



Moraga Education Foundation

Financial Statements

**For the Years Ended
June 30, 2022 and 2021**
With Independent Auditors' Report Thereon

MORAGA EDUCATION FOUNDATION

**(A California Nonprofit Corporation)
June 30, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Moraga Education Foundation

Opinion

We have audited the accompanying financial statements of Moraga Education Foundation (a California nonprofit organization) which comprise of the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Moraga Education Foundation as of June 30, 2022, 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 MEF 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.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In a separate Letter to Management, we made suggestions regarding certain areas of internal control which came to our attention during the examination, none of which rose to the level of Material Weakness or Significant Deficiency.

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.

Opinion

INDEPENDENT AUDITORS' REPORT

Continued

Responsibilities of Management for the Financial Statements

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 Moraga Education Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued October 10, 2022.

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Moraga Education 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 Moraga Education 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 have previously audited Moraga Education Foundation's financial statements for the year ended June 30, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated January 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
October 10, 2022

Regalia & Associates

Opinion

MORAGA EDUCATION FOUNDATION

**Statements of Financial Position
June 30, 2022 and 2021**

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 781,788	\$ 592,898
Investments	3,479,159	3,733,024
Total current assets	4,260,947	4,325,922
	\$ 4,260,947	\$ 4,325,922

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 27,369	\$ 37,054
Total current liabilities	27,369	37,054
Net assets:		
Without donor restrictions:		
Board-designated endowment funds	2,698,510	3,062,123
Undesignated	1,535,068	1,226,745
Total net assets	4,233,578	4,288,868
	\$ 4,260,947	\$ 4,325,922

MORAGA EDUCATION FOUNDATION

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021**

	2022	2021
<i>Change in net assets:</i>		
Contributed income and revenue:		
Donations and contributions	\$ 2,643,350	\$ 2,331,678
Endowment fund contributions	60,587	24,608
Investment interest and dividends, net of fees	101,576	57,580
Realized gains on investments	68,237	46,845
Unrealized gains (losses) on investments	(638,761)	470,075
In-kind revenue	16,524	-
Auction proceeds	255,285	-
Total contributed income and revenue	2,506,798	2,930,786
Expenses:		
Programs	2,292,085	2,413,306
Fundraising	92,665	73,215
General and administrative	177,338	79,970
Total expenses	2,562,088	2,566,491
Increase (decrease) in net assets	(55,290)	364,295
Net assets at beginning of year	4,288,868	3,924,573
Net assets at end of year	\$ 4,233,578	\$ 4,288,868

MORAGA EDUCATION FOUNDATION

Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating activities:		
Increase (decrease) in net assets	\$ (55,290)	\$ 364,295
Adjustments to reconcile to cash provided by operating activities:		
Net realized (gain) on disposition of investments	(68,237)	(46,845)
Net unrealized (gain) loss on investments	638,761	(470,075)
Changes in:		
Prepaid expenses	-	1,819
Accounts payable	(9,685)	(87,354)
Cash provided by (used for) operating activities	505,549	(238,160)
Investing activities:		
Net (acquisition of) investments	(316,659)	(343,589)
Cash used for investing activities	(316,659)	(343,589)
Increase (decrease) in cash and cash equivalents	188,890	(581,749)
Cash and cash equivalents at beginning of year	592,898	1,174,647
Cash and cash equivalents at end of year	\$ 781,788	\$ 592,898
Additional cash flow information:		
Taxes paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

MORAGA EDUCATION FOUNDATION

**Statement of Functional Expenses
For the Year Ended June 30, 2022**

(with Summarized Financial Information for the Year Ended June 30, 2021)

	Program Services		Supporting Services		2022 Total Expenses	2021 Total Expenses
	School District Contributions	General and Adminis- trative	Fund- raising			
Advertising and promotion	\$ -	\$ -	\$ 9,867	\$	9,867	\$ 10,061
Auction	-	-	80,960		80,960	-
Bank and merchant fees	-	-	58,139		58,139	41,731
Consultants and professional services	-	14,697	1,486		16,183	12,213
Insurance	-	2,706	-		2,706	2,749
Office and administrative	-	3,826	3,553		7,379	9,641
Occupancy	-	16,524	-		16,524	-
Printing and postage	-	597	101		698	334
Salaries and related costs	-	54,315	23,232		77,547	76,456
School district contributions	2,292,085	-	-		2,292,085	2,413,306
Total expenses	\$ 2,292,085	\$ 92,665	\$ 177,338	\$	2,562,088	\$ 2,566,491

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

1. Organization

Moraga Education Foundation (MEF) was organized and incorporated in 1981 as a nonprofit corporation under the laws of the State of California. MEF raises funds to preserve and enhance educational opportunities for all students attending Moraga public schools, through a broad-based community effort. MEF believes that together the entire community can build a better future for all Moraga school children consistent with the educational goals of the Moraga School District and Campolindo High School.

