



# SCEF

San Carlos Education Foundation

**Financial Statements**

**June 30, 2025**

**(With summarized comparative totals for June 30, 2024)**

**Together with**

**Independent Auditors' Report**

# **SAN CARLOS EDUCATION FOUNDATION**

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June 30, 2025

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
San Carlos Education Foundation  
San Carlos, California

### **Opinion**

We have audited the accompanying financial statements of San Carlos Education Foundation (the "Foundation"), a California public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 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 the financial statements that is 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of the  
San Carlos Education Foundation  
San Carlos, California

### **Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of the  
San Carlos Education Foundation  
San Carlos, California

**Report on Summarized Comparative Information**

We have previously audited the Foundation's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2025. 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.

RLA LLP

San Jose, California  
February 6, 2026

**SAN CARLOS EDUCATION FOUNDATION**

**Statements of Financial Position**

June 30, 2025

(With summarized comparative totals for June 30, 2024)

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
		<i>(Comparative)</i>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 350,833	\$ 131,426
Pledges receivable	399,428	465,804
Prepaid expenses	15,535	18,913
Deposits	22,265	16,505
Investments	<u>7,430,745</u>	<u>7,025,234</u>
Total assets, all current	<u>\$ 8,218,806</u>	<u>\$ 7,657,882</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 22,329	\$ 36,733
Deferred revenue	<u>25,500</u>	<u>24,070</u>
Total liabilities, all current	<u>47,829</u>	<u>60,803</u>
Net assets:		
Without donor restrictions		
Undesignated	3,560,032	3,360,497
Board designated for quasi-endowment	<u>2,510,509</u>	<u>2,130,523</u>
Total net assets without donor restrictions	6,070,541	5,491,020
With donor restrictions	<u>2,100,436</u>	<u>2,106,059</u>
Total net assets	<u>8,170,977</u>	<u>7,597,079</u>
Total liabilities and net assets	<u>\$ 8,218,806</u>	<u>\$ 7,657,882</u>

The accompanying notes are an integral part of these financial statements

# **SAN CARLOS EDUCATION FOUNDATION**

## **Statements of Activities and Changes in Net Assets**

For the Year Ended June 30, 2025

(With summarized comparative totals for the year ended June 30, 2024)

	2025			2024 Totals
	Without Donor Restrictions	With Donor Restrictions	Total	(Comparative)
<b>REVENUE</b>				
Contributions	\$ 2,678,042	\$ 252,544	\$ 2,930,586	\$ 2,886,195
In-kind income	22,800	-	22,800	18,300
Investment income, net	610,898	-	610,898	531,593
	<u>3,311,740</u>	<u>252,544</u>	<u>3,564,284</u>	<u>3,436,088</u>
Special events revenue, net:				
Special event contributions	751,101	143,657	894,758	846,006
Special event in-kind contributions	55,026	-	55,026	48,999
Special event registration fees	188,415	-	188,415	191,810
Less: direct donor benefit	<u>(266,247)</u>	<u>-</u>	<u>(266,247)</u>	<u>(260,116)</u>
Total special events revenue, net	<u>728,295</u>	<u>143,657</u>	<u>871,952</u>	<u>826,699</u>
Net assets released from restrictions	<u>401,824</u>	<u>(401,824)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>4,441,859</u>	<u>(5,623)</u>	<u>4,436,236</u>	<u>4,262,787</u>
<b>EXPENSES</b>				
Program services:				
San Carlos School District grants	2,492,641	-	2,492,641	2,429,549
Parent Teacher Associations grants	382,582	-	382,582	363,436
San Carlos Charter				
Learning Center grants	<u>423,542</u>	<u>-</u>	<u>423,542</u>	<u>431,434</u>
Total program services	<u>3,298,765</u>	<u>-</u>	<u>3,298,765</u>	<u>3,224,419</u>
Supporting services:				
Management and general	296,903	-	296,903	323,884
Fundraising	<u>266,670</u>	<u>-</u>	<u>266,670</u>	<u>228,104</u>
Total supporting services	<u>563,573</u>	<u>-</u>	<u>563,573</u>	<u>551,988</u>
Total expenses	<u>3,862,338</u>	<u>-</u>	<u>3,862,338</u>	<u>3,776,407</u>
Change in net assets	579,521	(5,623)	573,898	486,380
Net assets, beginning of year	<u>5,491,020</u>	<u>2,106,059</u>	<u>7,597,079</u>	<u>7,110,699</u>
Net assets, end of year	<u>\$ 6,070,541</u>	<u>\$ 2,100,436</u>	<u>\$ 8,170,977</u>	<u>\$ 7,597,079</u>

