
PENINSULA COLLEGE FOUNDATION
(A Washington Not for Profit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(With Summarized Comparative Totals as of and for the Year Ended June 30, 2024)

**PENINSULA COLLEGE FOUNDATION
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JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peninsula College Foundation
Port Angeles, WA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Peninsula College Foundation (the "Foundation") (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 the Foundation 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 the 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.

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 the Foundation'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.

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 the 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 the 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.

Report on Summarized Comparative information

We had previously audited the Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants**

October 14, 2025

FINANCIAL STATEMENTS

PENINSULA COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025
(With summarized comparative totals as of June 30, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 1,664,049	\$ 1,515,578
Contributions receivable, net	114,255	26,690
Loans and miscellaneous receivables	53,374	38,846
Custodial funds	520,490	483,195
Assets restricted for endowment	6,177,620	5,648,313
Total assets	8,529,788	7,712,622
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	132,903	126,444
Custodial funds liability	520,490	483,195
Total liabilities	653,393	609,639
NET ASSETS		
Without donor restrictions:		
Undesignated	236,490	166,953
With donor restrictions	7,639,905	6,936,030
Total net assets	7,876,395	7,102,983
Total liabilities and net assets	\$ 8,529,788	\$ 7,712,622

The accompanying notes are an integral part of these financial statements.

PENINSULA COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With summarized comparative totals for the year ended June 30, 2024)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Support and revenues				
Contributions	\$ 59,788	\$ 717,627	\$ 777,415	\$ 675,421
In-kind contributions	232,471	-	232,471	262,490
Pirate Athletic Association	117,769	-	117,769	107,078
Investment income	55,525	247,225	302,750	195,187
Net realized and unrealized gain/(loss) on investments	9,954	435,392	445,346	464,223
Net assets released from donor restrictions	<u>696,369</u>	<u>(696,369)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,171,876</u>	<u>703,875</u>	<u>1,875,751</u>	<u>1,704,399</u>
Expenses				
Program services	928,040	-	928,040	1,557,052
Management and general	109,775	-	109,775	118,162
Fundraising	<u>64,524</u>	<u>-</u>	<u>64,524</u>	<u>72,690</u>
Total expenses	<u>1,102,339</u>	<u>-</u>	<u>1,102,339</u>	<u>1,747,904</u>
Change in net assets	69,537	703,875	773,412	(43,505)
Net assets, beginning of year	<u>166,953</u>	<u>6,936,030</u>	<u>7,102,983</u>	<u>7,146,488</u>
Net assets, end of year	<u>\$ 236,490</u>	<u>\$ 7,639,905</u>	<u>\$ 7,876,395</u>	<u>\$ 7,102,983</u>

The accompanying notes are an integral part of these financial statements.

PENINSULA COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(With summarized comparative totals for the year ended June 30, 2024)

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>2025 Total</u>	<u>2024 Total</u>
Student support	\$ 519,582	\$ -	\$ -	\$ 519,582	\$ 654,706
Program assistance	196,490	-	-	196,490	681,839
Pirate Athletic Association	43,962	-	-	43,962	33,451
Salaries, taxes, and benefits	70,078	13,139	4,380	87,597	95,602
Professional fees	-	8,560	-	8,560	8,150
In-kind expense	97,928	74,399	60,144	232,471	262,490
Insurance	-	2,602	-	2,602	2,575
Office supplies	-	981	-	981	2,520
Professional development	-	3,349	-	3,349	785
Hospitality/outreach	-	1,447	-	1,447	-
Bank fees	-	226	-	226	345
Miscellaneous	<u>-</u>	<u>5,072</u>	<u>-</u>	<u>5,072</u>	<u>5,441</u>
Total expenses 2025	<u>\$ 928,040</u>	<u>\$ 109,775</u>	<u>\$ 64,524</u>	<u>\$ 1,102,339</u>	
Total expenses 2024		<u>\$ 118,162</u>	<u>\$ 72,690</u>		<u>\$ 1,747,904</u>

The accompanying notes are an integral part of these financial statements.

