MORGAN COMMUNITY COLLEGE FOUNDATION

AUDITED FINANCIAL STATEMENTS

December 31, 2025

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LIITTJOHANN, KAUFFMAN, and PEDERSON
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Morgan Community College Foundation

Opinion

We have audited the accompanying financial statements of Morgan Community College Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morgan Community College Foundation as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morgan Community College Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morgan Community College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures

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- include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Morgan Community College Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morgan Community College Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Fort Morgan, Colorado
April 21, 2026

SECTION 1. INTRODUCTION AND OVERVIEW

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Morgan Community College Foundation (the "Foundation") for the fiscal year ended December 31, 2025. This discussion is intended to provide readers with an objective and accessible analysis of the Foundation's financial performance, significant events, and known conditions that are expected to have an impact on future operations.

The MD&A is a not required element of supplementary information under the standards established by the American Institute of Certified Public Accountants (AICPA). It is designed to complement—and should be read in conjunction with—the Foundation's audited financial statements, accompanying notes, and any supplementary schedules.

Mission and Legal Structure

Morgan Community College Foundation is a legally separate, tax-exempt 501(c)(3) organization established to advance the mission of Morgan Community College.

The Foundation's primary mission is to cultivate philanthropic investment in Morgan Community College and its students by:

- Providing scholarships and student financial assistance to increase access and promote student success
- Supporting academic programs, faculty development, and instructional innovation through grants to the college.
- Funding capital projects and facility improvements that enhance the learning environment
- Managing and growing the Foundation's endowment portfolio to ensure long-term financial sustainability

The Foundation is governed by a volunteer Board of Directors composed of community leaders, business professionals, alumni, and educators committed to the College's mission. The Board provides fiduciary oversight and strategic direction to Foundation operations.

SECTION 2. FINANCIAL HIGHLIGHTS

The Foundation achieved meaningful financial progress during the fiscal year ended December 31, 2025. The following highlights summarize the most significant financial metrics and year-over-year changes:

- Total Net assets increased by 11.07% during the year.
- Total Revenues, Total Expenses, Total Funds Raised and Total Contributions to MCC all decreased during the year due to the completion of a capital project in 2024. These items have returned to their normal levels for 2025.
- The Foundation's Endowment assets grew by 10.85% in 2025 due to a robust gain in the invested assets market value.

Financial Highlights Summary

Metric	FY 2025	FY 2024	$ Change	% Change
Total Net Assets	$14,723,33	$13,256,283	$1,467,050	11.07%
Total Revenues	$669,827	$2,338,108	$(1,668,281)	(71.35)%
Total Expenses	$837,926	$3,455,477	$(2,617,551)	(75.75)%

Metric	FY 2025	FY 2024	$ Change	% Change
Change in Net Assets	$1,467,050	$(9,929)	$1,476,979	148.75%
Endowment Market Value	$11,866,896	$10,705,255	$1,161,641	10.85%
Total Contributions to MCC	$699,497	$3,397,885	$(2,698,388)	(79.41)%
Total Funds Raised	$429,883	$2,136,217	$(1,706,334)	(79.88)%
Program Expense Ratio	83.5%	95.4%	—	-11.9 pts

SECTION 3. OVERVIEW OF THE FINANCIAL STATEMENTS:

The Foundation's financial statements are prepared in accordance with the U.S. Generally Accepted Account Principles (GAAP) as applicable to not-for-profit organizations, following the standards established by the Financial Accounting Standards Board (FASB), including Accounting Standards Codification (ASC) Topic 958, *Not-for-profit Entities.* The Foundation uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. The Foundation's fiscal year ends on December 31.

The financial report includes three primary financial statements, each providing a distinct perspective on the Foundation's financial health:

<u>Statement of Financial Position</u>

The Statement of Financial Position (analogous to a balance sheet) presents the Foundation's total assets, liabilities, and net assets as of the fiscal year-end. This statement provides a snapshot of the Foundation's financial condition at a specific point in time. Net assets are reported in two classifications:

- Without Donor Restrictions: Resources available for general operations and programs at the discretion of the Board of Directors.
- With Donor Restrictions: Resources subject to donor-imposed stipulations that limit their use by purpose and/or time. This category includes both purpose-restricted gifts and endowment funds where the corpus must be maintained in perpetuity.

<u>Statement of Activities</u>

The Statement of Activities reports on the Foundation's revenues, expenses, gains, and losses for the fiscal year. This statement shows how operations and other activities affected net assets during the period. It distinguishes between activities that increase or decrease net assets without donor restrictions and those with donor restrictions, and reports the release of restrictions when donor conditions are satisfied.