The accompanying notes are an integral part of these financial statements

**SAN CARLOS EDUCATION FOUNDATION**  
**Statements of Functional Expenses**  
For the Year Ended June 30, 2025  
(With summarized comparative totals for the year ended June 30, 2024)

	2025						2024 Totals
	Program Services	Management and General	Fundraising	Cost of Event Direct Donor Benefits	Totals		(Comparative)
Awards and grants	\$ 3,298,765	\$ -	\$ -	\$ -	\$ 3,298,765	\$	3,224,419
Salaries, benefits, and payroll taxes	-	148,092	186,326	-	334,418		325,664
Food and beverage	-	-	-	113,296	113,296		84,739
Auction items	-	-	-	78,662	78,662		74,525
Fees for services (non-employees)	-	45,783	6,803	23,612	76,198		69,320
Credit card fees	-	57,507	-	-	57,507		62,437
Advertising and promotion	-	-	26,389	9,050	35,439		22,685
Printing and graphics	-	790	13,154	13,857	27,801		26,594
Event venue	-	-	-	27,770	27,770		57,111
Information technology	-	6,616	14,298	-	20,914		20,599
Insurance	-	13,600	-	-	13,600		11,483
Occupancy	-	10,800	-	-	10,800		11,563
Miscellaneous expenses	-	1,800	7,621	-	9,421		16,514
Stewardship	-	2,305	6,912	-	9,217		10,337
Conferences, conventions, and meetings	-	4,574	823	-	5,397		5,906
Postage and shipping	-	1,043	4,017	-	5,060		7,905
Supplies	-	2,870	327	-	3,197		3,470
Membership dues	-	893	-	-	893		985
Bank and other fees	-	230	-	-	230		267
Total functional expenses	3,298,765	296,903	266,670	266,247	4,128,585		4,036,523
Less: cost of event direct donor benefits	-	-	-	(266,247)	(266,247)		(260,116)
Total expenses included in the expense section of the statement of activities	\$ 3,298,765	\$ 296,903	\$ 266,670	\$ -	\$ 3,862,338	\$	3,776,407

The accompanying notes are an integral part of these financial statements



## **SAN CARLOS EDUCATION FOUNDATION**

### **Statements of Cash Flows**

For the Year Ended June 30, 2025

(With summarized comparative totals for the year ended June 30, 2024)

	June 30,	
	2025	2024
		<i>(Comparative)</i>
Cash flows from operating activities:		
Change in net assets	\$ 573,898	\$ 486,380
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments, net	(369,316)	(374,624)
Changes in operating assets and liabilities:		
Pledges receivable	66,376	(218,778)
Prepaid expenses	3,378	(2,822)
Deposits	(5,760)	(12,505)
Accounts payable and other liabilities	(14,404)	(1,433)
Grants payable	-	(1,546)
Deferred revenue	1,430	1,895
Net cash provided (used) by operating activities	255,602	(123,433)
Cash flows from investing activities:		
Proceeds from sales of investments	6,010,531	5,768,803
Purchases of investments	(6,046,726)	(5,912,312)
Net cash used by investing activities	(36,195)	(143,509)
Increase (decrease) in cash and cash equivalents	219,407	(266,942)
Cash and cash equivalents, beginning of year	131,426	398,368
Cash and cash equivalents, end of year	\$ 350,833	\$ 131,426

The accompanying notes are an integral part of these financial statements

# **SAN CARLOS EDUCATION FOUNDATION**

## **Notes to Financial Statements**

June 30, 2025

### **Note 1 - Foundation and operations:**

The San Carlos Education Foundation (the “Foundation”) is a California non-profit organization. The Foundation was organized with the purpose of providing benefits to the education programs and services of the San Carlos School District (the “District”), the San Carlos Charter Learning Center, and affiliated Parent Teacher Associations. The Foundation is authorized to operate as an independent Foundation of the San Carlos School District in accordance with the provision of Article 6 of Chapter 6 of Part 45 of the Educational Code.

