

MISSION-WEST VALLEY LAND CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

AND

INDEPENDENT AUDITORS' REPORT





INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mission-West Valley Land Corporation
Santa Clara, California

We have audited the accompanying financial statements of Mission-West Valley Land Corporation (a non-profit California corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 Mission-West Valley Land Corporation 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.

Johanson & Yau Accountancy Corporation

Campbell, California
September 9, 2021

MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Cash and cash equivalents - Note 2	\$ 8,246,009	\$ 10,903,529
Investments - Note 2	10,721,058	7,186,116
Interest receivable	45,536	68,877
Land	16,702	16,702
Lease commissions, net - Note 4	487,940	502,917
	\$ 19,517,245	\$ 18,678,141

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses - Note 5	\$ 464,540	\$ 1,526,333
Deferred rental income	232,644	-
Refundable security deposits - Note 6	550,000	550,000
	1,247,184	2,076,333
Net assets		
Without donor restrictions - Note 10	18,270,061	16,601,808
	\$ 19,517,245	\$ 18,678,141

See accompanying notes to financial statements

MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Revenues		
Rental income - Note 8	\$ 6,800,856	\$ 8,409,880
Investment income, net - Note 2	425,768	379,524
	7,226,624	8,789,404
Total revenue		
Expenses		
Program		
Grants for special projects - Note 11	3,398,590	4,667,386
Grants to Advancement Foundation - Note 10	330,305	-
Rent - Note 7	1,700,214	2,102,470
General and administrative		
Legal	14,197	93,251
Contracted services	78,632	46,002
Amortization of lease commissions - Note 4	14,977	14,977
Audit fees	16,500	15,750
Financial services	4,125	4,300
Taxes & licenses	573	568
Bank service charges	258	122
	5,558,371	6,944,826
Change in net assets without donor restrictions	1,668,253	1,844,578
Net assets without donor restrictions, beginning of year	16,601,808	14,757,230
Net assets without donor restrictions, end of year	\$ 18,270,061	\$ 16,601,808

See accompanying notes to financial statements

MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,668,253	\$ 1,844,578
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(117,899)	(14,927)
Reinvested dividends	(93,113)	(61,549)
Amortization of lease commissions	14,977	14,977
Decrease in		
Interest receivable	23,341	24,385
(Decrease) increase in		
Accounts payable and accrued expenses	(1,061,793)	1,240,661
Deferred rental income	232,644	-
	<u>666,410</u>	<u>3,048,125</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Proceeds from sales of investments	3,652,971	5,602,888
Purchase of investments	(6,976,901)	(5,453,995)
	<u>(3,323,930)</u>	<u>148,893</u>
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents	(2,657,520)	3,197,018
Cash and cash equivalents, beginning of year	<u>10,903,529</u>	<u>7,706,511</u>
Cash and cash equivalents, end of year	<u>\$ 8,246,009</u>	<u>\$ 10,903,529</u>

See accompanying notes to financial statements

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - Mission-West Valley Land Corporation (the Organization) was incorporated in 1985 in the state of California. Prior to 1996, the Organization was known as Mission-West Valley Educational Foundation. The specific and primary purpose of the Organization is to promote the general welfare of the public of the West Valley-Mission Community College District (the District) by mobilizing both financial and human resources in order to ensure the success of the District in serving the public through utilization of proper facilities and creation of programs that enhance community life, including programs that enrich education, cultural and community service opportunities. The principal office of the Organization is located in the County of Santa Clara, California.

The Organization has a lease agreement with the District. The Organization leases 54.4 acres of land from the District for purposes of sub-ground lease and development. The Organization manages the property and has entered into several sub-ground lease agreements.

The Organization is recognized as a non-profit organization under IRS Code 501(c)(3) and California Revenue and Tax Section 23701(d). The members of the Board of the Organization also serve on the Board of the District.

Financial Statement Presentation - Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows. The Organization does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. The Organization currently has no net assets with donor restrictions.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with original maturity dates of three months or less.

