



Financial Statements  
June 30, 2021

# Peralta Colleges Foundation

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## Independent Auditor's Report

The Board of Directors  
Peralta Colleges Foundation  
Oakland, California

We have audited the accompanying financial statements of Peralta Colleges Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Peralta Colleges Foundation as of June 30, 2021, 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

San Ramon, California  
February 10, 2022

Peralta Colleges Foundation  
Statement of Financial Position  
June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 542,531	\$ 626,474	\$ 1,169,005
Pledge receivable	1,244	20,000	21,244
Other assets	1,349	-	1,349
Total current assets	545,124	646,474	1,191,598
Noncurrent Assets			
Investments	581,943	1,249,628	1,831,571
Total assets	<u>\$ 1,127,067</u>	<u>\$ 1,896,102</u>	<u>\$ 3,023,169</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities			
Accounts payable	\$ 37,593	\$ -	\$ 37,593
Accrued payroll expenses	9,157	-	9,157
Payable to college funds	558,957	-	558,957
Total liabilities	605,707	-	605,707
<b>Net Assets</b>			
Without donor restrictions	521,360	-	521,360
With donor restrictions	-	1,896,102	1,896,102
Total net assets	521,360	1,896,102	2,417,462
Total liabilities and net assets	<u>\$ 1,127,067</u>	<u>\$ 1,896,102</u>	<u>\$ 3,023,169</u>

Peralta Colleges Foundation  
Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Individual contributions	\$ 34,320	\$ 139,714	\$ 174,034
Foundation and corporate grants	91,756	489,810	581,566
Fundraising events	38,862	7,500	46,362
In-kind contributions	707,267	-	707,267
Administrative fees - Other	40,069	-	40,069
Net assets released from restrictions	607,430	(607,430)	-
<b>Total support and revenues</b>	<b>1,519,704</b>	<b>29,594</b>	<b>1,549,298</b>
Expenses			
Program services	1,451,766	-	1,451,766
Management and general	232,457	-	232,457
Fundraising	91,624	-	91,624
<b>Total expenses</b>	<b>1,775,847</b>	<b>-</b>	<b>1,775,847</b>
<b>Total revenues in excess of expenses</b>	<b>(256,143)</b>	<b>29,594</b>	<b>(226,549)</b>
Other Revenues (Expenses)			
Interest and dividends	17,804	14,830	32,634
Unrealized and realized gain (loss) on investments	128,904	166,227	295,131
<b>Total other revenues (expenses)</b>	<b>146,708</b>	<b>181,057</b>	<b>327,765</b>
Change in Net Assets	(109,435)	210,651	101,216
Net Assets, Beginning of Year	630,795	1,685,451	2,316,246
<b>Net Assets, End of Year</b>	<b>\$ 521,360</b>	<b>\$ 1,896,102</b>	<b>\$ 2,417,462</b>

Peralta Colleges Foundation  
Statement of Functional Expenses  
Year Ended June 30, 2021

	Program	Management and General	Fundraising	Total Expenses
Salaries	\$ 112,219	\$ 138,926	\$ 52,739	\$ 303,884
Payroll taxes	6,284	7,863	2,965	17,112
Employee benefits	5,559	6,955	2,623	15,137
<b>Total salaries and related expenses</b>	<b>124,062</b>	<b>153,744</b>	<b>58,327</b>	<b>336,133</b>
Scholarships	945,174	-	-	945,174
Grants	320,823	-	-	320,823
Grant fees	37,162	-	-	37,162
Events	-	-	15,922	15,922
Marketing	-	619	619	1,238
Bank charges and merchant services	-	1,020	629	1,649
Management fees	-	6,814	-	6,814
Information technology	6,750	2,603	1,390	10,743
Dues and subscription	-	1,182	5,964	7,146
Insurance	-	223	-	223
Meetings	665	333	-	998
Miscellaneous	-	2,181	-	2,181
Occupancy	14,273	6,116	6,797	27,186
Office expense	2,857	1,870	1,976	6,703
Professional fees	-	55,752	-	55,752
<b>Total expenses</b>	<b>\$ 1,451,766</b>	<b>\$ 232,457</b>	<b>\$ 91,624</b>	<b>\$ 1,775,847</b>