### **Note 2 - Summary of significant accounting policies:**

Basis of accounting - The financial statements are prepared on the accrual basis of accounting, which recognizes revenue and support when earned and expenses when incurred and accordingly reflects all significant receivables, payables, and other liabilities.

Basis of presentation - The Foundation presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - net assets which are available to support all activities of the Foundation without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or Board designation. The Foundation has elected to report any restricted revenue received in the current year for which the restrictions have been met in the current year as an increase in net assets without donor restrictions.
- *With donor restrictions* - net assets which are subject to donor-imposed restrictions that will be met rather by actions of the Foundation or the passage of time. Also, included in this category are net assets restricted by the donor for investment in perpetuity, such as endowments. The income from such invested assets is available to support the activities of the Foundation.

It has been the policy of the Foundation that donations are available for unrestricted use unless specifically restricted by the donor. The only beneficiaries of contributions to the Foundation are the District, the San Carlos Charter Learning Center, and affiliated Parent Teacher Associations.

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 2 - Summary of significant accounting policies (continued):**

Cash and cash equivalents - Cash and cash equivalents consist of cash and money market accounts. The Foundation considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The carrying amount in the statements of financial position approximate fair value.

Pledges receivable - Pledges receivable are either unconditional or conditional. Unconditional pledges are pledges that depend only on the passage of time or the demand by the promisor for performance. A conditional pledge receivable is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges receivable represent the remaining pledges due from the donors who have pledged funds to the Foundation for use in its programs. There were no conditional promises to give for the years ended June 30, 2025 and 2024. Promises to give that are expected to be collected after one year are reported at present value based on the collectability of the pledge and the timing of the expected cash flows. An allowance reserve for uncollectible pledges is established based on management's best estimates. The financial statements reflect pledges receivable net of the discount and allowance reserve, if any. The Foundation did not recognize an allowance reserve for the years ended June 30, 2025 and 2024. At June 30, 2025 and 2024, all pledges receivable are expected to be collected in the following year.

Prepaid expenses - Prepaid expenses include payments for insurance, software, and other program related activities.

Investments - The Foundation's investments are valued in accordance with generally accepted accounting principles ("GAAP"), including Fair Value Measurements. The Foundation's investments include cash and cash equivalents held for investment purposes, marketable securities, and United States Treasury securities. All debt securities are carried at quoted market prices as of the last trading date of the Foundation's fiscal year. Contributions of investments are recorded at quoted market prices at the date of donation and are sold as soon as reasonably possible. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur as part of net assets without restrictions or as net assets with restrictions as appropriate. Realized gains or losses resulting from sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 2 - Summary of significant accounting policies (continued):**

Grants payable - Grants are made in accordance with the Foundation's mission. Unconditional grants that are expected to be paid after one year are evaluated at a discount rate as determined by the federal funds rate valid for the year the grant was pledged and are stated at their net present value. Such present value reserves are recorded only if material to the financial statements. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants as of June 30, 2025 and 2024.

Deferred revenue - Deferred revenue represents funds received for events scheduled to take place in the following fiscal year. The Foundation will recognize these revenues when the service occurs and revenue have been earned. The Foundation's deferred revenue predominantly represents sponsorships and registrations.

Revenue recognition - Revenue from exchange transactions: In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, the Foundation recognizes revenue upon the transfer of goods or services to a customer at an amount that reflects the expected consideration to be received in exchange for those goods or services. The principles in ASC 606 are applied using the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Foundation satisfies its performance obligation(s). The Foundation recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services.

*Special events* - The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Foundation. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Foundation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is delivery of the event. The event fee is set by the Foundation. FASB ASC 606 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Foundation separately presents in its notes to financial statements, the exchange and contribution components of the gross proceeds from special events.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 2 - Summary of significant accounting policies (continued):**

Contribution revenue - The Foundation recognizes contributions when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal year. When the restriction is met on a contribution received in a prior fiscal year, the amount is shown as a reclassification of net assets with restrictions to net assets without donor restrictions. These contributions are generally expected to be collected in one year.