Investments - The Organization carries investments with readily determinable fair values in the Statement of Financial Position as reported by the investment broker. Realized gains and losses resulting from market fluctuations are included in the statement of activities in the period such fluctuations occur.

Revenue Recognition - Rental income is recognized on a straight-line basis or contingent rentals, as a percentage of the tenant's net operating income, over the term of the lease when collection is reasonably assured.

Donated Assets - Donated assets are recorded at fair market value at the date of gift.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

Income Taxes - The Organization's tax filings are subject to audit by various taxing authorities.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments - The carrying value of financial instruments, including cash and cash equivalents, receivables, accounts payable and accrued expenses, approximate fair value due to the short maturity of these instruments. None of the financial instruments are held for trading purposes.

Functional Allocation of Expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Grants	Direct usage
Rent	Direct usage
Legal	Direct usage
Contracted services	Direct usage
Amortization of lease commission	Direct usage
Audit fee	Direct usage
Financial services	Direct usage
Taxes & licenses	Direct usage
Bank service charges	Direct usage

New Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. The ASU was issued to improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying and adding certain disclosures. The ASU is effective for annual reporting periods beginning after December 15, 2019. The Organization adopted this ASU on July 1, 2020, and the adoption of the ASU did not have an impact on the Organization's net assets.

In February 2016, the FASB issued new accounting guidance for leases. The new guidance requires lessees to recognize lease assets and lease liabilities for all leases with terms more than 12 months in the statement of financial position and disclose key information about leasing agreements. This new guidance is effective for annual reporting periods beginning after December 15, 2021 with early adoption permitted. The Organization is currently evaluating the impact of adopting this standard on its financial statements.

Subsequent Events - Subsequent events were evaluated through September 9, 2021, the date the financial statements were available to be issued.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Cash in banks	\$ 762,795	\$ 808,864
Local Agency Investment Fund (LAIF)	7,483,214	10,094,665
	\$ 8,246,009	\$ 10,903,529

The Organization is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Organization's investment pool is reported in the accompanying financial statements at amounts based upon the Organization's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. At June 30, 2021, the interest rate for LAIF account was 0.33%, and there was no significant difference between the fair market value and the carrying amount.

Generally accepted accounting principles establish a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the assets based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets or liabilities in active markets accessible at the measurement date.

Level 2 - Inputs included in quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

The following tables present the balances of the assets measured at fair value on a recurring basis as of June 30, 2021 and 2020. The Organization did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2021				
Mutual funds	\$ 2,995,282	\$ -	\$ -	\$ 2,995,282
Stocks	652,763	-	-	652,763
Corporate bonds	-	4,927,140	-	4,927,140
Municipal bonds	-	2,145,873	-	2,145,873
Local Agency Investment Fund (LAIF)	-	-	7,483,214	7,483,214
	<u>\$ 3,648,045</u>	<u>\$ 7,073,013</u>	<u>\$ 7,483,214</u>	<u>\$ 18,204,272</u>
June 30, 2020				
Mutual funds	\$ 1,175,769	\$ -	\$ -	\$ 1,175,769
Stocks	536,774	-	-	536,774
Corporate bonds	-	2,929,643	-	2,929,643
Municipal bonds	-	2,543,930	-	2,543,930
Local Agency Investment Fund (LAIF)	-	-	10,094,665	10,094,665
	<u>\$ 1,712,543</u>	<u>\$ 5,473,573</u>	<u>\$ 10,094,665</u>	<u>\$ 17,280,781</u>

Earnings on investments and cash equivalents were as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 341,097	\$ 396,338
Realized gain	15,324	1,476
Unrealized gain	102,575	13,451
Investment fees	(33,228)	(31,741)
	<u>\$ 425,768</u>	<u>\$ 379,524</u>