PENINSULA COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(With summarized comparative totals for the year ended June 30, 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 773,412	\$ (43,505)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
(Gain) loss on investments	(748,096)	(659,410)
(Increase) decrease in contributions receivable	(87,565)	83,720
(Increase) decrease in loans and miscellaneous receivables	(14,528)	154,603
Increase (decrease) in accounts payable	6,459	30,974
Net cash provided by/(used in) operating activities	(70,318)	(433,618)
Cash flows from investing activities		
Cash received from investments	218,789	861,101
Cash paid for investments	-	(765,166)
Net cash provided by/(used in) investing activities	218,789	95,935
Net increase/(decrease) in cash and cash equivalents	148,471	(337,683)
Cash and cash equivalents, beginning of year	1,515,578	1,853,261
Cash and cash equivalents, end of year	\$ 1,664,049	\$ 1,515,578

The accompanying notes are an integral part of these financial statements.

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 - PURPOSE OF THE ORGANIZATION

Organization's Purpose

Peninsula College Foundation (the "Foundation") is a nonprofit corporation created for the purpose of providing support to students and programs at Peninsula College (the "College"). The Foundation involves people in philanthropy in support of its mission and creates funding partnerships that result in programming to meet local industry workforce needs. Contributions to the Foundation support student scholarships and grants, faculty professional development, new and existing programs, and capital needs for all Peninsula College campuses. The Foundation's mission of creating access, excellence, and success for the College community is enhanced by the alignment of its strategic goals with those established by the College.

NOTE 2 - PRINCIPAL PROGRAMS

A. College Program Support

The Foundation works closely with College leadership to adopt strategic initiatives that reflect the needs and goals of the College. Guided by these initiatives, and in partnership with its donor partners, the Foundation provides monetary and in-kind support for College programs and financial support to students through scholarships and grants.

B. Scholarships and Grants

The Foundation provides scholarships and grants to help meet the needs of Peninsula College students. Scholarships range from supporting students with no resources, regardless of academic standing, to supporting students who excel academically. Emergency grant assistance is provided for students with unexpected financial need who, without support, would drop out of College. Endowments are the primary financial vehicle used to support long-term scholarships. Additionally, several donors provide scholarship funds annually for distribution.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned, and expenses are recognized when incurred.

B. Basis of Presentation

The Foundation follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for-Profit Entities. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets, with donor restrictions, and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by the Foundation is restricted by donor-imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of the Foundation.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Income Tax

The Foundation is a tax-exempt non-profit organization under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a).

E. Advertising

The Foundation's policy is to expense advertising costs as they are incurred.

F. Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Administration costs include those expenses that are not directly identifiable with any other specific program function but provide for the overall support and direction of the Foundation. Fundraising costs, including costs of special events, are incurred to encourage potential donors to make contributions to the Foundation.

G. Cash and Cash Equivalents

All time deposits, certificates of deposit, and short-term highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

H. Investments

The Foundation's investment objectives are to maximize total return and preserve capital, while minimizing credit risk and avoiding excessive market risk. An investment company is currently managing the majority of the Foundation's investments. Investment income is reported net of investment management fees. Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investments are reported in the statements as custodial funds and as assets restricted for endowments.

NOTE 4 - CASH AND CASH EQUIVALENTS

As of June 30, 2025, and 2024, cash and cash equivalents were \$1,664,049 and \$1,515,578, whereas the carrying amount of the Checking and Savings were \$270,513 and \$334,480 and bank balance were \$271,672, and \$341,121. The differences between the carrying amounts and bank balances represent outstanding checks and deposits in transit. A portion of the cash and cash equivalents represents the cash component of the Foundation's investment accounts.

Credit Risk: Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Foundation maintains its cash in bank accounts which, at times, may exceed insured limits. As of June 30, 2025, and 2024, the Foundation's had uninsured balance of \$21,672 and \$0, respectively.