In-kind contributions - Significant donated facilities and materials are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The facilities and materials are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal markets considering their condition and utility for use at the time the facilities and materials are contributed by the donor. Materials are not sold and are only distributed for program use. Unless otherwise noted, contributed materials did not have donor restrictions. A substantial number of volunteers have donated significant amounts of time in promoting the Foundation's programs. These services do not require specific expertise but are nonetheless central to the Foundation's operations. While these contributed services are not reflected in the financial statements, the estimated value of these services are disclosed in Note 13.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated, principally on a direct cost basis, among the classifications. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, benefits, and payroll taxes, which are allocated on the basis of time studies conducted annually for each employee; expenses that are truly shared by all programs and supporting functions of the Foundation, including fees for services, printing and graphics, advertising and promotions, information technology, stewardship, postage and shipping, conference, conventions, and meetings, and some other expenses are allocated based on the weighted average of the full time equivalent of each position resulting in a general split for the Foundation.

Fair value of financial instruments - Unless indicated otherwise, the fair values of all reported assets and liabilities approximate the carrying values of such amounts.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 2 - Summary of significant accounting policies (continued):**

Tax-exempt status - The Foundation is exempt from taxes on income under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Board code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Management is not aware of any unrelated business income that would subject the Foundation to Federal or State income tax.

Accounting for uncertainty in income taxes - The Foundation evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2025, management did not identify any uncertain tax positions.

Concentration of credit risk - Financial instruments that potentially subject the Foundation to credit risk consist primarily of uninsured cash and cash equivalents, investments, and pledges receivable. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

The Foundation manages this risk by maintaining deposits in high quality institutions. Additionally, any receivables that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. It is the Foundation's opinion that it is not exposed to any significant credit risks.

Revenue and receivable concentrations - For the years ended June 30, 2025 and 2024, a donor-advised fund comprised approximately 35% and 31% of the Foundation's contributions revenue, respectively. The donations were used to support annual grants. For the years ended June 30, 2025 and 2024, a donor-advised fund comprised approximately 64% and 61% of the Foundation's pledges receivable, respectively.

Advertising - Advertising costs are expensed as incurred. Advertising and marketing expense for the years ended June 30, 2025 and 2024 were approximately \$35,000 and \$23,000, respectively.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 2 - Summary of significant accounting policies (continued):**

Endowment accounting and interpretation of relevant law - In 2008, the Foundation established an endowment, whereby only the income earned was for general purposes, with the principal to be left to accumulate in perpetuity. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Foundation classifies this endowment as net assets with donor restrictions in perpetuity at (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Comparative totals - The statements of activities and changes in net assets and statements of functional expenses include certain prior year summarized comparative information in total but not by net asset class and fund as presented for the current year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassification - Certain amounts in the financial statements for the fiscal year ended June 30, 2024 have been reclassified for comparative purposes to conform to the presentation in the financial statements for the fiscal year ended June 30, 2025. These reclassifications have no effect on the previously reported change in net assets.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors’ report, which is the date the financial statements were available to be issued and it has been determined that no material subsequent events require an estimate to be recorded as of June 30, 2025.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 3 - Liquidity and availability of financial assets:**

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows, as of June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 350,833	\$ 131,426
Pledges receivable	399,428	465,804
Investments	<u>7,430,745</u>	<u>7,025,234</u>
Total financial assets	8,181,006	7,622,464
Less amounts unavailable for general expenditures within one year, due to:		
Board designated for quasi-endowment	(2,510,509)	(2,130,523)
Net assets with donor restrictions	<u>(2,100,436)</u>	<u>(2,106,059)</u>
Financial assets available to meet general expenditures within one year	\$ <u><u>3,570,061</u></u>	\$ <u><u>3,385,882</u></u>

The Foundation is substantially supported by contributions. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations as they become due. Amounts not available for general operating use due to Board designations could be drawn upon with Board approval if needed.

#### **Note 4 - Investments:**

The Foundation follows the provisions of the Fair Value Measurements and Disclosure Topic of the FASB ASC. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, The Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.



## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 4 - Investments (continued):**

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

At June 30, 2025 and 2024, the Foundation was invested in Level 1 investments and had no investment in Level 2 or Level 3 inputs. The Foundation's investments, measured using quoted prices in active market for identical assets at June 30 were as follows:

	2025	
	Level 1	Total
Mutual funds	\$ 6,730,899	\$ 6,730,899
Cash and cash equivalents	699,846	699,846
Total investments	<u>\$ 7,430,745</u>	<u>\$ 7,430,745</u>
	2024	
	Level 1	Total
Mutual funds	\$ 6,349,607	\$ 6,349,607
Cash and cash equivalents	675,627	675,627
Total investments	<u>\$ 7,025,234</u>	<u>\$ 7,025,234</u>

