

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

Audited Financial Statements

For the year ended June 30, 2025

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, 2025, 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

LUOWIG KLONER + RUDNER PLLC

October 28, 2025

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2025

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,120,457
Grants receivable	577,425
Unconditional promises to give	40,000
Prepaid expenses and other current assets	18,935
Investments, current portion	<u>1,706,747</u>
Total current assets	3,463,564
Investments	15,554,354
Office furniture and equipment, net	<u>2,061</u>
Total assets	<u>\$ 19,019,979</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ <u>706,379</u>
Total liabilities	706,379
Net assets:	
Without donor restrictions	2,759,246
With donor restrictions	<u>15,554,354</u>
Total net assets	<u>18,313,600</u>
Total liabilities and net assets	<u>\$ 19,019,979</u>

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 297,342	\$ 3,159,030	\$ 3,456,372
Investment income, net	805,806	946,257	1,752,063
Service agreement revenue	600,000	-	600,000
In-kind contributions	37,472	491,349	528,821
Special events	1,500	89,579	91,079
Net assets released from restrictions and transfers	2,941,494	(2,941,494)	-
Total revenues and support	4,683,614	1,744,721	6,428,335
Expenses:			
Program services	3,229,831	-	3,229,831
Management and general	342,212	-	342,212
Fund-raising	282,246	-	282,246
Total expenses	3,854,289	-	3,854,289
Change in net assets	829,325	1,744,721	2,574,046
Net assets, beginning of year, reclassified	1,929,921	13,809,633	15,739,554
Net assets, end of year	<u>\$ 2,759,246</u>	<u>\$ 15,554,354</u>	<u>\$ 18,313,600</u>

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2025

	Program Services	Management and General	Fund-raising	Total
College support	\$ 1,943,181	\$ -	\$ -	\$ 1,943,181
Scholarship	764,185	-	-	764,185
Salaries, taxes and employee benefits	301,807	226,355	226,355	754,517
Community relations	63,445	5,517	22,987	91,949
Special event direct donor benefit costs	91,079	-	250	91,329
Office and computer supplies	11,870	46,422	12,066	70,358
Marketing and website	18,467	-	18,467	36,934
Professional fees	-	26,120	-	26,120
Meetings and hospitality	21,459	4,050	506	26,015
Rent	-	19,361	-	19,361
Professional development and training	7,418	5,877	1,540	14,835
Insurance	-	5,856	-	5,856
Bank charges	5,789	30	-	5,819
Other operating expenses	1,131	1,917	75	3,123
Depreciation	-	707	-	707
Total expenses	\$ 3,229,831	\$ 342,212	\$ 282,246	\$ 3,854,289

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

Cash flows from operating activities:	
Change in net assets	\$ 2,574,046
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(1,144,328)
Change in net present value of unconditional promises to give	(2,143)
Depreciation	707
Changes in operating assets and liabilities:	
Grants receivable	(428,663)
Unconditional promises to give	80,000
Prepaid expenses and other current assets	(2,154)
Accounts payable and accrued expenses	577,373
Total adjustments	(919,208)
Net cash provided by operating activities	1,654,838
Cash flows from investing activities:	
Proceeds from sale of investments	5,988,933
Purchases of investments	(6,694,555)
Net cash used in investing activities	(705,622)
Cash flows from financing activities	-
Change in cash and cash equivalents	949,216
Cash and cash equivalents, beginning of year	171,241
Cash and cash equivalents, end of year	\$ 1,120,457
Schedule of cash flow information:	
Cash paid for income taxes	\$ -

See independent auditor's report and accompanying notes.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

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, 2025 includes \$1,021,629 designated by the board of directors as endowment funds (see Note 8) and \$202,098 designated for scholarships and programs.
- 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, 2025

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, 2025. 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, 2025, 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, 2025, there was \$17,507,974 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, 2026. Grants receivable in the amount of \$577,425 at June 30, 2025 includes \$520,075 of matching funds earned but not yet received in connection with this grant. The Foundation recognized contribution revenue in the amount of \$1,465,428 during the year ended June 30, 2025 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.

The remaining grants receivable balance of \$57,350 represents amounts due for grants awarded and earned but not yet received as of June 30, 2025. Management believes all grants receivable are fully-collectible and, therefore, no allowance for uncollectible grants receivable has been recorded.

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. 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, 2025, management believes the amount is fully collectible and, therefore, no allowance for uncollectible promises to give has been recorded.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

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.

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 \$36,934 for the year ended June 30, 2025.

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, 2025:

Cash and cash equivalents	\$ 1,120,457
Grants receivable	577,425
Unconditional promises to give	40,000
Investments, current portion	1,706,747
Total financial assets available within one year	<u>\$ 3,444,629</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, 2025

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 of \$40,000 at June 30, 2025 is scheduled to be repaid during the year ended June 30, 2026.

5. Investments

Investments are stated at fair value and consist of the following at June 30, 2025:

Mutual funds	\$ 15,591,033
Fixed income	1,594,715
Alternative investments	<u>75,353</u>
Total investments	17,261,101
Less: non-current portion	<u>(15,554,354)</u>
Current portion	<u>\$ 1,706,747</u>

Investment income for the year ended June 30, 2025 consists of:

Interest and dividend income	\$ 697,005
Net realized and unrealized gain	1,144,328
Investment and management fees	<u>(89,270)</u>
Investment income, net	<u>\$ 1,752,063</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:

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.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

6. Fair Value Measurements, Continued

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, 2025.

