74,621	2,625	77,246
Total public support	<u>83,390</u>	<u>62,988</u>	<u>146,378</u>
Revenues			
Special events			
Gross	-	52,628	52,628
Less direct costs	-	(31,615)	(31,615)
Investment income	119	(2,730)	(2,611)
Total revenues	<u>119</u>	<u>18,283</u>	<u>18,402</u>
Net assets released from restrictions	<u>124,183</u>	<u>(124,183)</u>	<u>-</u>
Total public support and revenues	<u>207,692</u>	<u>(42,912)</u>	<u>164,780</u>
<b>Expenses</b>			
Program expenses			
Scholarship and grants	<u>131,611</u>	<u>-</u>	<u>131,611</u>
Supporting services			
Management and general	57,623	-	57,623
Fundraising	<u>18,994</u>	<u>-</u>	<u>18,994</u>
Total supporting services	<u>76,617</u>	<u>-</u>	<u>76,617</u>
Total expenses	<u>208,228</u>	<u>-</u>	<u>208,228</u>
Change in net assets	(536)	(42,912)	(43,448)
<b>Net Assets</b>			
Beginning of year	<u>91,624</u>	<u>452,464</u>	<u>544,088</u>
Transfers between net asset categories	<u>(4,319)</u>	<u>4,319</u>	<u>-</u>
End of year	<u>\$ 86,769</u>	<u>\$ 413,871</u>	<u>\$ 500,640</u>

See accompanying notes to financial statements.

**Cambridge Community College Center Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenues</b>			
Public support			
Contributions and private grants	\$ 5,454	\$ 30,853	\$ 36,307
In kind contributions	69,385	780	70,165
Total public support	<u>74,839</u>	<u>31,633</u>	<u>106,472</u>
Revenues			
Special events			
Gross	-	62,478	62,478
Less direct costs	-	(16,880)	(16,880)
Investment income	772	5,829	6,601
Total revenues	<u>772</u>	<u>51,427</u>	<u>52,199</u>
Net assets released from restrictions	<u>108,907</u>	<u>(108,907)</u>	<u>-</u>
Total public support and revenues	<u>184,518</u>	<u>(25,847)</u>	<u>158,671</u>
<b>Expenses</b>			
Program expenses			
Scholarship and grants	<u>117,046</u>	<u>-</u>	<u>117,046</u>
Supporting services			
Management and general	59,200	-	59,200
Fundraising	<u>12,170</u>	<u>-</u>	<u>12,170</u>
Total supporting services	<u>71,370</u>	<u>-</u>	<u>71,370</u>
Total expenses	<u>188,416</u>	<u>-</u>	<u>188,416</u>
Change in net assets	(3,898)	(25,847)	(29,745)
<b>Net Assets</b>			
Beginning of year	<u>95,522</u>	<u>478,311</u>	<u>573,833</u>
End of year	<u>\$ 91,624</u>	<u>\$ 452,464</u>	<u>\$ 544,088</u>

See accompanying notes to financial statements.



**Cambridge Community College Center Foundation**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Scholarships and Grants	Supporting Services		Cost of Direct Benefits to Donors	Total
		Management and General	Fundraising		
<b>Expenses</b>					
Grants	\$ 22,375	\$ -	\$ -	\$ -	\$ 22,375
Scholarships	99,687	-	-	-	99,687
Salary	9,280	23,202	13,921	-	46,403
Occupancy/utilities	-	3,533	-	2,350	5,883
Software	-	19,714	-	-	19,714
Professional fees	-	7,956	-	-	7,956
Supplies	32	2,625	-	12,460	15,117
Printing/copying	237	593	356	896	2,082
Other administrative	-	-	4,717	-	4,717
Catering	-	-	-	7,958	7,958
Other event expenses	-	-	-	7,951	7,951
	<u>131,611</u>	<u>57,623</u>	<u>18,994</u>	<u>31,615</u>	<u>239,843</u>
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,615)</u>	<u>(31,615)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 131,611</u>	<u>\$ 57,623</u>	<u>\$ 18,994</u>	<u>\$ -</u>	<u>\$ 208,228</u>

**Cambridge Community College Center Foundation**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Scholarships and Grants	Supporting Services		Cost of Direct Benefits to Donors	Total
		Management and General	Fundraising		
<b>Expenses</b>					
Grants	\$ 22,626	\$ -	\$ -	\$ -	\$ 22,626
Scholarships	86,000	-	-	-	86,000
Salary	5,942	14,857	8,913	-	29,712
Occupancy/utilities	-	9,352	-	1,413	10,765
Software	-	17,431	-	-	17,431
Professional fees	-	10,901	-	-	10,901
Supplies	780	-	-	3,595	4,375
Printing/copying	1,698	4,239	2,547	2,605	11,089
Insurance	-	848	-	-	848
Catering	-	1,572	-	7,746	9,318
Other administrative	-	-	710	-	710
Other event expenses	-	-	-	1,521	1,521
	<u>117,046</u>	<u>59,200</u>	<u>12,170</u>	<u>16,880</u>	<u>205,296</u>
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,880)</u>	<u>(16,880)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 117,046</u>	<u>\$ 59,200</u>	<u>\$ 12,170</u>	<u>\$ -</u>	<u>\$ 188,416</u>

∞ See accompanying notes to financial statements.