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

The following table presents changes in the Organization's Level 3 investment assets measured at fair value on a recurring basis for the fiscal years ending June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Level 3 investments		
Balance, beginning of year	\$ 10,094,665	\$ 7,145,993
Investment income	83,549	182,672
New investments	930,000	2,766,000
Investments transferred out	<u>(3,625,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 7,483,214</u>	<u>\$ 10,094,665</u>

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available to meet general expenditures over the next twelve months at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at yearend:		
Cash and cash equivalents	\$ 8,246,009	\$ 10,903,529
Investments	10,721,058	7,186,116
Interest receivable	<u>45,536</u>	<u>68,877</u>
Total financial assets	19,012,603	18,158,522
Less amounts not available to be used within one year:		
Board designated quasi-endowment fund	-	330,305
Board designated contingency reserve	<u>4,000,000</u>	<u>4,000,000</u>
	<u>\$ 15,012,603</u>	<u>\$ 13,828,217</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, excess cash is invested in short-term investments, including money market accounts, mutual funds, stocks and bonds.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 - LEASE COMMISSIONS

Commissions paid to brokers to secure sub-ground leases are capitalized and amortized over the terms of the leases. Amortization expense was \$14,977 for both years ended June 30, 2021 and 2020. Capitalized lease commissions and accumulated amortization at June 30 are:

	<u>2021</u>	<u>2020</u>
Capitalized commissions	\$ 823,722	\$ 823,722
Less: accumulated amortization	<u>335,782</u>	<u>320,805</u>
Lease commissions, net	<u>\$ 487,940</u>	<u>\$ 502,917</u>

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2021 and 2020 include payables to a related party, the West Valley-Mission Community College District, and consist of the following:

	<u>2021</u>	<u>2020</u>
Grants for special projects - related party	\$ 434,460	\$ 1,496,397
Payables - unrelated	<u>30,080</u>	<u>29,936</u>
	<u>\$ 464,540</u>	<u>\$ 1,526,333</u>

NOTE 6 - SECURITY DEPOSITS

The Organization has received security deposits which are to be returned at the end of each sub-ground lease as follows:

	<u>2021</u>	<u>2020</u>
SI 27, LLC	\$ 50,000	\$ 50,000
SI 29, LLC	50,000	50,000
Quality Investment Properties Santa Clara, LLC	<u>450,000</u>	<u>450,000</u>
	<u>\$ 550,000</u>	<u>\$ 550,000</u>

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 - GROUND LEASE

The Organization leases 54.4 acres of land from the District pursuant to a ground lease agreement executed in September 1990. The term of the ground lease is 55 years, with two options to extend for 25 and 15 years, respectively. Under no circumstances can the ground lease run more than 99 years.

Rent is paid equal to 25% of rents collected from sub-ground leases. Rent expense of \$1,700,214 and \$2,102,470, for the fiscal years ended June 30, 2021 and 2020, respectively, was paid to the District per the ground lease agreement. The Organization is responsible for taxes levied of any kind and all other expenses. The Organization has indemnified the District against all liability. The District retains the right to mortgage the land but also grants the right of the sub-tenants to mortgage their own improvements under circumstances described in the lease.

Future minimum ground lease payments, based upon current sub-ground leases in effect, are as follows:

Years ending June 30	Lakha Properties	SI 27, LLC	SI 29, LLC	Quality Investment Properties Santa Clara, LLC	Total
2022	\$ 66,406	\$ 170,755	\$ 175,452	\$ 624,473	\$ 1,037,086
2023	-	170,755	175,452	624,473	970,680
2024	-	170,755	175,452	624,473	970,680
2025	-	170,755	175,452	624,473	970,680
2026	-	170,755	175,452	624,473	970,680
Thereafter	-	4,211,964	4,327,802	16,392,429	24,932,195
	<u>\$ 66,406</u>	<u>\$ 5,065,739</u>	<u>\$ 5,205,062</u>	<u>\$ 19,514,794</u>	<u>\$ 29,852,001</u>

NOTE 8 - SUB-GROUND LEASES

The 54.4 acres of land leased from the District (see Note 1) have been subdivided into several parcels, all of which have been subleased as follows:

