

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

Audited Financial Statements

For the year ended June 30, 2024

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pima Community College Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Pima Community College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses 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 Pima Community College Foundation, Inc. as of June 30, 2024, 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 Pima Community College Foundation, Inc. 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 Pima Community College Foundation, Inc.'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.



INDEPENDENT AUDITOR'S REPORT, Continued

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 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 Pima Community College Foundation, Inc.'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 Pima Community College Foundation, Inc.'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.

LAWIG KLENER & TRONER PLLC

October 22, 2024

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 171,241
Grant receivable	148,762
Unconditional promises to give, current portion	80,000
Prepaid expenses and other current assets	16,781
Investments, current portion	<u>1,343,274</u>
Total current assets	1,760,058
Unconditional promises to give, non-current	37,857
Investments	14,067,877
Office furniture and equipment, net	<u>2,768</u>
Total assets	<u>\$ 15,868,560</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ <u>129,006</u>
Total liabilities	129,006
Net assets:	
Without donor restrictions	1,671,677
With donor restrictions	<u>14,067,877</u>
Total net assets	<u>15,739,554</u>
Total liabilities and net assets	<u>\$ 15,868,560</u>

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 181,561	\$ 3,359,772	\$ 3,541,333
Investment income, net	773,614	632,998	1,406,612
Service agreement revenue	625,447	-	625,447
Special events	-	264,864	264,864
In-kind contributions	18,737	89,927	108,664
Other income	124	-	124
Net assets released from restrictions and transfers	2,748,067	(2,748,067)	-
Total revenues and support	4,347,550	1,599,494	5,947,044
Expenses:			
Program services	3,184,013	-	3,184,013
Management and general	234,535	-	234,535
Fund-raising	549,075	-	549,075
Total expenses	3,967,623	-	3,967,623
Change in net assets	379,927	1,599,494	1,979,421
Net assets, beginning of year, restated and reclassified	1,291,750	12,468,383	13,760,133
Net assets, end of year	\$ 1,671,677	\$ 14,067,877	\$ 15,739,554

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

	Program Services	Management and General	Fund-raising	Total
College support	\$ 2,103,994	\$ -	\$ -	\$ 2,103,994
Salaries, taxes and employee benefits	348,838	138,295	204,343	691,476
Scholarships	533,885	-	-	533,885
Special event direct donor benefits	-	-	204,237	204,237
Materials and supplies	91,241	-	59,773	151,014
Community relations	66,580	-	34,148	100,728
Professional fees and consultants	8,040	27,563	22,167	57,770
Office and computer supplies	-	30,637	10,213	40,850
Marketing and website	8,918	482	8,918	18,318
Meetings and hospitality	13,424	3,483	823	17,730
Rent	-	17,424	-	17,424
Professional development and training	7,984	7,984	-	15,968
Insurance	-	5,563	-	5,563
Bank charges	54	780	4,383	5,217
Other operating expenses	1,055	1,617	70	2,742
Depreciation	-	707	-	707
Total expenses	\$ 3,184,013	\$ 234,535	\$ 549,075	\$ 3,967,623

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the year ended June 30, 2024

Cash flows from operating activities:	
Change in net assets	\$ 1,979,421
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(749,504)
Change in net present value of unconditional promises to give	2,143
Depreciation	707
Changes in operating assets and liabilities:	
Accounts receivable	82,660
Grant receivable	(148,762)
Prepaid expenses and other current assets	20,360
Unconditional promises to give	80,000
Accounts payable and accrued expenses	19,427
Deferred revenue	(88,347)
Total adjustments	<u>(781,316)</u>
Net cash provided by operating activities	1,198,105
Cash flows from investing activities:	
Proceeds from sale of investments	7,305,536
Purchases of investments	<u>(8,510,407)</u>
Net cash used in investing activities	(1,204,871)
Cash flows from financing activities	<u>-</u>
Change in cash and cash equivalents	(6,766)
Cash and cash equivalents, beginning of year	<u>178,007</u>
Cash and cash equivalents, end of year	<u>\$ 171,241</u>
Schedule of cash flow information:	
Cash paid for income taxes	<u>\$ -</u>

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2024

1. Organization

Pima Community College Foundation, Inc. (the Foundation) was incorporated in the State of Arizona in 1977 as a nonprofit organization dedicated to supporting Pima Community College (the College) by securing private philanthropic support for scholarships, programs and other College needs, managing assets to ensure the best financial returns, and facilitating College development activities.