**Cambridge Community College Center Foundation**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows - Operating Activities</b>		
Change in net assets	\$ (43,448)	\$ (29,745)
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Net unrealized loss (gain) on investments	(2,647)	221
Change in operating assets and liabilities		
Contributions receivable	(1,000)	-
Accounts payable	3,842	(176)
Total adjustments	<u>195</u>	<u>45</u>
Net cash flows - operating activities	<u>(43,253)</u>	<u>(29,700)</u>
 <b>Cash Flows - Investing Activities</b>		
Proceeds on sale of investments	118,363	51,228
Purchases of and reinvested earnings on investments	<u>(97,061)</u>	<u>(105,170)</u>
Net cash flows - investing activities	<u>21,302</u>	<u>(53,942)</u>
 Net change in cash and cash equivalents	(21,951)	(83,642)
 <b>Cash and Cash Equivalents</b>		
Beginning of year	<u>327,584</u>	<u>411,226</u>
 End of year	<u>\$ 305,633</u>	<u>\$ 327,584</u>

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Cambridge Community College Center Foundation (the "Foundation") is incorporated under the Minnesota Nonprofit Corporation Act. The purpose of the Foundation is to provide scholarships and grants for Anoka Ramsey Community College - Cambridge Campus (the "College").

**Description of Programing**

The primary activity for the Foundation is soliciting funds from individuals, businesses and industries, and foundations for the purposes of:

- Academic excellence scholarships to students
- Program funds to enhance the learning experience of students
- Random Acts of Kindness

These activities are supported through the use of committees that include board members and College faculty and staff.

Committees include:

Executive – Members include the President, Vice President, Treasurer, and past President. They will provide leadership for the Foundation, select a team to recommend a slate of candidates for the Board of Directors and officer positions and provide feedback for Executive Director review.

Allocations – Develops the criteria and supervises the awarding of scholarships, tuition reimbursement, crisis grants, and loans.

Finance – Oversees the financial operation of the Foundation.

Development – Identifies prospective donors and recommends strategies for cultivation and solicitation of those donors. The Development Committee also assists with fundraising events.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded as earned and expenses when incurred. The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit organizations.

**Estimates**

The preparation of the financial statements in conformity with U.S. GAAP 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 these estimates.

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

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

For 2020 and 2019 no amounts were paid for taxes or interest.

**Contributions Receivable**

Unconditional contributions receivable are recorded as contribution revenue and classified as either current or long-term assets, depending on the estimated collection date. All contributions receivable are due in less than one year. Management reviews the current status of the contributions receivable and currently charges off all contributions receivable which are determined to be uncollectible, accordingly no allowance for doubtful contributions was deemed necessary.

**Investments**

The Foundation considers financial instruments with a maturity greater than three months to be investments. Investments are valued using fair value measurement methods described in Note 5.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions*

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

**Transfers Between Net Asset Categories**

Transfers were made between net asset categories in 2020 as previously donor-imposed restrictions were removed.

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition**

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional contributions at June 30, 2020 and 2019.

Grant awards without substantial conditions are recognized in the period in which they are approved by the governing bodies. Grants with substantial conditions are not recognized until the conditions on which they depend on are met. There were no conditional grants at June 30, 2020 and 2019.

The Foundation records special events revenue equal to the cost of direct benefit to donors, and contribution revenue for the difference. The Organization receives sponsorships for which revenue is recognized as both a contract with a customer and a contribution. In such instances, the Organization determines the fair value of the benefit provided to the sponsor and records that portion as earned revenue and remaining portion as a contribution.

**In-Kind Contributions**

Gifts in-kind that can be used or sold will be recognized at fair value at the time of donation. In determining fair value, the Foundation will consider applicable discounts, current market conditions, and a determination of what the institution would be willing to pay for goods and/or services.

The Foundation received in-kind contributions from the College and other sources for various programs, including the use of a facility. For in-kind facility, the Foundation recognizes an in-kind contribution for the fair value of rent.