Lakha Properties

In September 1990, the Organization entered into a long-term sub-ground lease with the Jim Joseph Trust to sublease one of the parcels. In June 2005, the Jim Joseph Administrative Trust (successor to Revocable Trust) assigned its interest in the sub-ground lease to Lakha Properties - Santa Clara, LLC, a Washington limited liability company. The initial term of the sub-ground lease is 55 years, with two options for renewal for 25 years and 15 years, respectively. In no case shall the aggregate lease term exceed 99 years.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 - SUB-GROUND LEASES (Continued)

In April 2007, the Organization amended the agreement related to the annual minimum rent due under the sub-ground lease agreement. This agreement specified the annual minimum rent for the period from September 19, 2006 through September 11, 2011.

In November 2011, the Organization amended the agreement related to the annual minimum rent due under the sub-ground lease agreement. This agreement specified the annual minimum rent for the period from September 19, 2011 through September 18, 2016.

In June 2017, the Organization amended the agreement related to the annual minimum rent due under the sub-ground lease agreement. This agreement specified the annual minimum rent for the period from September 19, 2016 through September 18, 2021.

SI 27, LLC

In March 1996, the Organization entered into a long-term sub-ground lease with Mission Real Estate, L.P. to sublease a parcel of land.

The initial term of the sub-ground lease is 55 years, with two options for renewal of 20 years each. In no case shall the aggregate lease term exceed 99 years. There will also be an adjustment based on the fair market value of the land after 2023.

In September 1999, Mission Real Estate, L.P. assigned its interest in the sub-ground lease to Sobrato Interest III. In April 2003, Sobrato Interest III assigned its interest in the sub-ground lease to Ellis-Middlefield Business Park, a California limited partnership. The sub-ground lease arrangement is commonly referred to as the Phase I sub-ground lease. The rent from the Phase I lease commenced in December 1996.

In January 2011, Ellis-Middlefield Business Park assigned its interest to SI 27, LLC. In addition, there was a lease amendment which codified certain terms in the rent agreement.

SI 29, LLC

In March 1996, the Organization entered into a long-term sub-ground lease with Mission Real Estate, L.P. to sublease a parcel of land.

The initial term of the sub-ground lease is 55 years, with two options for renewal for 20 years each. In no case shall the aggregate lease term exceed 99 years. There will also be an adjustment based on the fair market value of the land after 2023.

In October 1998, Mission Real Estate, L.P. assigned its interest to Sobrato Interest III. In April 2003, Sobrato Interest III assigned its interest in the sub-ground lease to Sobrato Development Co. #792, a California limited partnership. The sub-ground lease arrangement is commonly referred to as the Phase II sub-ground lease. The rent stream from the Phase II lease commenced in June 1998.

In October 2010, Sobrato Development Co. #792 assigned its interest to SI 29, LLC. A lease amendment was agreed to in January 2011 that codified the accounting for early termination payments from subtenants.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 - SUB-GROUND LEASES (Continued)

Quality Investment Properties Santa Clara, LLC

In October 1997, the Organization entered into a long-term sub-ground lease agreement with Nexus Properties, Inc., et al, to sublease one parcel of land.

The initial term of the sub-ground lease is 55 years with options for renewal. In no case shall the aggregate sub-ground lease term exceed 99 years.

In October 2007, Nexus Properties, Inc. assigned its interest to Quality Technology. In September 2009, Quality Technology assigned its interest to Quality Investment Properties Santa Clara, LLC.

In March 2011, the sub-ground lease agreement was amended to provide for landlord approval of certain tenant improvements in exchange for due consideration. The monthly base rent shall be adjusted annually as defined by the sub-ground lease agreement. There will be an adjustment to the base monthly rent based on fair market value of the land after 21 years and 41 years of the lease.