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of MEF have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statements of activities reflect all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to MEF's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Cash and cash equivalents include all monies in FDIC-insured bank accounts and highly liquid investments with maturity dates of less than three months. Cash equivalents include short-term interest-bearing investments in money market and liquid asset accounts. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Concentrations of Credit Risk – Financial instruments that potentially subject MEF to concentrations of credit risk consist principally of cash and cash equivalents and deposits. MEF maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. MEF manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, MEF has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of MEF's mission.

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

In-Kind Contributions – In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires MEF to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Specifically, expenses have been allocated among the program and supporting services benefited using time spent or another acceptable approach, as appropriate.

Investments – MEF follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that MEF could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2022 and 2021. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented, especially in light of the impact of COVID-19 on financial markets.

Occasionally MEF is the recipient of donated securities. Investments and other securities received by gift are recorded at market value at the date of contribution in accordance with *ASC 958.320*. MEF converts such securities to liquid assets (cash and cash equivalents), and any realized gains or losses are included on the statements of activities and changes in net assets.

Income Taxes – MEF is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. MEF is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. MEF is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the years ended June 30, 2022 and 2021.

MEF has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that MEF continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). MEF groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

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

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Reclassifications – Certain prior year amounts have been reclassified to conform to fiscal year 2022 presentation. These changes had no impact on previously reported changes in net assets.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and 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 reported period. Accordingly, actual results could differ from those estimates.

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as of June 30, 2022 and 2021.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. MEF did not receive any contributions subject to donor restricted stipulations during the years ended June 30, 2022 and 2021.

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) Removes inconsistencies and weaknesses in existing revenue requirements, (2) Provides a more robust framework for addressing revenue issues, (3) Improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) Provides more useful information to users of financial statements through improved disclosure requirements, and (5) Simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, which requires an organization’s management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of October 10, 2022 (the date of the Independent Auditors’ Report), management has made this evaluation and has determined that MEF has the ability to continue as a going concern.

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MEF has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01*, *ASU No. 2018-10*, and *ASU No. 2018-11*. This pronouncement is effective for fiscal years beginning after December 15, 2021. MEF has no leases that meet this requirement as of June 30, 2022.

The standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

3. Cash and Cash Equivalents

Cash and cash equivalents of \$781,788 and \$592,898 at June 30, 2022 and 2021, respectively, include all deposits in banks and highly liquid investments (including short-term interest-bearing investments in money market accounts) with maturity dates of less than 90 days when acquired. Components of cash and cash equivalents are detailed as follows at June 30:

	2022		2021
Checking (noninterest-bearing)	\$ 347,082	\$	56,961
Savings (bearing interest at 0.01% per annum at 2022)	25,473		10,471
Money market (bearing interest at 0.01% per annum at 2022)	409,233		525,466
Total cash and cash equivalents	\$ 781,788	\$	592,898

4. Investments and Fair Value Measurement

Investments consist of the following at June 30:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 320,000	\$ 320,000	\$ 200,000	\$ 200,000
Mutual funds principally invested in equities	1,232,484	1,146,270	964,983	1,269,261
Mutual funds principally invested in bonds	217,320	181,154	208,701	207,262
Exchange Traded Funds	1,738,350	1,831,735	1,387,236	2,056,501
Total investments	\$ 3,508,154	\$ 3,479,159	\$ 2,760,920	\$ 3,733,024

Certificates of deposit mature at various dates through 2022 and 2023 and bear interest between .10% and 1.31% per annum as of June 30, 2022. Investment income on all investments (interest and dividends), net of investment fees and expenses, amounted to \$101,576 and \$57,580 and for the years ended June 30, 2022 and 2021, respectively. Net realized gains amounted to \$68,237 and \$46,845 for the years ended June 30, 2022 and 2021, respectively. Net unrealized gains (losses) amounted to (\$638,761) and \$470,075 for the years ended June 30, 2022 and 2021, respectively.