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Foundation reports 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) based upon the existence or absence of donor-imposed restrictions.

- Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. Net assets without donor restrictions at June 30, 2024 includes \$1,076,201 designated by the board of directors as endowment funds (see Note 9) and \$50,000 as a program fund.
- Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the resources be maintained in perpetuity.

The Foundation reports contributions as revenue when received or unconditionally promised. The Foundation reports gifts of cash and other assets as net assets with donor restrictions if such gifts are received with donor stipulations that limit the use of the donated assets as to either purpose or time period. When a donor restriction expires, either through the passage of time or use of the monies for the purpose intended by the donor, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Donor restricted contributions are reported as net assets without donor restrictions when the restriction is met in the same period the contribution is received.

Accounting 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 the reported amount 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.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Tax-Exempt Status

The Foundation is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Therefore, no provision has been made for income taxes in the accompanying financial statements. The Foundation is classified as other than a private foundation under Section 509(a) of the IRC. There were no taxes paid by the Foundation during the year ended June 30, 2024. The Foundation's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of June 30, 2024, there were no uncertain tax positions that are potentially material. In addition, management is not aware of any matters which would cause the Foundation to lose its tax-exempt status.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investment balances.

The Foundation maintains its cash in bank deposit accounts which may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to \$250,000 per institution. Investments held by other institutions are insured up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, SIPC does not protect against losses in market value. At June 30, 2024, there was \$14,940,123 in cash and cash equivalents and investment balances in excess of the FDIC and SIPC federally insured limits. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Grants Receivable

The Foundation was awarded a conditional grant during December 2021. The total amount of the grant is \$5,000,000 with a requirement to raise an additional \$10,000,000 over the period from December 1, 2021 through November 30, 2024. Grants receivable in the amount of \$148,762 at June 30, 2024 is comprised primarily of match funds earned but not yet received in connection with this grant. The Foundation recognized contribution revenue in the amount of \$269,795 during the year ended June 30, 2024 in connection with this conditional grant. Additional revenue will be recognized, in accordance with the grant agreement, as additional matching funds are raised by the Foundation.

Unconditional Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. For the year ended June 30, 2024, the discount on these amounts is computed using an interest rate of 5.0%. Amortization of the discount is included in contribution revenue. Management uses the allowance method to account for uncollectible promises to give. As of June 30, 2024, management believes the amount is fully collectible and, therefore, no allowance for uncollectible promises to give has been recorded.

Investments

In accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included with the change in net assets.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Office Furniture and Equipment

Purchases of office furniture and equipment having a unit cost of \$2,500 or more and an estimated useful life of more than one year are capitalized at cost. Donated office furniture and equipment meeting the same criteria is recorded at estimated fair market value on the date of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives of five to ten years.

Donated Services, Materials and Facilities

Donated goods and facilities are valued at fair market value. Donated services are recognized in the financial statements at fair market value if the following criteria are met:

- The services require specialized skills, and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Foundation may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Advertising

The Foundation expenses advertising costs as incurred. The Foundation does not participate in direct-response advertising which requires the capitalization and amortization of related costs. Advertising costs totaled \$17,836 for the year ended June 30, 2024.