Peralta Colleges Foundation  
Statement of Cash Flows  
Year Ended June 30, 2021

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Cash Flows from Operating Activities	
Change in net assets	\$ 101,216
Adjustments to reconcile change in net assets to net cash provided by operations	
Unrealized and realized (gain) loss on investments	(118,807)
Restricted net investment (return)	(136,880)
Change in operating assets and liabilities	
(Increase) decrease in accounts receivable	(1,244)
(Increase) decrease in promises to give	20,000
(Increase) decrease in other assets	1,278
Increase (decrease) in accounts payable and accrued expenses	25,839
Increase (decrease) in accrued payroll expenses	9,081
Increase (decrease) in due to student groups	42,484
	<u>42,484</u>
Net cash flows from operating activities	<u>(57,033)</u>
Net Change in Cash, Cash Equivalents, and restricted cash	(57,033)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>1,226,038</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 1,169,005</u>
Cash and cash equivalents	542,531
Cash restricted for donor purposes	<u>626,474</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,169,005</u>
Supplemental Disclosure of Noncash Amounts	
In-kind donations	<u>\$ 707,267</u>



## **Note 1 - Summary of Significant Accounting Policies**

### **Foundation**

The Peralta Colleges Foundation (the Foundation) was incorporated in the State of California in January 7, 1971, for the purpose of establishing financial assistance to students and to enhance the intellectual, cultural, and educational needs of the students, faculty and staff and the communities in which they work.

The Foundation supports academic excellence and success throughout the Peralta Community College District (the District) by building partnerships in the region to raise scholarship funds for committed students and financial support for the four colleges that comprise the District: Berkeley City College, College of Alameda, Laney College and Merritt College. The Foundation also provides faculty grants for classroom enrichment, provides funds for the purchase of books at the libraries of each campus, and runs a district-wide alumni engagement program. Charitable gifts to the four colleges of the District and its auxiliaries are accepted and administered by the Foundation. In addition, the Foundation stewards restricted contributions for scholarships and programs in accordance with donor instructions.

The Peralta Colleges Foundation is an independent, 501(c) (3) non-profit auxiliary to the District.

### **Financial Statement Presentation**

The Foundation's financial statement presentation follows the recommendations prescribed by accounting principles generally accepted in the United States of America (U.S. GAAP). Under the provisions of U.S. GAAP, the Foundation 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.

### **Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of the statement of cash flows consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days and available for current operations. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000.

### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are recorded in the appropriate classification of net assets. If the restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized, the income is recorded as increases in the unrestricted net assets. Investments are classified as short or long term based upon the Foundation's intent to use for current operations.

**Revenue Recognition and Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the appropriate classification of net assets as net assets with donor restrictions. When a restriction expires through either the passage of time or use, the assets are reclassified as assets released from restrictions in the statement of activities.

As of June 30, 2021, promises-to-give are as follows:

Promises to give	
Without donor restrictions promise to give	\$ 1,244
With donor restrictions promise to give	20,000
	\$ 21,244
Promise to give in less than one year	\$ 21,244

The Foundation considers all accounts receivable to be fully collectible as of June 30, 2021 and are all due within one year. Accordingly, no allowance for doubtful accounts are deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

During the year, office space and professional services were provided by the District on behalf of the Foundation. This donated office space, including electricity, internet, and telephone was valued at \$31,530.

Equipment and supplies donated to the Foundation had a fair market value of \$675,737 and included masks, learning materials and equipment and vehicles that were provided to the colleges as directed by the donors. The majority of these in kind supplies and equipment went directly to the students and were recognized as Scholarship Expense in the Statement of Functional Expense. There were two donors who made up 89% of the total donated supplies and equipment.

**Income Taxes**

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service (IRS) as other than a private Foundation. Contributions received qualify as tax deductible gifts as provided in Section 170(b)(1)(A)(VI). The Foundation is also exempt from California State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The Foundation's Federal Form 990, Return of Foundation Exempt from Income Tax, and State Form 109, California Exempt Foundation Business Income Tax Return, are subject to examination by the IRS for three years, and by the State Franchise Tax Board for four years, after they were filed. The Foundation is not aware of any such examinations at this time.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Payable to College Funds**

Payable to college funds represent funds held on behalf of others at the various colleges within the District. The Foundation records additions to the funds as liabilities and distributions as reductions in the liability balance.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Allocation of Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

**Note 2 - Investments**

Investments consisted of the following at June 30:

Mutual Funds	\$ 499,019
Other Exchange Traded Funds	311,213
Equity securities - Stocks	964,969
CDs and money market accounts	56,370
	\$ 1,831,571
	\$ 1,831,571

Investments are recorded at fair value on the statement of financial position. The following table summarizes the investment returns which are recorded in the statement of activities:

Investment income	
Interest and dividends	\$ 32,634
Unrealized and realized gains on investments	295,131
	327,765
Total investment income	327,765
Investment expenses	(6,814)
	320,951
Total investment income, net of expenses	\$ 320,951

**Note 3 - Market Value of Financial Assets and Liabilities**

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgages, and loans held for sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly-structured or long-term derivative contracts, and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

#### Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2021. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2021.