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

4. Investments and Fair Value Measurement *(continued)*

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as the organization's own estimates and pricing models.

Composition of investments utilizing fair value measurements at June 30, 2022 is as follows:

	Totals	Level 1	Level 2	Level 3
Certificates of deposit	\$ 320,000	\$ 320,000	\$ -	\$ -
Mutual funds principally invested in equities	1,146,270	1,146,270	-	-
Mutual funds principally invested in bonds	181,154	181,154	-	-
Exchange Traded Funds	1,831,735	-	1,831,735	-
Total investments	<u>\$ 3,479,159</u>	<u>\$ 1,647,424</u>	<u>\$ 1,831,735</u>	<u>\$ -</u>

Composition of investments utilizing fair value measurements at June 30, 2021 is as follows:

	Totals	Level 1	Level 2	Level 3
Certificates of deposit	\$ 200,000	\$ 200,000	\$ -	\$ -
Money market funds	-	-	-	-
Mutual funds principally invested in equities	1,269,261	1,269,261	-	-
Mutual funds principally invested in bonds	207,262	207,262	-	-
Exchange Traded Funds	2,056,501	-	2,056,501	-
Total investments	<u>\$ 3,733,024</u>	<u>\$ 1,676,523</u>	<u>\$ 2,056,501</u>	<u>\$ -</u>

MEF's Board members have the responsibility for establishing the organization's investment objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters (generally low risk securities, certificates of deposit and mutual funds). Members of the Board routinely oversee investment performances and review cash flows necessary to sustain MEF's operating activities.

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

5. Liquidity

MEF regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. MEF has various sources of liquidity at its disposal, including cash, investment earnings, and the future collection of contributions from the local community.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, MEF considers all expenditures related to its ongoing activities of providing financial support for local schools as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, MEF operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of MEF's cash for year ended June 30, 2022.

The following table shows the total financial assets held by MEF and the amounts of those financial assets which could be made available within one year of the balance sheet date to meet general expenditures:

	2022	2021
Cash and cash equivalents	\$ 781,788	\$ 592,898
Investments	3,479,159	3,733,024
Total financial assets	4,260,947	4,325,922
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 4,260,947	\$ 4,325,922

MEF's goal is generally to maintain financial assets equal to or in excess of 90 days of operating expenses.

6. In-Kind Contributions

During the years ended June 30, 2022 and 2021, MEF was the recipient of certain in-kind contributions. The value of these contributions, as reflected in the financial statements, is summarized as follows:

	2022	2021
Occupancy	\$ 16,524	\$ -
Other	-	-
Total in-kind contributions	\$ 16,524	\$ -

Additionally, a substantial number of unpaid volunteers have made significant contributions of time to MEF's operations and programs. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under *ASC 958.605*.

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

7. School District Contributions

MEF raises funds to preserve and enhance educational opportunities for all Moraga public school students, through a broad-based community effort. MEF believes that together the entire community can build a better future for its children consistent with the educational goals of the Moraga School District and Campolindo High School. During the years ended June 30, 2022 and 2021, Moraga Education Foundation raised \$2,643,350 and \$2,331,678, respectively, in contributions from the community which included parents and business partners. This allowed MEF to expend \$2,292,085 and \$2,413,306 during the years ended June 30, 2022 and 2021, respectively, in direct monetary support for educational programs for all five public schools in Moraga, including Campolindo High School.

8. Commitments and Contingencies

In the normal course of business, MEF could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate MEF to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond MEF's control, such as general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

9. Board-Designated Endowment

MEF's Board-Designated endowment fund consists of amounts designated by the board as endowment, amounts contributed by donors to the board designated endowment, and investment returns on the endowment net assets as follows:

Balance at July 1, 2020	\$	1,473,741
Donor designated additions		24,608
Investment returns for the year ended June 30, 2021		563,770
Transfer of funds		1,000,004
Balance at June 30, 2021	\$	3,062,123
Donor designated additions		60,587
Investment returns for the year ended June 30, 2022		(424,200)
Balance at June 30, 2022	\$	<u>2,698,510</u>

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

10. COVID-19

As a result of COVID-19 and its variants, the worldwide threat continues to (a) impact financial markets, (b) threaten revenue streams, and (c) impact private enterprises with which MEF conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges. Management monitors and evaluates its options. These financial statements reflect certain economic ramifications which impacted the years ended June 30, 2022 and 2021.

11. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, MEF has evaluated subsequent events through October 10, 2022, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are required to be disclosed.