**Functional Allocation of Expenses**

The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries, occupancy/utilities, and printing/copying which are allocated based on the basis of estimates of time and effort.

**Tax Status**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also exempt from Minnesota franchise and income tax.

The Foundation is required to assess whether any uncertain tax positions exist and if there should be recognition of a related benefit or liability in the financial statements. The Foundation has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

The Foundation has evaluated subsequent events through September 22, 2020, the date which the financial statements were available to be issued.

**Recently Adopted Accounting Pronouncements**

*Revenue Recognition*

On July 1, 2019, the Foundation adopted FASB ASU No. 2014-09 (Topic 606) - *Revenue from Contracts with Customers* ("ASU No. 2014-09" or "Topic 606"), which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification "ASC" Topic 605, Revenue Recognition ("Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The Foundation adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results for reporting periods beginning after July 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605. The impact of the adoption of the new standard was insignificant to the financial statements.

*Clarifying Guidance for Contributions Received and Contributions Made*

On July 1, 2019, FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* became effective. This update clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The impact of the update was insignificant to the financial statements.

**Recently Issued Accounting Pronouncement**

*Leases*

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using either the retrospective approach or modified retrospective approach. The Foundation is currently evaluating the impact this standard will have on its financial statements.

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	<u>2020</u>	<u>2019</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 305,633	\$ 327,584
Investments, at fair value	197,849	216,504
Contributions receivable	1,000	-
	<u>504,482</u>	<u>544,088</u>
Less net assets with donor restrictions	<u>(413,871)</u>	<u>(452,464)</u>
Total financial assets available for general expenditures	<u>\$ 90,611</u>	<u>\$ 91,624</u>

The Foundation is primarily funded by contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

	<u>2020</u>	<u>2019</u>
Checking account	\$ 298,948	\$ 325,421
Money market account	<u>6,685</u>	<u>2,163</u>
Total	<u>\$ 305,633</u>	<u>\$ 327,584</u>

**NOTE 4 – INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Equities	\$ 101,034	\$ 132,588
Fixed income	<u>96,815</u>	<u>83,916</u>
Total	<u>\$ 197,849</u>	<u>\$ 216,504</u>

Investments include the portion of the donor restricted endowment funds that is to be held permanently. The other portion of the donor restricted endowment funds, mainly earnings to be used towards scholarships, is included in the checking account.



**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 4 – INVESTMENTS (CONTINUED)**

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 change in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance.

**NOTE 5 – FAIR VALUE MEASUREMENTS**

The fair value measurements topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Equities and Fixed Income Investments - fair value is determined by reference to quoted market prices.

Fair values of assets measured on a recurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2020				
Equities	\$ 101,034	\$ -	\$ -	\$ 101,034
Fixed income	<u>96,815</u>	<u>-</u>	<u>-</u>	<u>96,815</u>
Total	<u><u>\$ 197,849</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 197,849</u></u>

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2019				
Equities	\$ 132,588	\$ -	\$ -	\$ 132,588
Fixed income	83,916	-	-	83,916
 Total	 <u>\$ 216,504</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 216,504</u>

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

	<u>2020</u>	<u>2019</u>
Restricted for purpose		
Scholarships	\$ 170,701	\$ 206,932
Other grants and gifts	23,752	19,475
Earnings on endowments - scholarships	28,934	32,232
Endowments	<u>190,484</u>	<u>193,825</u>
 Total	 <u>\$ 413,871</u>	 <u>\$ 452,464</u>

**NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS**

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 96,486	\$ 86,000
Other grants and gifts	<u>27,697</u>	<u>22,907</u>
 Total	 <u>\$ 124,183</u>	 <u>\$ 108,907</u>

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 8 – IN-KIND CONTRIBUTIONS**

In-kind contributions and related expenses recognized in the statements of activities and statements of functional expenses were as follows:

	2020	2019
Salaries and fringe benefits	\$ 46,403	\$ 29,712
Facilities and utilities	3,533	9,352
Accounting services and software	24,045	22,057
Printing, copying, and misc expenses	3,265	9,044
Materials and supplies (special event)	12,460	2,815
Total	\$ 89,706	\$ 72,980

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The Foundation receives staff and other support from the College. Total in-kind support received during 2020 and 2019 was \$74,621 and \$69,385, respectively. The Foundation also had accounts payable of \$3,842 and \$0 due to the College as of June 30, 2020 and 2019, respectively.

**NOTE 10 – CONCENTRATION**

At various times during the year, the Foundation had cash on deposit with its financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation has not experienced any losses from such deposits.

**NOTE 11 – RISKS AND UNCERTAINTIES**

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the Foundation may be both direct and indirect and will vary based on the duration of the outbreak and various other factors.