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation, although it expects to receive current support to fund operations for 2026 and later years, has \$369,393 and \$293,397 of financial assets available within one year of the statement of financial position dates on June 30, 2025, and 2024, respectively, to meet cash needs for general operating expenditures of the Foundation. Financial assets available within one year consist of the following:

	<u>2025</u>	<u>2024</u>
Financial assets at year end	\$ 8,529,788	\$ 7,712,622
Custodial funds	(520,490)	(483,195)
Donor restricted	<u>(7,639,905)</u>	<u>(6,936,030)</u>
Financial assets available to meet cash needs within one year	<u>\$ 369,393</u>	<u>\$ 293,397</u>

NOTE 6 - RECOGNITION OF CONTRIBUTION REVENUE

Contributions are recognized when received or when a donor makes an unconditional promise to give to the Foundation. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (contributions receivable) are recognized as revenues in the period the contribution is received. Long-term contribution (collection expected in greater than one year) are discounted to the net present value of future cash flows.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

NOTE 7 - ENDOWMENT FUNDS

The Foundation manages endowment funds established by individuals and other entities that are permanently restricted. Investment earnings and not the principal may be distributed in the form of scholarships or other support. Earnings may not be distributed each year. Losses that reduce the assets in the endowment below the level required by donor stipulations are recorded to donor restricted net assets. The Foundation has also initiated endowment campaigns in order to solicit additional permanently restricted donations.

The Foundation's board approved an investment and spending policy on March 30, 2023, for continuing support of scholarships and program assistance. The primary investment objectives of the Foundation are to provide adequate total returns to meet the funding needs of the Foundation, maintain sufficient liquidity to meet planned uses, and preserve the real purchasing power of the principal. The Foundation adheres to Washington State's Uniform Prudent Management of Institutional Funds Act requirements for investment management and endowment fund spending.

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 -ENDOWMENT FUNDS - CONT'D

The Foundation's endowment spending policy is to spend 4% of a three-year moving average of quarterly market values. No awards or expenditures are made when endowment funds fall below the original principal. Excess earnings and amounts above principal not currently used or expended are available for use in down market years. The Foundation charges an administrative fee of 2% of the market value of the endowment funds in addition to fees charged by investment managers.

The Foundation conducted a fundraising campaign during the years prior to and including June 30, 2024. The campaign goal was to raise funds for a new endowment fund titled PC Forward. The \$1,000,000 campaign goal was reached during the year ended June 30, 2024, and, with the successful completion of the campaign, \$1,000,000 was transferred to the permanent endowment. Earnings above the endowment principal are considered temporarily restricted pending appropriation for use under the Foundation's policy.

Endowment composition by type of fund - June 30, 2025

	<u>With temporary donor restrictions</u>	<u>With permanent donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u>2,123,973</u>	\$ <u>4,053,647</u>	\$ <u>6,177,620</u>
Total donor-restricted	\$ <u><u>2,123,973</u></u>	\$ <u><u>4,053,647</u></u>	\$ <u><u>6,177,620</u></u>

Endowment composition by type of fund - June 30, 2024

	<u>With temporary donor restrictions</u>	<u>With permanent donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u>683,167</u>	\$ <u>4,965,146</u>	\$ <u>5,648,313</u>
Total donor-restricted	\$ <u><u>683,167</u></u>	\$ <u><u>4,965,146</u></u>	\$ <u><u>5,648,313</u></u>

Permanent endowment funds were \$78,718 less than the original gift as of June 30, 2024.

The Foundation's permanently restricted endowment fund net assets as of June 30, 2025, and 2024 were composed of the following:

	<u>2025</u>	<u>2024</u>
Exceptional faculty awards	\$ 463,000	\$ 463,000
Scholarships and program awards	<u>3,590,647</u>	<u>4,502,146</u>
	<u>\$ 4,053,647</u>	<u>\$ 4,965,146</u>

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 -ENDOWMENT FUNDS - CONT'D

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

	<u>Without donor restrictions</u>	<u>With temporary restrictions</u>	<u>With permanent restrictions</u>	<u>Total</u>
Donor-restricted net assets beginning of period	\$ -	\$ 683,167	\$ 4,965,146	\$ 5,648,313
Investment return:				
Investment income	-	274,260	-	274,260
Investment fee	-	(27,035)	-	(27,035)
Net appreciation (realized and unrealized)	-	82,256	353,136	435,392
Management fee	-	(116,391)	-	(116,391)
Total investment return	-	213,090	353,136	566,226
Contributions	-	11,000	61,500	72,500
Transfers	-	1,326,135	(1,326,135)	-
Appropriation of donor restricted assets for expenditure	-	(109,419)	-	(109,419)
Net assets with donor restrictions end of period	<u>\$ -</u>	<u>\$ 2,123,973</u>	<u>\$ 4,053,647</u>	<u>\$ 6,177,620</u>