<u>Statement of Cash Flows</u>

The Statement of Cash Flows reports cash inflows and outflows from operating activities, investing activities, and financing activities. This statement reconciles the beginning and ending cash balances and provides insight into the Foundation's liquidity and cash management practices.

SECTION 4. FINANCIAL PERFORMANCE ANALYSIS

Statement of Financial Position (Net Assets)

As of December 31, 2025, the Foundation had total assets of $14,870,722, an increase of $1,494,584 (11.2%) from the prior year total of 13,376,138. Total liabilities were $147,389, resulting in total net assets of $14,723,333.

Condensed Statement of Financial Position

Category	FY 2025	FY 2024	$ Change	% Change
Assets				
Current Assets	$703,512	$417,552	$285,960	68.5%
Investments	$12,307,766	$11,228,280	$1,079,486	9.6%
Net Fixed Assets	$1,248,930	$1,266,366	($17,436)	(1.4%)
Restricted Cash	$610,514	$463,940	146,574	31.6%
Total Assets	**$14,870,722**	**$13,376,138**	**$1,494,584**	**11.2%**
Liabilities				
Current Liabilities	$147,389	$119,855	$27,534	23.0%
Total Liabilities	**$147,389**	**$119,855**	**$27,534**	**23.0%**
Net Assets				
Without Donor Restrictions	$1,027,488	$978,705	$48,783	5.0%
With Donor Restrictions	$13,695,845	$12,277,578	$1,418,267	11.6%
Total Net Assets	**$14,723,333**	**$13,256,283**	**$1,467,050**	**11.1%**
Total Liabilities and Net Assets	**$14,870,722**	**$13,376,138**	**$1,494,584**	**11.2%**

Statement of Activities (Revenues and Expenses)

Revenue Analysis

Total Revenue for the fiscal year was $669,829, a 71.4% decrease over the prior year. The Foundation benefited from strong performance in fundraising events while seeing a decrease in contributions compared to the prior year due to the completion of capital contributions in 2024.

Revenue Source	FY 2025	FY 2024	$ Change	% Change
Contributions	$429,883	$2,143,393	($1,713,510)	-79.9%

Revenue Source	FY 2025	FY 2024	$ Change	% Change
Fundraising Events	$175,544	$142,484	$33,060	23.2%
Lease Income	$64,400	$42,231	$22,169	52.5%
Total Revenues	**$669,827**	**$2,338,108**	**($1,668,281)**	**-71.4%**

Contributions continued to be the Foundation's largest revenue source, comprising 64.2% of total revenue. Fundraising income grew 23.2%, driven by strong community participation, enhanced donor stewardship, and the successful execution of signature events.

Expense Analysis

Total expenses for the fiscal year were 837,926, a 75.8% decrease over the prior year. The Foundation maintained strong fiscal discipline while increasing its programmatic impact.

Expense Category	FY 2025	FY 2024	$ Change	% Change
Program Services				
Scholarships & Student Aid	$140,986	$302,516	($161,530)	-53.4%
Contributions to MCC	$537,533	$2,971,038	($2,433,505)	-81.9%
Center for the Arts Funding	$20,978	$21,681	($703)	-3.2%
Total Program Services	**$699,497**	**$3,295,235**	**($2,595,738)**	**-78.8%**
Supporting Services	**$101,406**	**$113,892**	**($12,486)**	**-11.0**
Fundraising	**$37,023**	**$46,350**	**($9,327)**	**-20.1%**
Total Expenses	**$837,926**	**$3,455,477**	**($2,617,551)**	**-75.8%**

The Foundation's program expense ratio (program services as a percentage of total expenses) was 83.5%, reflecting the Foundation's commitment to directing the maximum share of resources toward mission-related activities. Management and general expenses represented 12.1% of total expenses, while fundraising costs accounted for 4.4%.

Contributions to MCC decreased from the prior year because the foundation had provided a one-time $2.5 million transfer to support a major construction project in the previous fiscal year. With that capital project completed and no comparable funding requests in the current year, program expenses returned to their customary levels.

Change in Net Assets

The Foundation realized an overall increase in net assets of $1.47 million during the fiscal year, composed of:

- Increase in net assets without donor restrictions: $48,783
- Increase in net assets with donor restrictions: $1,418,267

The positive change in net assets reflects both strong operational performance and favorable investment returns, demonstrating the Foundation's capacity to grow its resource base while maintaining program commitment.