The following schedule summarizes total investment returns as of June 30:

	2025	2024
Unrealized gains	\$ 372,144	\$ 356,357
Realized gains (losses)	(2,828)	18,267
Dividends and interest income	241,582	156,969
Total investment income	<u>\$ 610,898</u>	<u>\$ 531,593</u>

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 5 - Accounts payable and other liabilities:**

Accounts payable and other liabilities consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Accrued vacation	\$ -	\$ 12,919
Accrued payroll liabilities	11,607	11,213
Vendors payable	5,524	7,332
Other current liabilities	5,071	5,145
Credit card payable	<u>127</u>	<u>124</u>
Total accounts payable and other liabilities	\$ <u>22,329</u>	\$ <u>36,733</u>

#### **Note 6 - Deferred revenue:**

The activity and balances for deferred revenue from contracts with customers are shown in the following table:

	<u>Amount</u>
Balance at June 30, 2023	\$ 22,175
Revenue recognized	(22,175)
Payments received for future obligations	<u>24,070</u>
Balance at June 30, 2024	24,070
Revenue recognized	(24,070)
Payments received for future obligations	<u>25,500</u>
Balance at June 30, 2025	\$ <u>25,500</u>

#### **Note 7 - Board designations of net assets without donor restrictions:**

Board designated net assets for quasi-endowment consisted of approximately \$2,511,000 and \$2,131,000 for the years ended June 30, 2025 and 2024, respectively.

# **SAN CARLOS EDUCATION FOUNDATION**

## **Notes to Financial Statements**

June 30, 2025

### **Note 8 - Net assets with donor restrictions:**

Net assets with donor restrictions and amounts released from restriction were as follows for the year ended June 30, 2025:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
<i>Subject to expenditure for a specific purpose:</i>				
Fund-a-need	\$ 152,854	\$ 143,657	\$ (152,856)	\$ 143,655
Counseling	150,000	54,000	(150,000)	54,000
STEM	20,000	20,000	(20,000)	20,000
Music	424	-	(424)	-
SCSD teacher scholarships	-	100,000	-	100,000
CLC joint-ask	-	78,544	(78,544)	-
Total purpose restrictions	<u>323,278</u>	<u>396,201</u>	<u>(401,824)</u>	<u>317,655</u>
<i>Endowment:</i>				
Perpetual in nature	282,781	-	-	282,781
Subject to endowment spending policy and appropriation:				
Health-related programs	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total donor restricted for endowment	<u>1,782,781</u>	<u>-</u>	<u>-</u>	<u>1,782,781</u>
Total net assets with donor restrictions	<u>\$ 2,106,059</u>	<u>\$ 396,201</u>	<u>\$ (401,824)</u>	<u>\$ 2,100,436</u>

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 8 - Net assets with donor restrictions (continued):**

Net assets with donor restrictions and amounts released from restriction were as follows for the year ended June 30, 2024:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
<i>Subject to expenditure for a specific purpose:</i>				
Fund-a-need	\$ 130,859	\$ 152,855	\$ (130,860)	\$ 152,854
Counseling	150,000	150,000	(150,000)	150,000
STEM	20,000	20,000	(20,000)	20,000
Music	2,500	424	(2,500)	424
CLC joint-ask	-	76,650	(76,650)	-
Total purpose restrictions	<u>303,359</u>	<u>399,929</u>	<u>(380,010)</u>	<u>323,278</u>
<i>Endowment:</i>				
Perpetual in nature	282,781	-	-	282,781
Subject to endowment spending policy and appropriation:				
Health-related programs	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total donor restricted for endowment	<u>1,782,781</u>	<u>-</u>	<u>-</u>	<u>1,782,781</u>
Total net assets with donor restrictions	<u>\$ 2,086,140</u>	<u>\$ 399,929</u>	<u>\$ (380,010)</u>	<u>\$ 2,106,059</u>

Net assets with donor restrictions in perpetuity consist of endowment fund investments that represent the principal amounts of gifts accepted with donor stipulation that the principal be maintained intact in perpetuity, with only the income to be utilized for operations.

