Financial Statements
June 30, 2022

Peralta Colleges Foundation

Independent Auditor's Report

The Board of Directors
Peralta Colleges Foundation
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Peralta Colleges Foundation, which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Peralta Colleges Foundation as of June 30, 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Peralta Colleges Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, the Organization has adopted Accounting Standards No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities (Topic 958) for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; 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 Peralta Colleges Foundation ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 GAAS 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 GAAS, 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 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 Peralta Colleges 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 Peralta Colleges 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.

Eide Bailly LLP

San Ramon, California
March 16, 2023

Assets		
Current Assets		
Cash and cash equivalents	$	1,562,905
Contributions receivable		49,407
Other assets		3,882
Total current assets		1,616,194
Noncurrent Assets		
Investments		1,628,113
Total assets	$	3,244,307
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	87,246
Accrued payroll expenses		12,171
Refundable advance		274,200
Payable to college funds		998,978
Total current liabilities		1,372,595
Total liabilities		1,372,595
Net Assets		
Without donor restrictions		212,001
With donor restrictions		1,659,711
Total net assets		1,871,712
Total liabilities and net assets	$	3,244,307

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Individual contributions	$ 50,859	$ 196,160	$ 247,019
Foundation and corporate grants	12,663	743,690	756,353
Fundraising events	191,540	-	191,540
In-kind contributions	53,485	-	53,485
Net investment return	(125,494)	(73,408)	(198,902)
Administrative fees	55,609	-	55,609
Net assets released from restrictions	1,102,833	(1,102,833)	-
Total revenue, support and gains	1,341,495	(236,391)	1,105,104
Expenses			
Program services	1,279,646	-	1,279,646
Management and general	201,576	-	201,576
Fundraising	169,632	-	169,632
Total expenses	1,650,854	-	1,650,854
Total revenues in excess of expenses	(309,359)	(236,391)	(545,750)
Change in Net Assets	(309,359)	(236,391)	(545,750)
Net Assets, Beginning of Year	521,360	1,896,102	2,417,462
Net Assets, End of Year	$ 212,001	$ 1,659,711	$ 1,871,712

	Program	Management and General	Fundraising	Total Expenses
Salaries	$ 110,838	$ 80,620	$ 55,352	$ 246,810
Payroll taxes	8,755	5,918	4,185	18,858
Employee benefits	14,224	6,644	3,045	23,913
Total salaries and related expenses	133,817	93,182	62,582	289,581
Scholarships	391,421	-	-	391,421
Grants	704,704	-	-	704,704
Grant fees	22,645	-	-	22,645
Events	-	300	89,767	90,067
Information technology	5,065	2,660	2,955	10,680
Dues, subscription, and fees	-	13,947	2,789	16,736
Insurance	-	3,292	-	3,292
Miscellaneous	2,338	141	-	2,479
Office utilities and rent - In Kind	18,617	6,117	6,796	31,530
Office expense	1,039	-	4,243	5,282
Professional fees	-	81,937	500	82,437
Total expenses	$ 1,279,646	$ 201,576	$ 169,632	$ 1,650,854

Cash Flows from Operating Activities	
Change in net assets	$ (545,750)
Adjustments to reconcile change in net assets	
to net cash provided by operations	
Unrealized and realized (gain) loss on investments	90,665
Restricted net investment (return)	112,793
Change in operating assets and liabilities	
(Increase) decrease in accounts receivable	(28,163)
(Increase) decrease in promises to give	
(Increase) decrease in other assets	(2,533)
Increase (decrease) in accounts payable and accrued expenses	49,653
Increase (decrease) in accrued payroll expenses	3,014
Increase (decrease) in unearned contributions	274,200
Increase (decrease) in due to payable to college funds	440,021
Net cash flows from operating activities	393,900
Net Change in Cash and Cash Equivalents	393,900
Cash and Cash Equivalents, Beginning of Year	1,169,005
Cash and Cash Equivalents, End of Year	$ 1,562,905

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. At June 30, 2022, approximately $308,000 was uninsured.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for advisory services, educational and training programs. Allowance for uncollectable accounts receivable is determined based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivables are written off when deemed uncollectible. At June 30, 2022, no receivables were written off.

Receivables from contracts with customers are reported as accounts receivable, net in statements of financial position. Contract liabilities are reported as refundable advance in the accompanying statements of financial position.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation's grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2022, conditional contributions approximating $250,000 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements. Revenue is recognized from special events equal to the cost of direct benefits to donors, and contribution revenue for the difference.