Rent Income

Rent income was \$6,800,856 and \$8,409,880 during the fiscal years ended June 30, 2021 and 2020, respectively. In January 2020, the 21 year adjustment of monthly rent related to the Quality Investment Properties Santa Clara, LLC sub-ground lease was agreed upon and retroactively applied starting October 2018. As a result, \$1,366,836 of back rent was received during the year ended June 30, 2020. The sub-ground lessee is responsible for all administrative costs, including property taxes, maintenance and insurance.

Future minimum sub-ground lease income are as follows:

Years ending June 30	Lakha Properties	SI 27, LLC	SI 29, LLC	Quality Investment Properties Santa Clara, LLC	Total
2022	\$ 265,625	\$ 683,021	\$ 701,806	\$ 2,497,894	\$ 4,148,346
2023	-	683,021	701,806	2,497,894	3,882,721
2024	-	683,021	701,806	2,497,894	3,882,721
2025	-	683,021	701,806	2,497,894	3,882,721
2026	-	683,021	701,806	2,497,894	3,882,721
Thereafter	-	16,847,853	17,311,217	65,569,716	99,728,786
	<u>\$ 265,625</u>	<u>\$ 20,262,958</u>	<u>\$ 20,820,247</u>	<u>\$ 78,059,186</u>	<u>\$ 119,408,016</u>

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization operates in Santa Clara County and is subject to the general economic risk inherent in the San Francisco Bay Area real estate market.

The Organization often maintains cash deposits in commercial banks and state run agencies that are in excess of the federally insured limits.

NOTE 10 - BOARD DESIGNATIONS

The Board of Directors of the Organization has designated that certain amounts of unrestricted funds be set aside for specific purposes. Components of net assets without donor restrictions as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Contingency reserve	\$ 4,000,000	\$ 4,000,000
Advancement Foundation reserve	-	330,305
	<u>4,000,000</u>	<u>4,330,305</u>
Total board designated	4,000,000	4,330,305
Undesignated	<u>14,270,061</u>	<u>12,271,503</u>
Total net assets without donor restrictions	<u>\$ 18,270,061</u>	<u>\$ 16,601,808</u>

The contingency reserve is established to minimize the effect of any unanticipated legal and other expenses including lost revenue related to the operating of the sub-ground leases. The Advancement Foundation reserve was established to provide funds to the West Valley-Mission Community College District Advancement Foundation's endowment for student scholarships. The Board may remove the restrictions on these funds at any time.

Effective July 2019, the Board of Directors of the Organization amended the Policy on Allocation of Funds to eliminate the automatic annual contribution to the Advancement Foundation. In September 2020, the Board released the funds that were previously reserved and transferred the remaining balance of \$330,305 to the Advancement Foundation's Endowment Fund.

MISSION-WEST VALLEY LAND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 - GRANTS FOR SPECIAL PROJECTS

For the years ended June 30, 2021 and 2020, the Organization contributed \$3,398,590 and \$4,667,386, respectively, to the District for the following projects:

	<u>2021</u>	<u>2020</u>
Scheduled Maintenance	\$ 200,000	\$ 200,000
Capital Improvements	465,909	1,348,192
Entrepreneurial Fund	72,975	75,000
Special Projects	1,160,620	1,072,903
Student Success Innovation Fund	50,000	25,000
Teaching & Learning Innovation Fund	95,749	50,000
Technology Refresh & Instructional Equipment	500,000	299,046
College Scholarship Program	500,000	500,000
Fire Relief Program	9,087	-
COVID-19 Fund	-	320,000
WVMCEA/Teamsters	344,250	777,245
	<u>\$ 3,398,590</u>	<u>\$ 4,667,386</u>

NOTE 12 – UNCERTAINTIES

The COVID-19 outbreak in the United States is causing business disruption across a range of industries. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its customers and vendors, all of which are uncertain and cannot be predicted. As of the date of this report, the extent to which COVID-19 may impact the Organization’s financial condition or results of operations is uncertain. No adjustments relating to the effects of the pandemic have been recorded in the accompanying financial statements.