Assets	Level 1
Mutual Funds	\$ 499,019
Other Exchange Traded Funds	311,213
Equity securities - Stocks	964,969
CDs and money market accounts	56,370
	\$ 1,831,571

#### Note 4 - 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 the following:

Cash and cash equivalents	\$ 542,531
Unrestricted pledges	1,244
Investments	581,943
Total	\$ 1,125,718

The Foundation currently does not have a policy of structuring its financial assets to be available in the event of an unanticipated liquidity need.

#### Note 5 - Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Foundation deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Foundation to the provisions of the grants. The Foundation's management is of the opinion that the Foundation has complied with the terms of all grants.

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of program funds held for the following various purposes:

RSVP program	\$ 16,803
Unspent endowment fund earnings	179,672
Endowment fund corpus	470,859
Scholarship fund	937,228
Community Programs	291,540
	<u>291,540</u>
Total	<u>\$ 1,896,102</u>

	Endowment Fund Earnings	Endowment Fund Corpus	Total
Susan Almon Duncan Memorial Book	\$ 2,405	\$ 10,463	\$ 12,868
Adeline Guintini Memorial Scholarship	2,040	15,930	17,970
Alameda Bus. & Prof. Women Scholarship	707	3,500	4,207
Anna & John Los Scholarship	4,261	20,000	24,261
Doddie Gifford Labor Studies	6,435	25,000	31,435
Elmore Holderman Memorial Scholarship	823	4,145	4,968
Ken Harvey Athletic Scholarship	12,912	43,347	56,259
Kenneth L. Rogers Memorial Scholarship	971	3,741	4,712
Lawrence L. Chin Memorial Scholarship	992	5,000	5,992
Torri Minton Memorial Scholarship	1,907	12,650	14,557
Allied Health	5,266	26,537	31,803
Antoinette Lenaha Child Scholarship	1,711	2,500	4,211
Carter Gilmore Endowment	589	10,000	10,589
Kaiser Foundation Scholarship	10,116	10,000	20,116
Marion Tadlock Memorial	5,289	11,097	16,386
C. Lasley Field Memorial Scholarship	1,046	5,000	6,046
Elizabeth & Alfred Nwala	2,265	10,429	12,694
Dr. George Herring Higher Educational Scholarship	106	10,000	10,106
Margaret Withrow Memorial Scholarship	947	4,770	5,717
Ruth Bittman Memorial Scholarship	19,914	100,000	119,914
Georgia Runge-Smith Memorial Scholarship	732	5,000	5,732
Joseph Murphy Concetta Branson Endowed Scholarship Fund	105	21,750	21,855
Ormond Endowment	2,295	10,000	12,295
Oakland A's Endowment	12,831	100,000	112,831
	<u>96,665</u>	<u>470,859</u>	<u>567,524</u>
Current year contributions	238	-	238
Current year investment income:			
Investment earnings, net of investment fees	96,769	-	96,769
Amounts appropriated for expenditure	(14,000)	-	(14,000)
Endowment net assets, end of year	<u>\$ 179,672</u>	<u>\$ 470,859</u>	<u>\$ 650,531</u>

Net assets with donor restrictions were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the years ended June 30:

Unspent endowment fund earnings	\$ 14,000
Scholarship fund	267,612
Community Programs	325,818
	<u>\$ 607,430</u>

The Foundation's endowment scholarship funds consist of various individual funds. As required by GAAP, net assets associated with endowment scholarship funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Permanently restricted net assets, for which investment and interest earnings may be used for scholarship grants, consisted of the historical gift balance of the endowed funds.

#### **Interpretation of Relevant Law**

The Board of the Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

#### **Return Objectives and Risk Parameters**

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a balanced portfolio comprised of cash, fixed income securities, and equities.

### **Strategies Employed for Achieving Objectives**

To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within a prudent risk framework.

### **Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no net assets without donor restrictions transferred to replenish fund deficiencies as of June 30, 2021.

### **Spending Policy**

The Foundation distributes funds from income and capital appreciation of endowment assets in accordance with donor agreements.

### **Note 7 - Subsequent Events**

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through February 10, 2022, which is the date the financial statements were available to be issued.