#### **Note 9 - Endowment:**

In 2008, the endowment was established as a result of a \$1,500,000 gift to support health and wellness programs in the San Carlos public schools. Additional contributions to the endowment have been made since the fund was established. The net assets with donor restrictions in perpetuity represent the principal amounts of gifts received with donor stipulation that the principal be maintained in perpetuity. The quasi-endowments consist of Board designated net assets without donor restrictions.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 9 - Endowment (continued):**

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (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
- (7) The investment policies of the Foundation.

The endowment fund contains restricted net assets held in perpetuity, which represent funds received from resources in which the principal must be maintained intact in perpetuity. Interest income, dividends, and net realized and unrealized gains on the invested principal can be used in accordance with the endowment trust documents or donor restrictions. Certain costs of raising contributions and of maintaining the endowment assets are to be paid out of cumulative gains on investment earnings, which are included in net assets without restrictions. If these costs exceed cumulative gains, they are absorbed by certain contributions in unrestricted net assets.

Endowment net assets and changes in endowment net assets consisted of the following at June 30, 2025:

		<u>With Donor Restrictions</u>		
	<u>Board Designated</u>	<u>Health- related Programs</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Donor restricted endowment funds, beginning	\$ -	\$ 1,500,000	\$ 282,781	\$ 1,782,781
Board designated endowment funds, beginning	2,130,523			2,130,523
Investment return:				
Interest and dividend income, net	111,181	-	-	111,181
Realized and unrealized gains	368,805	-	-	368,805
Total investment return	479,986	-	-	479,986
Appropriation of endowment net assets for expenditure	(100,000)	-	-	(100,000)
Endowment net assets, ending	<u>\$ 2,510,509</u>	<u>\$ 1,500,000</u>	<u>\$ 282,781</u>	<u>\$ 4,293,290</u>

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 9 - Endowment (continued):**

Endowment net asset and changes in endowment net assets consisted of the following at June 30, 2024:

	Board	With Donor Restrictions		
	Designated	Health-related Programs	Perpetual in Nature	Total
Donor restricted endowment funds, beginning	\$ -	\$ 1,500,000	\$ 282,781	\$ 1,782,781
Board designated endowment funds, beginning	1,711,608			1,711,608
Investment return:				
Interest and dividend income, net	44,100	-	-	44,100
Realized and unrealized gains	374,815	-	-	374,815
Total investment return	418,915	-	-	418,915
Endowment net assets, ending	<u>\$ 2,130,523</u>	<u>\$ 1,500,000</u>	<u>\$ 282,781</u>	<u>\$ 3,913,304</u>

Return objectives and risk parameters: The Foundation has adopted investment and spending 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 as well as Board designated funds. Under this policy, as approved by the Foundation's Investment Committee, the endowment assets are invested in a manner that is intended to provide a moderate average annual real return in excess of inflation. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: 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.

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 9 - Endowment (continued):**

Spending policies and how the investment objectives relate to spending policy: The Foundation has an investment portfolio that is managed based on the Foundation's investment policy, which attempts to maximize return while maintaining an appropriate level of risk. Exposure is limited by prudent diversification, guided by a strategic asset allocation model. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow each fiscal year. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Endowment Charter stipulates an annual distribution range of 0% to 10%. The distribution, if any, is based on the percentage of Endowment Fund market value average over the previous three years at the February month end after review by the Investment Committee.

A distribution from the endowment is considered each year to provide program support. In both the 2025 and 2024 fiscal years, the Board determined that it would not take a distribution from the fund. Total accumulated distribution from the endowment was approximately \$1,044,000 and \$944,000 for the years ended June 30, 2025 and 2024, respectively.

#### **Note 10 - Special events:**

Special event revenues, contributions, and expenses by event for the year ended June 30, 2025 were as follows:

	Gala	Readathon	Community Parties	Town Event	Total
Special event contributions	\$ 584,348	\$ 186,934	\$ 14,337	\$ 109,139	\$ 894,758
Special event in-kind contributions	12,125	-	-	42,901	55,026
Special event registration fees	75,725	-	28,695	83,995	188,415
Less: direct donor benefit	(145,895)	(8,075)	(15,032)	(97,245)	(266,247)
Total	<u>\$ 526,303</u>	<u>\$ 178,859</u>	<u>\$ 28,000</u>	<u>\$ 138,790</u>	<u>\$ 871,952</u>

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 10 - Special events (continued):**

Special event revenues, contributions, and expenses by event for the year ended June 30, 2024 were as follows:

	Virtual Gala	Readathon	Community Parties	Town Event	Total
Special event contributions	\$ 525,706	\$ 196,533	\$ 11,832	\$ 111,935	\$ 846,006
Special event in-kind contributions	7,500	-	-	41,499	48,999
Special event registration fees	78,110	-	40,750	72,950	191,810
Less direct donor benefit	<u>(143,307)</u>	<u>(7,386)</u>	<u>(22,470)</u>	<u>(86,953)</u>	<u>(260,116)</u>
Total	<u>\$ 468,009</u>	<u>\$ 189,147</u>	<u>\$ 30,112</u>	<u>\$ 139,431</u>	<u>\$ 826,699</u>

Direct expenses related to the events and activities are netted against the events and activities revenue on the statements of activities and changes in net assets. Special event contributions and expenses include approximately \$54,000 and \$49,000 of special events in-kind contributions and in-kind direct donor cost for the years ended June 30, 2025 and 2024, respectively. Total fundraising expenses, including the above direct donor costs, were approximately \$532,000 and \$488,000 for the years ended June 30, 2025 and June 30, 2024, respectively.

#### **Note 11 - Related-party transactions:**

The Foundation's volunteer members of the Board of Directors are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board of Directors were approximately \$129,000 and \$122,000 for the years ended June 30, 2025 and 2024, respectively.



## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 12 - Grants:**

During the fiscal years ended June 30, 2025 and 2024, the Foundation provided grants to the San Carlos School District in the amount of approximately \$2,875,000 and \$2,793,000, respectively, and to the San Carlos Charter Learning Center in the amount of approximately \$424,000 and \$431,000, respectively.

The grants went to provide the following for the year ended June 30:

	2025	2024
Educators at our small neighborhood schools	\$ 682,931	\$ 579,473
Elementary PE and middle school sports	487,539	-
Allocation to school PTAs & SCC Joint Ask	461,124	440,086
Counseling & social emotional programs	432,043	400,000
Middle school electives, elementary music & seminars	406,277	427,500
Technology staff & infrastructure, applications & devices, library services	402,161	359,330
Grants directly to school sites (principal funds)	272,991	200,000
Fund-the-Future of STEM	153,699	148,228
Elementary music, PE, legarza STEM & field trips	-	669,802
Total grants	<u>\$ 3,298,765</u>	<u>\$ 3,224,419</u>

#### **Note 13 - In-kind contributions:**

In-kind contributions consisted of the following on June 30:

	2025	2024	Utilization in Program / Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated facilities	\$ 10,800	\$ 10,800	General and administrative	No associated donor restrictions	Estimated fair market value of rent
Donated materials and services	67,026	56,499	General and administrative	No associated donor restrictions	Estimated fair market value of materials and services
Total in-kind contributions	<u>\$ 77,826</u>	<u>\$ 67,299</u>			
In-kind income	\$ 22,800	\$ 18,300			
Special event in-kind contributions	55,026	48,999			
Total in-kind	<u>\$ 77,826</u>	<u>\$ 67,299</u>			

## **SAN CARLOS EDUCATION FOUNDATION**

### **Notes to Financial Statements**

June 30, 2025

#### **Note 13 - In-kind contributions (continued):**

*In-kind fundraising support* - Whereas many organizations utilize the services of paid staff and contracted services, the Foundation relies heavily on a broad base of dedicated and experienced volunteers to support the Foundation's varied programs and general operational needs. Without this help, the Foundation would not be able to sustain the depth of services to the community that it is currently able to provide. These services do not meet the criteria for recognition in the financial statements as donated services. However, management estimates that in fiscal years 2025 and 2024, various volunteers donated in excess of 600 and 500 hours of service to the Foundation, respectively. If these services were recognized in the financial statements, they would represent an additional estimated donation of \$25,000 and \$18,000 for fiscal years 2025 and 2024, respectively, effectively reducing the ratio of administration / development expenses to program expenses. In addition, approximately 20% of the Foundation's volunteers do not report their volunteer time. If these hours were included in the above totals, the contributed time would be even more significant.

#### **Note 14 - Employment benefit plan:**

In April of 2022, the Foundation enrolled in a 401(k) plan for the benefit of employees. The Foundation contributes 100% matching contributions up to 3% of employee compensation and 50% matching contributions between 3% and 5% of employee compensation. Employer contributions totaled approximately \$11,000 and for the years ended June 30, 2025 and 2024.