3. Liquidity and Availability of Resources

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, are comprised of the following at June 30, 2024:

Cash and cash equivalents	\$	171,241
Grant receivable		148,762
Unconditional promises to give, current portion		80,000
Investments, current portion		<u>1,343,274</u>
Total financial assets available within one year		<u><u>1,743,277</u></u>

As part of the Foundation's liquidity plan, financial assets are structured to be available as general expenditures, liabilities, and other obligations become due.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2024

4. Unconditional Promise to Give

The Foundation has a multi-year unconditional promise to give from a donor. The proceeds from the pledge are restricted to use for sports programs at the College. The balance due for this pledge are scheduled to be repaid in future years as follows as of June 30, 2024:

2025	\$ 80,000
2026	40,000
	<hr/>
Total unconditional promises to give	120,000
Less interest component at 5%	(2,143)
	<hr/>
Unconditional promises to give, net	117,857
Less current portion	(80,000)
	<hr/>
Non-current portion	<u>\$ 37,857</u>

5. Investments

Investments are stated at fair value and consist of the following at June 30, 2024:

Mutual funds	\$ 12,769,677
Fixed income	2,477,716
Alternative investments	163,758
	<hr/>
Total investments	15,411,151
Less: non-current portion	(14,067,877)
	<hr/>
Current portion	<u>\$ 1,343,274</u>

Investment income for the year ended June 30, 2024 consists of:

Interest and dividend income	\$ 743,635
Net realized and unrealized gain	749,504
Investment and management fees	(86,527)
	<hr/>
Investment income, net	<u>\$ 1,406,612</u>

6. Fair Value Measurements

The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2024

6. Fair Value Measurements, Continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

- *Mutual funds/fixed income*: Valued at fair value based on national trade listing.
- *Alternative investments*: Valued at the fair value as reported by the fund managers and may differ significantly from values reported on an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of investment assets measured on a recurring basis are:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 12,769,677	\$ -	\$ -	\$ 12,769,677
Fixed income	2,477,716	-	-	2,477,716
Alternative investments	-	-	163,758	163,758
Total investments	<u>\$ 15,247,393</u>	<u>\$ -</u>	<u>\$ 163,758</u>	<u>\$ 15,411,151</u>

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2024

6. Fair Value Measurements, Continued

The table below sets forth a summary of changes in the Foundation's level 3 investment assets for the year ended June 30, 2024:

Balance, beginning of year	\$ 180,308
Investment income	16,553
Proceeds from sales	<u>(33,103)</u>
Balance, end of year	<u>\$ 163,758</u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions is comprised of the following at June 30, 2024:

Subject to expenditure for specified purpose or period:	
Scholarships	\$ 1,723,776
Programs	3,826,664
Sports	<u>465,748</u>
	6,016,188
Endowments:	
Subject to appropriation and expenditure:	
Accumulated endowment earnings - scholarships	781,095
Underwater endowments	(115,051)
Perpetual in nature	<u>7,385,645</u>
Total net assets with donor restrictions	<u>\$ 14,067,877</u>

Activity in net assets with donor restrictions is comprised of the following for the year ended June 30, 2024:

	<u>Contributions</u>	<u>Investment Income</u>	<u>Releases and Transfers</u>
Subject to expenditure for specified purpose or period:			
Scholarships	\$ 858,484	\$ -	\$ (310,886)
Programs	1,205,899	-	(1,786,070)
College programs	-	-	(7,538)
Sports	<u>462,357</u>	<u>-</u>	<u>(618,226)</u>
	2,526,740	-	(2,722,720)
Endowments:			
Subject to appropriation and expenditure:			
Accumulated endowment earnings - scholarships	-	632,998	(25,347)
Perpetual in nature	<u>1,187,823</u>	<u>-</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 3,714,563</u>	<u>\$ 632,998</u>	<u>\$ (2,748,067)</u>

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2024

8. Endowment Funds

The Foundation's endowments consist of several individual funds established by donors and restricted for a variety of purposes and one board-designated endowment fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Arizona with a focus on growth of such funds as well as the preservation of the value of the gift absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions (permanent endowment) (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. The remaining portion, if any, of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (permanent endowment) is classified as net assets with donor restrictions (accumulated earnings) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with UPMIFA, the Foundation considers, if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the 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.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation has interpreted UPMIFA to permit spending from underwater endowment funds in accordance with prudent measures required under law.