**NOTE 12 – ENDOWMENTS**

The endowments consist of approximately 5 individual funds and one general memorial fund established by donors to provide annual funding for specific activities and general operations.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 12 – ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The State of Minnesota enacted UPMIFA. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment to maintain the fair value of the original gift.

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

**Investment Policy for the Endowment Funds**

In accordance with UPMIFA, the Foundation's policy considers and defines the following factors in managing and investing their investments, including their endowment (institutional) funds:

1. General economic conditions,
2. Possible effect of inflation or deflation,
3. Expected tax consequences, if any, of investment decision or strategies,
4. Role that each investment within the investment portfolio,
5. Expected total return from income and the appreciation of investments,
6. Other resources of the institution, and,
7. Asset's relationship or special value, if any, to the charitable purpose of the institution.

The Foundation has an investment policy for all investments, including endowments. It is the Foundation's intent to:

- Establish reasonable expectations, objectives, and guidelines for the investment of the Foundation's assets.
- Set forth an investment structure(s) detailing practices and procedures for the 1) investment of endowment assets and for 2) investment management of donor-restricted funds and surplus general funds.
- Create guidelines for acceptable asset classes and expected allocations among those asset classes, for each investment structure.
- Encourage effective communication between the Foundation Board of Directors and its advisors and fiduciaries.
- Create portfolio(s) of a diversified asset mix that can be expected to generate acceptable returns vis-à-vis level of risk for each respective fund that is acceptable to the directors of the Foundation.

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 12 – ENDOWMENTS (CONTINUED)**

**Investment Policy for the Endowment Funds (Continued)**

The principle objective of the portfolio is to provide capital growth without exposure to undue risk. The assets must be invested with the care, skill, and diligence that a prudent person would undertake. All investments shall be made with the goal of insuring quality, marketability, and diversification of the assets. The Board of Directors reviews the investment policy on an ongoing basis.

**Spending Policy for the Appropriation of Endowment Assets for Expenditure**

In accordance with UPMIFA, the Foundation considers the following factors in making a prudent determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund,
2. Purposes of the Foundation and the endowment fund,
3. General economic conditions,
4. Possible effect of inflation or deflation,
5. Expected total return from income and the appreciation of investments,
6. Other resources of the institution, and,
7. Investment policy of the institution.

It is the Board's objectives to preserve the endowment fund in perpetuity in support of the mission of the Foundation and to establish a payout rate from endowment accounts that provides a stable predictable level of spending for the endowed purposes, and that provides for a rate of growth in the endowment that meets or exceeds the rate of inflation.

The Foundation's spending strategy is intended for all donations that are kept in the interest earning securities accounting including endowments and donor-restricted funds managed by the Foundation who gift instruments do not specifically outline an alternative spending rate. Board restricted and quasi-endowment funds are not governed by UPMIFA's spending regulations, but it is the intention of the Board to take a conservative approach to spending endowments and quasi-endowments always within the guidelines found in the UPMIFA.

Each scholarship cycle, before any promotion of the scholarships, the Foundation will review each endowment to see if there is sufficient funds to award a scholarship. If there are sufficient funds, those funds will be transferred to the checking account in insure the proper fund are available before marketing of the scholarship. If there is not sufficient funds in the endowment for an award, that endowment will not be given out and no money transferred.

On an annual basis the Board will ratify a spending policy for the Foundation's institutional funds with the two following goals in mind:

- Maintaining the purchasing power of the fund's principal over the long-term; and
- Spending a rate that, over the long term, will reflect the donor's intentions

**Cambridge Community College Center Foundation**  
**Notes to Financial Statements**

**NOTE 12 – ENDOWMENTS (CONTINUED)**

**Composition of the Endowment**

	2020	2019
Donor restricted endowment funds	\$ 219,418	\$ 226,057

**Reconciliation of the endowment**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	\$ -	\$ 226,057	\$ 226,057
Contributions	-	1,797	1,797
Net investment return	-	(2,730)	(2,730)
Amounts appropriated for expenditure	-	(5,706)	(5,706)
Endowment net assets, June 30, 2020	\$ -	\$ 219,418	\$ 219,418

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2018	\$ -	\$ 233,333	\$ 233,333
Contributions	-	1,893	1,893
Net investment return	-	5,831	5,831
Amounts appropriated for expenditure	-	(5,000)	(5,000)
Reclassifications	-	(10,000)	(10,000)
Endowment net assets, June 30, 2019	\$ -	\$ 226,057	\$ 226,057

**NOTE 13 – RECLASSIFICATIONS**

The financial statements for 2019 was reclassified to conform to the presentation used for the 2020 financial statements.