Statement of Cash Flows

The Foundation maintained a healthy cash position throughout the fiscal year. Cash and cash equivalents increased by $284,592 to $692,696 as of December 31, 2025.

- Operating Activities: Net cash used in operating activities was ($18,005)
- Investing Activities: Net cash provided by investing activities was $302,597
- Financing Activities: There were no cash flows related to financing activities in 2025

The Foundation maintains a cash commitment to the College 18 months in arrears. This commitment to the College for the 2026 fiscal year was $781,458.

SECTION 5. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview to the general public, donors, and any others interested in the finances of the Morgan Community College Foundation. Accountability for the funds received and expended by the Morgan Community College Foundation is taken very seriously. Questions or concerns regarding any of the information provided in this report should be addressed to the Morgan Community College Foundation, Attn: Director; 300 Main Street, Fort Morgan, CO 80701

Morgan Community College Foundation
Statement of Financial Position
as of December 31, 2025

Assets		
Current Assets		
Cash and cash equivalents	$ 692,696	
Prepaid expenses	10,816	
Total Current Assets		$ 703,512
Investments		
Certificate of deposit	100,000	
Certificate of deposit - endowment	38,219	
Marketable securities	340,870	
Marketable securities - endowment	11,828,677	
Total Investments		12,307,766
Fixed Assets		
Land	800,343	
Building	809,046	
Less: Accumulated depreciation	(360,459)	
Net Fixed Assets		1,248,930
Restricted cash		610,514
Total Assets		$ 14,870,722
Liabilities and Net Assets		
Current Assets		
Accounts payable	$ 97,789	
Contract liabilities	49,600	
Total Current Liabilities		$ 147,389
Total Liabilities		147,389
Net Assets		
Without donor restrictions		1,027,488
With donor restrictions		13,695,845
Total Net Assets		14,723,333
Total Liabilities and Net Assets		$ 14,870,722

The accompanying notes and independent auditors'
report should be read with these financial statements.

Morgan Community College Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contribution revenue	$ 1,498	$ 428,385	$ 429,883
Fundraising events	59,584	115,960	175,544
Lease income	64,400		64,400
Net assets released from restrictions	752,494	(752,494)	-
Total Revenues and Other Support	877,976	(208,149)	669,827
Functional Expenses			
Program Services	699,497		699,497
Supporting Services	101,406		101,406
Fundraising Costs	37,023		37,023
Total Functional Expenses	837,926	-	837,926
Other Income and Expense			
Investment income	8,733	713,866	722,599
Unrealized gain(loss) on investments	-	912,550	912,550
Total Other Income and Expense	8,733	1,626,416	1,635,149
Change in Net Assets	48,783	1,418,267	1,467,050
Net Assets at Beginning of Year	978,705	12,277,578	13,256,283
Net Assets at End of Year	$ 1,027,488	$ 13,695,845	$ 14,723,333

The accompanying notes and independent auditors' report should be read with these financial statements.

Morgan Community College Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Costs	Supporting Services	Fundraising Costs	Total
Accounting and auditing		$ 12,580		$ 12,580
Bank and merchant charges		207		207
Center for the arts fund	20,978			20,978
Contributions to MCC	537,533			537,533
Contributions for scholarships	140,986			140,986
Depreciation		17,436		17,436
Enterprise zone fees		38		38
Fees, licenses and permits		300		300
Fundrasing event costs			37,023	37,023
Insurance cost		14,373		14,373
Investment fees		43,074		43,074
Land lease		1		1
Software expense		8,505		8,505
Supplies development office		4,235		4,235
Utilities		657		657
Total Functional Expenses	$ 699,497	$ 101,406	$ 37,023	$ 837,926

The accompanying notes and independent auditors' report should be read with these financial statements.

Morgan Community College Foundation
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash Flows From Operating Activities	
Change in Net Assets	$ 1,467,050
Adjustments to reconcile change in net assets to cash provided by (used in) operations:	
Depreciation	17,436
Investment income reinvested	(701,064)
Unrealized gain on investments	(912,550)
Noncash contributions	(79,158)
Change in assets and liabilities:	
(Increase) Decrease in prepaid expenses	7,792
(Increase) Decrease in Enterprise Zone receivable	115,000
Increase (Decrease) in accounts payable	62,861
Increase (Decrease) in contract liabilities	4,628
Net cash provided by (used in) operating activites	(18,005)
Cash Flows From Investing Activities	
Transfer to investment account	(111,794)
Transfer from investment account	414,391
Net cash provided by (used by) investing activities	302,597
Cash Flows From Financing Activities	-
Net change in cash and cash equivalents	284,592
Cash and restricted cash at Beginning of Year	408,104
Cash and restricted cash at End of Year	$ 692,696

The accompanying notes and independent auditors' report should be read with these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Foundation

Morgan Community College Foundation (the Foundation) is organized as a Colorado not-for-profit corporation. The Foundation's purpose is to secure financial resources to promote the advancement of education and educational facilities of the Morgan Community College and its successor. The Foundation is controlled by a board of no less than 7 members and no more than 21 members.