In-kind Contributions

In-kind contributions include donated professional services, donated equipment and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

In-kind contribution for the year ended June 30, 2022 are as follows:

Rent	$	31,530
Professional services		7,000
Vehicle, equipment and supplies		14,955
Total	$	53,485

Office space and professional services were provided by the Peralta Community College District on behalf of the Foundation. The office space valuation is based on the square footage of the office space at the market price and the professional services are valued at the market price based on invoiced amounts. Donated vehicles, equipment and supplies are valued based on the fair value of the same or similar products in the local market.

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.

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.

Functional Allocation of 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.

Change in Accounting Policy

As of July 1, 2021, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update as of June 30, 2022.

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 March 16, 2023, which is the date the financial statements were available to be issued.

Note 2 - 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, 2022. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2022.

Assets	Level 1
Equity securities - Stocks	$ 816,491
Bonds	583,313
Other Exchange Traded Funds	98,031
Total	$ 1,626,476

Note 3 - 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	$ 1,562,905
Nonendowed investments	1,058,740
Total	$ 2,621,645

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 4 - Promises to Give

As of June 30, 2022, promises-to-give are as follows:

Promises to give	
Without donor restrictions promise to give	$ -
With donor restrictions promise to give	49,407
	$ 49,407
Promises to give in less than one year	$ 49,407

The Foundation considers all accounts receivable to be fully collectible as of June 30, 2022 and are all due within one year. Accordingly, no allowance for doubtful accounts is deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Note 5 - 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	98,514
Endowment fund corpus	470,859
Scholarship fund	947,566
Community Programs	125,969
Total	$ 1,659,711

	Endowment Fund Earnings	Endowment Fund Corpus	Total
Susan Almon Duncan Memorial Book	$ 131	$ 10,462	$ 10,593
Adeline Guintini Memorial Scholarship	1,169	15,930	17,099
Alameda Bus. & Prof. Women Scholarship	908	3,500	4,408
Anna & John Los Scholarship	5,416	20,000	25,416
Doddie Gifford Labor Studies	7,932	25,000	32,932
Elmore Holderman Memorial Scholarship	1,059	4,145	5,204
Ken Harvey Athletic Scholarship	15,590	43,347	58,937
Kenneth L. Rogers Memorial Scholarship	1,195	3,741	4,936
Lawrence L. Chin Memorial Scholarship	321	5,000	5,321
Torri Minton Memorial Scholarship	2,122	12,650	14,772
Allied Health	6,780	26,537	33,317
Antoinette Lenaha Child Scholarship	957	2,500	3,457
Carter Gilmore Endowment	1,093	10,000	11,093
Kaiser Foundation Scholarship	11,074	10,000	21,074
Marion Tadlock Memorial	6,069	11,097	17,166
C. Lasley Field Memorial Scholarship	1,334	5,000	6,334
Elizabeth & Alfred Nwala	2,869	10,429	13,298
Dr. George Herring Higher Educational Scholarship	(365)	10,000	9,635
Margaret Withrow Memorial Scholarship	1,219	4,771	5,990
Ruth Bittman Memorial Scholarship	19,865	100,000	119,865
Georgia Runge-Smith Memorial Scholarship	51	5,000	5,051
Joseph Murphy|Concetta Branson Endowed Scholarhip Fund	235	21,750	21,985
Ormond Endowment	2,879	10,000	12,879
Oakland A's Endowment	8,611	100,000	108,611
	98,514	470,859	569,373
Current year investment income:			
Investment earnings, net of investment fees	98,514	-	98,514
Amounts appropriated for expenditure	(98,514)	-	(98,514)
Endowment net assets, end of year	$ 98,514	$ 470,859	$ 569,373

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	$	7,750
Scholarship fund		377,239
Community Programs		717,844
Total	$	1,102,833

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, 2022.

Spending Policy

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

Note 6 - Revenue from refundable advances

Refundable advances is a transfer of assets that is a conditional contribution until the conditions of the contribution has been substantially met or explicitly waived by the donor. The following table provides information about significant changes in refundable advances for the year ended June 30, 2022:

Refundable advances, beginning of period	$ -
Increases in refundable advances due to cash received during the period	350,000
Decreases in refundable advances due to expenditures during the period	(75,800)
Refundable advances, end of period	$ 274,200