At June 30, 2024, funds with deficiencies of \$115,051 are reported in net assets with donor restrictions as follows:

Fair value of underwater endowment funds	\$ 980,504
Original endowment gift amount	<u>1,095,555</u>
Underwater endowment funds	<u>\$ (115,051)</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) and the board-designated endowment fund. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an overall annualized total return above a customized index comprised of market indices weighted by the strategic asset allocation of the portfolio. These expected returns are to be calculated after the deduction of advisory and money management fees, transaction costs and custodial fees.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2024

8. Endowment Funds, Continued

Investment Strategies

To satisfy its long-term rate-of-return 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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints, however, interest-generating investments such as bond portfolios have also been utilized.

Spending Policies

The Foundation's spending policy allows the Board of Directors, each October, to establish the endowment distribution plan for the upcoming academic year by determining a distribution rate on endowment accounts. The endowment distribution plan is a budgeted allocation that commences on July 1 and concludes on June 30 of each year. The allocation for each endowment is calculated by applying the distribution rate to a three-year rolling average of the September 30 market values of the endowment accounts. The endowment principal will not be used to fund the distribution plan; only the current year and/or prior years' accumulated earnings of endowment funds will be expended.

Endowment net assets at June 30, 2024 are comprised of:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,076,201	\$ -	\$ 1,076,201
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to maintained in perpetuity by the donor	-	7,385,645	7,385,645
Accumulated earnings - scholarships	-	781,095	781,095
Underwater endowment funds	-	(115,051)	(115,051)
	<u>\$ 1,076,201</u>	<u>\$ 8,051,689</u>	<u>\$ 9,127,890</u>

Changes in endowment net assets for the year ended June 30, 2024 are:

Balance, June 30, 2023, reclassified	\$ 943,226	\$ 6,256,215	\$ 7,199,441
Contributions	1,100	1,187,824	1,188,924
Investment income	145,390	632,997	778,387
Appropriations and releases	(13,515)	(25,347)	(38,862)
Balance, June 30, 2024	<u>\$ 1,076,201</u>	<u>\$ 8,051,689</u>	<u>\$ 9,127,890</u>

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2024

9. In-Kind Contributions

In-kind contributions are comprised of the following for the year ended June 30, 2024:

Materials and supplies (including \$59,773 for special events)	\$	151,013
Rent		<u>17,424</u>
Total in-kind contributions	\$	<u>168,437</u>

The total of \$168,437 includes \$59,773 that is included with special events on the statement of activities. The materials and supplies were transferred to the College to be used for operations, special events and teaching programs and are recorded at estimated fair market value.

10. Related Party Transactions

The Foundation is party to a services agreement with the College that expires June 30, 2025. The agreement calls for the Foundation to provide fund-raising, program development and other activities to the College. During the year ended June 30, 2024, the College paid \$600,000 to the Foundation in connection with this agreement.

During the year ended June 30, 2024, the Foundation paid \$519,006 to the College for scholarships, \$235,910 to the College for student assistance, and \$806,107 in other operating expenses to the College. In addition, in-kind gifts of \$151,013 were transferred to the College to be used for operations and teaching programs.

11. Net Asset Restatement and Reclassification

During the year ended June 30, 2024, management became aware of a multi-year pledge from a donor that was not properly recorded in the year the pledge was made. The gift is restricted to use for sports programs at the College. As a result, net assets with donor restrictions has been increased by \$200,000 as of June 30, 2023. This restatement resulted in a \$200,000 increase to the change in net assets as previously reported for the year ended June 30, 2023.

During the year ended June 30, 2024, management determined that some net asset funds were not classified properly. As of June 30, 2023, management has reclassified \$507,775 from board designated net assets to net assets with donor restrictions (scholarships). In addition, as of June 30, 2023, management has reclassified \$181,817 from accumulated endowment earnings – scholarships to board designated net assets. These reclassifications did not impact the change in net assets as previously reported for the year ended June 30, 2023.

12. Subsequent Events

The Foundation was unaware of any subsequent events as of October 22, 2024, the date the financial statements were available to be issued.

See independent auditor's report.