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

	<u>Without donor restrictions</u>	<u>With temporary restrictions</u>	<u>With permanent restrictions</u>	<u>Total</u>
Donor-restricted net assets beginning of period	\$ -	\$ 1,171,871	\$ 3,843,014	\$ 5,014,885
Investment return:				
Investment income	-	155,982	-	155,982
Investment fee	-	(24,806)	-	(24,806)
Net appreciation (realized and unrealized)	-	416,900	33,478	450,378
Management fee	-	(103,974)	-	(103,974)
Total investment return	-	444,102	33,478	477,580
Contributions	-	152,023	88,654	240,677
Transfers	-	(1,000,000)	1,000,000	-
Appropriation of donor restricted assets for expenditure	-	(84,829)	-	(84,829)
Net assets with donor restrictions end of period	<u>\$ -</u>	<u>\$ 683,167</u>	<u>\$ 4,965,146</u>	<u>\$ 5,648,313</u>

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 - NET ASSETS COMPOSITION

The Foundation's net assets with donor restrictions are composed of donor-restricted scholarship funds, donor-restricted program funds, other purpose-restricted donations, and endowment funds.

	<u>2025</u>	<u>2024</u>
Without donor restrictions:		
Undesignated	\$ <u>236,490</u>	\$ <u>166,953</u>
Total	\$ <u><u>236,490</u></u>	\$ <u><u>166,953</u></u>
 With donor restrictions:		
Donor restricted-scholarships	\$ 886,019	\$ 732,479
Donor restricted-college programs	576,266	555,238
Endowments-available for appropriation	2,123,973	683,167
Endowments-principal	<u>4,053,647</u>	<u>4,965,146</u>
Total	\$ <u><u>7,639,905</u></u>	\$ <u><u>6,936,030</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors for the year ended June 30, 2025, and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Scholarships	\$ 334,577	\$ 417,193
College programs and departments	91,647	611,386
Time restrictions	225,810	188,803
Other	<u>44,335</u>	-
Total	\$ <u><u>696,369</u></u>	\$ <u><u>1,217,382</u></u>

NOTE 9 - RELATED PARTY TRANSACTIONS AND IN-KIND REVENUE

Peninsula College provided the Foundation with office space, employee support, business office support, custodial, human resources, payroll, office supplies, and other services at a cost of \$232,471 and \$262,490 for the years ended June 30, 2025, and 2024, respectively. The support received from Peninsula College has been recorded as in-kind revenue and expense in the statement of activities and changes in net assets and statement of functional expenses, respectively. The Foundation also receives donated goods and services used in college programs and for events.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Foundation maintains accounts with one stock brokerage firm and accounts with a commercial bank. The brokerage accounts contain cash and securities. Cash balances deposited at banks and amounts deposited at participating outside banks by the stock brokerage firm are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. Security balances are insured up to \$500,000 (with limits of \$250,000 for cash) by the Securities Investor Protection Corporation (SIPC). The brokerage firm has purchased additional SIPC (Excess SIPC) protection from London insurers with an aggregate firm limit of \$150 million, including a maximum cash limit of \$900,000 per customer for cash above the basic SIPC Protection.

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 - INVESTMENTS

Following are the aggregate carrying amounts and cost basis of investments as of June 30, 2025:

	<u>Investments</u>	<u>Custodial funds</u>	<u>Assets restricted for endowment</u>	<u>Carrying amount</u>	<u>Investment cost basis</u>
Brokerage account	\$ -	\$ 520,490	\$ 6,177,620	\$ 6,698,110	\$ 5,519,238
	<u>\$ -</u>	<u>\$ 520,490</u>	<u>\$ 6,177,620</u>	<u>\$ 6,698,110</u>	<u>\$ 5,519,238</u>

Following are the aggregate carrying amounts and cost basis of investments as of June 30, 2024:

	<u>Investments</u>	<u>Custodial funds</u>	<u>Assets restricted for endowment</u>	<u>Carrying amount</u>	<u>Investment cost basis</u>
Brokerage account	\$ -	\$ 483,195	\$ 5,648,313	\$ 6,131,508	\$ 4,697,367
	<u>\$ -</u>	<u>\$ 483,195</u>	<u>\$ 5,648,313</u>	<u>\$ 6,131,508</u>	<u>\$ 4,697,367</u>

Investment income is composed of the following for the year ended June 30, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 329,785	\$ 220,164
Investment fees	<u>(27,035)</u>	<u>(24,977)</u>
Investment income	<u>\$ 302,750</u>	<u>\$ 195,187</u>

NOTE 12- COMMITMENTS

Grants and bequests require the fulfillment of certain conditions as set forth in the grant award. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the management and the board of the Foundation consider the return of such funds remote, since by accepting the gifts and their terms, it has accepted the responsibility for and intends to fulfill its conditions.

NOTE 13 - LOANS AND MISCELLANEOUS RECEIVABLES

The Foundation carries receivables for short-term loans to students at Peninsula College and for other miscellaneous purposes. Loans receivable to students and other miscellaneous receivables totaled \$53,374 and \$38,846 as of June 30, 2025, and 2024, respectively. No interest is charged on these receivables and no material amounts were past due (defined as outstanding greater than 90 days) as of June 30, 2025.

NOTE 14 - CONTRIBUTIONS RECEIVABLE

The Foundation receives unconditional promises to give from numerous individuals. No allowance for uncollectible contributions has been provided, as all contributions receivable are expected to be collected. As of June 30, 2025, and 2024, total contributions receivable were \$116,265 and \$28,700, respectively.

The Foundation has provided a discount to the present value of \$2,010 and \$2,010 as of June 30, 2025, and 2024, respectively, for the portion of contributions to be collected in periods greater than one year from June 30, 2025, and 2024. A discount rate of 4% has been used.

**PENINSULA COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 - CONTRIBUTIONS RECEIVABLE - CONT'D

Future maturities of contributions receivable are as follows as of June 30 :

	2025	2024
Contributions receivable	\$ 116,265	\$ 28,700
Discount	(2,010)	(2,010)
	\$ 114,255	\$ 26,690

NOTE 15 - UNCERTAIN TAX POSITIONS

The Foundation files income tax returns in the U.S. federal jurisdiction. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2022. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of June 30, 2025, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

NOTE 16 - FAIR VALUE MEASUREMENT

The Foundation has adopted Accounting Standards Codification 958. ASC 958, Fair Value Measurements, establishes 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 under ASC 958 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 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 principally from or corroborated by observable market data by correlation or other means.

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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2025.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Foundation at year's end.

Money Funds: The investments are reported at face value plus accrued interest.

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NOTE 16 - FAIR VALUE MEASUREMENT - CONT'D

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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2025:

Assets at fair value as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 6,663,248	\$ -	\$ -	\$ 6,663,248
Money market funds	-	34,862	-	34,862
Total assets at fair value:	\$ 6,663,248	\$ 34,862	\$ -	\$ 6,698,110

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2024:

Assets at fair value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,450,947	\$ -	\$ -	\$ 5,450,947
Money market funds	-	680,561	-	680,561
Total assets at fair value:	\$ 5,450,947	\$ 680,561	\$ -	\$ 6,131,508

NOTE 17 - CUSTODIAL FUND

The Foundation received \$500,000 from the College in the year ended June 30, 2018, to invest and manage for the benefit of the College. The funds have been invested in combination with the Foundation's endowment funds. However, the agreement between the Foundation and College allows the College discretion in taking distribution of some or all of the funds without restriction. The Foundation has determined that the arrangement, unlike other endowed funds, is more properly classified as a custodial fund. A custodial fund asset and corresponding liability of \$520,490 has been presented in the financial statements, which represents the original \$500,000 College investment, less distributions, plus earnings retained in the fund up to June 30, 2025. An additional \$106,028 in earnings on the fund has been recorded as a liability in accounts payable and will be paid to the College in the near term.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the period of time from its year end June 30, 2025, through October 14, 2025, the date at which the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.