- *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	\$ 15,591,033	\$ -	\$ -	\$ 15,591,033
Fixed income	1,594,715	-	-	1,594,715
Alternative investments	-	-	75,353	75,353
Total investments	<u>\$ 17,185,748</u>	<u>\$ -</u>	<u>\$ 75,353</u>	<u>\$ 17,261,101</u>

The table below sets forth a summary of changes in the Foundation's level 3 investment assets for the year ended June 30, 2025:

Balance, beginning of year	\$ 163,758
Investment loss	(7,380)
Proceeds from sales	<u>(81,035)</u>
Balance, end of year	<u>\$ 75,343</u>

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

7. Net Assets With Donor Restrictions

Net assets with donor restrictions is comprised of the following at June 30, 2025:

Subject to expenditure for specified purpose or period:		
Scholarships		\$ 2,073,252
Programs		4,110,361
Sports		<u>342,275</u>
		6,525,888
Endowments:		
Subject to appropriation and expenditure:		
Accumulated endowment earnings - scholarships		1,122,895
Underwater endowments		(118,592)
Perpetual in nature		<u>8,024,163</u>
Total net assets with donor restrictions		<u>\$ 15,554,354</u>

Activity in net assets with donor restrictions is comprised of the following for the year ended June 30, 2025:

	<u>Contributions</u>	<u>Investment Income</u>	<u>Releases and Transfers</u>
Subject to expenditure for specified purpose or period:			
Scholarships	\$ 950,822	\$ -	\$ (601,346)
Programs	2,087,714	-	(1,751,788)
Sports	<u>251,964</u>	<u>-</u>	<u>(375,437)</u>
	3,290,500	-	(2,728,571)
Endowments:			
Subject to appropriation and expenditure:			
Accumulated endowment earnings - scholarships	-	946,257	(401,983)
Perpetual in nature	<u>449,458</u>	<u>-</u>	<u>189,060</u>
Total net assets with donor restrictions	<u>\$ 3,739,958</u>	<u>\$ 946,257</u>	<u>\$ (2,941,494)</u>

8. Endowment Funds

The Foundation's endowments consist of several individual funds established by donors and restricted for a variety of purposes and three board-designated endowment funds. 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.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

8. Endowment Funds, Continued

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, 2025, funds with deficiencies of \$118,592 are reported in net assets with donor restrictions as follows:

Fair value of underwater endowment funds	\$ 896,769
Original endowment gift amount	<u>1,015,361</u>
Underwater endowment funds	<u>\$ (118,592)</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.

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.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

8. Endowment Funds, Continued

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, 2025 are comprised of:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,021,629	\$ -	\$ 1,021,629
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to maintained in perpetuity by the donor	-	8,024,163	8,024,163
Accumulated earnings - scholarships	-	1,122,895	1,122,895
Underwater endowment funds	-	(118,592)	(118,592)
	<u>\$ 1,021,629</u>	<u>\$ 9,028,466</u>	<u>\$ 10,050,095</u>

Changes in endowment net assets for the year ended June 30, 2025 are:

Balance, June 30, 2024, reclassified	\$ 978,254	\$ 7,845,674	\$ 8,823,928
Contributions	751	449,458	450,209
Investment income	115,205	946,257	1,061,462
Appropriations and releases	(72,581)	(212,923)	(285,504)
Balance, June 30, 2025	<u>\$ 1,021,629</u>	<u>\$ 9,028,466</u>	<u>\$ 10,050,095</u>

9. In-Kind Contributions

In-kind contributions are comprised of the following for the year ended June 30, 2025:

Airplane, vehicle and musical equipment	\$ 374,650
Materials and supplies	101,010
Artwork	33,800
Rent	19,361
Total in-kind contributions	<u>\$ 528,821</u>

The airplane, vehicle, musical equipment, materials, supplies and artwork were transferred to the College to be used primarily for operations and teaching programs and are recorded at estimated fair market value.

See independent auditor's report.

PIMA COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2025

10. Related Party Transactions

The Foundation is party to a services agreement with the College that expires June 30, 2030. The agreement calls for the Foundation to provide fund-raising, program development and other activities to the College. During the year ended June 30, 2025, the College paid \$600,000 to the Foundation in connection with this agreement.

During the year ended June 30, 2025, the Foundation paid \$501,955 to the College for scholarships, \$540,836 to the College for student assistance, and \$380,686 in other operating expenses to the College. In addition, in-kind gifts of \$508,528 were transferred to the College to be used for operations and teaching programs.

11. Net Asset Reclassification

Net assets with donor restrictions has been decreased, and net assets without donor restrictions has been increased by \$258,244 as of June 30, 2024. The reclassification is to correct for \$206,015 in scholarships releases that were inadvertently excluded from the net assets with donor restrictions ending balance and \$52,229 for a fund that was incorrectly classified as a program fund at June 30, 2024. This reclassification had no effect on the change in net assets for the year ended June 30, 2024 as previously reported.

12. Subsequent Events

The Foundation was unaware of any subsequent events as of October 28, 2025, the date the financial statements were available to be issued.

See independent auditor's report.