The Foundation operates on public funder through contributions received. These contributions are available for unrestricted use unless specifically restricted by the donor. The Foundation also leases the property it owns to Morgan Community College (the College), a state funded institution, to use as classroom space.

B. Basis of Accounting

The accounting and reporting polices of the Foundation conform to accounting principles generally accepted in the United States.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Financial Statement Presentation

The Foundation reports net assets in accordance with the Financial Accounting Standard Board ASU 2016-14 *Financial Statement Presentation.* The foundation is required to report information regarding its financial position and activities according to two categories of net assets: Without Donor Restrictions and With Donor Restrictions.

Without Donor Restrictions – consists of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

With Donor Restrictions – includes funds with donor-imposed restrictions, which permit the done foundation to expend the assets as specified either by the passage of time or by actions of the foundation. Resources of this nature originate from gifts, grants, bequest, contracts and investment income earned on restricted funds. It also includes resources, which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the foundation to expend part or all of the income derived from the donated assets.

E. Cash and Cash Equivalents

The Foundation considers all demand bank deposits and highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents for the purposes of the cash flow statement.

F. Public Support and Revenue

Contributions are recorded in accordance with FASB ASC 958-605, Revenue Recognition, contributions received and unconditional contributions receivable are measured at their fair value and are reported as an increase in net assets in the year in which there is sufficient evidence that the contribution is ascertainable. In the absence of donor restrictions, contributions and gifts are considered available for unrestricted use.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Income Taxes

The Foundation does not provide for income taxes as it is a tax-exempt non-profit foundation under the Internal Revenue Code Section 501(c)(3).

The Foundation has adopted the recognition requirements for ASC 740-10 uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The foundation has analyzed tax positions taken for filing with the Internal Revenue Service and believes that they will be sustained upon examination. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2025.

H. Concentrations and Uncertainties

The Foundation maintains its cash accounts at financial institutions. The Federal Deposit Insurance Corporation insures depositors for $250,000 per banking institution. At times during the year, the balance may exceed this limit however this is usually temporary. At December 31, 2025, the Foundation had $49,582 in cash balances exceeding the FDIC limit.

The Foundation maintains investment funds at Edward Jones. These funds are a mix of mutual funds, money market accounts and certificates of deposit. The certificates of deposit are insured by the Federal Deposit Insurance Corporation up to $250,000 through the individual banks from which the deposits are purchased. The mutual funds and money market accounts are uninsured and are subject to market variations. Funds insured by the FDIC included in the investments total $951,384. Investment fund that are uninsured at December 31, 2025 total $11,828,677.

I. Contract Revenue:

The Foundation recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Payment terms for goods and services to contractees are billed monthly and are typically due in 30 days, In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Foundation has determined that a significant financing component does not exist. The primary purpose of the Foundation's invoice terms is to provide contractees with simplified and predictable ways of purchasing services and not to receive financing from or providing financing to the contractee.

The timing of revenue recognition is based on a time-based measure of progress as the Foundation provides access to services continually over the course of the year. Opening balances of contract assets and liabilities as of January 1, 2025 were $-0- of contracts receivable and $57,755 of contract liabilities.

Practical Expedients: The Foundation does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, or (ii) contracts for which the amount of revenue recognized is based on the amount to which the Foundation has the right to invoice the customer for services performed.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Functional Allocation of Expenses:

Whenever possible, the Foundation charges expenses directly to the benefitting program or support service based upon a reasonable and allocable basis. When this is difficult or impractical, costs are allocated to programs and support services based upon estimates.

K. Property and Equipment:

The building and improvements have been depreciated over a 40-year useful life using the straight line method. Furnishings used in the building were recorded at cost and have been depreciated over a 7-year useful life using the straight line method.

L. Investments:

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting periods in which the income and gains are recognized, or as with donor restrictions based on donor-imposed restrictions.

M. Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY:

The Foundation strives to maintain liquid financial assets sufficient to cover immediate needs of the foundation. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the foundation's financial assets as of December 31, 2025, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date. Amounts not available include funds that have donor restrictions. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

Cash and restricted cash	$ 1,303,210
Investments	12,307,766
	13,610,976
Net Assets with Donor Restrictions	13,695,845
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	$ (85,869)

The Foundation has implemented measures to address the liquidity deficit by charging a sustainability fee to endowment funds as well as increasing efforts to raise unrestricted contributions. The deficit has decreased by $91,385 during 2025.

NOTE 3. NOTES TO THE STATEMENT OF CASH FLOWS

The Foundation received non-cash marketable securities as contributions totaling $79,158 during 2025.

The Foundation did not have any non-cash financing activities for the year ended December 31, 2025.

NOTE 4. ENDOWMENTS

The Board of Directors of the MCC Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation generally classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 fund.
(2) The purpose of the organization and the donor-restricted endowment fund.
(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 organization.
(7) The investment policies of the organization.

The endowment funds may be invested in high quality, publicly traded common and preferred stocks, convertible bonds, bank common funds, mutual funds, fixed income securities and other assets as authorized by the Board of Directors of the Foundation from time to time. The nature of the assets involved and the long-term objectives of the Foundation suggest utilizing a total return approach to investment management.

The Foundation endowment seeks preservation of principal and to provide a dependable and reasonable rate of long-term investment return consistent with moderate investment risk. The primary investment objective of the endowment is to achieve a total annual return measured on a five-year moving average basis, at least equal to the rate of inflation plus four percent (4%).

The Foundation has a policy of appropriating for distribution each year 3-6% of the average of the permanent endowment's market values on December 31st for each of the three immediately preceding years, as approved by the Foundation Board, in accordance with the endowment mission and purpose.

The following are the changes in the endowment net assets for the year ended December 31, 2025:

	Temporary	Perpetual
Endowment net assets, beginning of year	$ 3,219,206	$ 8,431,005
Contributions	300	100,658
Board re-designation of MiCasa funds		(252,779)
Appropriation of endowment assets for expenditure	(272,086)	
Sustainability fee	(77,611)	
Investment fees	(41,866)	
Investment income	1,613,435	
Endowment net assets, end of year	$ 4,441,378	$ 8,278,884

NOTE 5. INVESTMENTS

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

	Fair Value Measurements at December 31, 2025		
Description	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities:			
Mutual Funds	$ 12,169,547	$ -	$ -
Certificates of Deposit		138,219	
Total	$ 12,169,547	$ 138,219	$ -

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Temporarily restricted contributions	$ 502,785
Scholarships	472,798
Endowments – temporary	4,441,378
Endowments – perpetual	8,278,884
Total	$ 13,695,845

NOTE 7. COMMITMENTS AND CONTINGENCIES

The Foundation has a commitment to the College to pay for scholarships and college programs for the 2025-2026 school year. The funds are due to the College in 2026 and are currently held by the Foundation as net assets with donor restrictions in the amount of $781,458.

NOTE 8. RELATED PARTY ACTIVITIES

The Foundation charges incidental operating expenses through the College. These expenses are itemized quarterly and a reimbursement check is sent to the College. The amounts reimbursed are not included in the contributions to the College and are considered operating expenses by the Foundation.

The Foundation receives, manages, and invests gifts on behalf of the College. In consideration of these services, the College provides workspace of an immaterial amount and assigns employees to the Foundation, with some of the related salary expenses being reimbursed to the College.

The Foundation completed construction of a building (Cedar Hall) on the campus of Morgan Community College during 2009, which is used to provide adult basic education. The Foundation leases the land on which Cedar Hall was constructed from the College at an annual rental rate of $1. The lease agreement will terminate June 30, 2037.

NOTE 8. RELATED PARTY ACTIVITIES (CONTINUED)

The Foundation leases Cedar Hall to the College under a lease agreement originating in May 2009 and renegotiated in July 2024. Rent received under this agreement during 2025 was $14,400. The lease is for the 12 month period from July 2025 to June 2026. The Foundation recognized lease revenue of $1,200 in 2025 and recorded a contract liability of $7,200 at December 31, 2025. Future lease payments are dependent upon continuing availability of funds appropriated for this agreement by the State of Colorado. The College is responsible for pursuing appropriation of these funds. In the event no funds are available, the lease will terminate with no cost or penalty to the College.

The Foundation also leased the Barlow property to the College under a lease agreement through the State of Colorado Department of Higher Education executed in July 2024. The agreement will terminate on June 2027 and will be for $50,000 per year. The Foundation recognized lease revenue of $50,000 in 2025 and recorded a contract liability of $25,000 at December 31, 2025.