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Piedmont Education Foundation

June 30, 2024

Independent Auditors' Report and
Financial Statements

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Piedmont Education Foundation

Independent Auditors' Report and Financial Statements

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Independent Auditors' Report

THE BOARD OF DIRECTORS
PIEDMONT EDUCATION FOUNDATION
Piedmont, California

Opinion

We have audited the financial statements of **PIEDMONT EDUCATION FOUNDATION (the Foundation)** which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 these 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 for one year from the date of this report.

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 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.

Other Matter

The financial statements of the Foundation, as of and for the year ended June 30, 2023, were audited by other auditors, whose report, dated March 8, 2024, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Hood & Strong LLP". The script is cursive and fluid, with the ampersand being a simple loop.

San Francisco, California
February 5, 2025

Piedmont Education Foundation

Statement of Financial Position

<i>June 30, 2024 (with comparative totals for 2023)</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 2,080,411	\$ 1,901,457
Investments	12,572,952	11,441,476
Pledges and other receivables	20,646	96,026
Other assets	15,056	31,811
Right-of-use leased assets	26,069	45,794
Total assets	\$ 14,715,134	\$ 13,516,564
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 26,030	\$ 12,187
Operating lease liability	26,069	45,794
Total liabilities	52,099	57,981
Net Assets:		
Without donor restrictions	2,741,910	12,946,195
With donor restrictions	11,921,125	512,388
Total net assets	14,663,035	13,458,583
Total liabilities and net assets	\$ 14,715,134	\$ 13,516,564

See accompanying notes to the financial statements.

Piedmont Education Foundation

Statement of Activities

Year Ended June 30, 2024 (with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Activities:				
Support and revenue				
Contributions	\$ 3,537,548	\$ 477,553	\$ 4,015,101	\$ 3,618,416
Special events, net of direct benefit of attendees of \$223,982	381,660		381,660	349,782
Interest and dividends	86,778		86,778	302,578
Scrip sales, net of direct costs of \$399,746	47,227		47,227	37,364
Registration fees	27,773		27,773	25,400
Corporate sponsors	27,667		27,667	32,171
Net assets released from restrictions	882,714	(882,714)	-	-
Total support and revenue	4,991,367	(405,161)	4,586,206	4,365,711
Expenses:				
Program services	4,022,010		4,022,010	4,012,671
Supporting expenses				
Management and general	159,208		159,208	120,951
Fundraising	205,801		205,801	182,936
Total expenses	4,387,019	-	4,387,019	4,316,558
Change in Net Assets from Operations	604,348	(405,161)	199,187	49,153
Non-operating Activities				
Investment return, net		1,005,265	1,005,265	539,380
Change in net assets	604,348	600,104	1,204,452	588,533
Net Assets, beginning of year	12,946,195	512,388	13,458,583	12,870,050
Reclassification of Net Assets	(10,808,633)	10,808,633	-	-
Net Assets, end of year	\$ 2,741,910	\$ 11,921,125	\$ 14,663,035	\$ 13,458,583

See accompanying notes to the financial statements.

Piedmont Education Foundation

Statement of Functional Expenses

Year Ended June 30, 2024 (with comparative totals for 2023)

	2024				2023 Total
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 150,097	\$ 47,077	\$ 92,853	\$ 290,027	\$ 266,673
Payroll taxes and employee benefits	16,689	14,120	10,238	41,047	34,530
Total salaries and related expenses	166,786	61,197	103,091	331,074	301,203
Grants to Piedmont Unified School District	3,602,870			3,602,870	3,639,065
Affinity Mentorship Program expenses	7,436			7,436	-
Community events expenses	4,840		9,695	14,535	-
Grants to fiscal sponsor recipients	220,604			220,604	167,886
Credit card fees		2,000	63,780	65,780	41,014
Printing and publication	12,226		11,090	23,316	24,886
Professional services		46,333		46,333	34,736
Rent		22,880		22,880	20,484
Software and licensing	5,065	583	13,295	18,943	29,274
Insurance		7,631		7,631	5,663
Other expenses	2,183	18,584	4,850	25,617	26,751
Expenses as shown on the Statement of Activities	4,022,010	159,208	205,801	4,387,019	4,290,962
Other expenses netted with revenue:					
Direct benefit to participants of special events				223,982	202,969
Direct cost of scrip sales				399,746	463,538
Total functional expenses	\$ 4,022,010	\$ 159,208	\$ 205,801	\$ 5,010,747	\$ 4,957,469

See accompanying notes to the financial statements.

Piedmont Education Foundation

Statement of Cash Flows

<i>Year Ended June 30, 2024 (with comparative totals for 2023)</i>	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,204,452	\$ 588,533
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Net realized and unrealized loss (gain) on investments	834,796	(567,113)
Amortization of operating right-of-use leased assets	19,725	
Change in operating assets and liabilities:		
Receivables	75,380	(43,927)
Inventory	18,287	(10,774)
Prepaid expenses	(1,532)	(2,718)
Accounts payable	(222)	(46,197)
Accrued expenses	14,065	(6,702)
Operating lease liability	(19,725)	
Net cash provided (used) by operating activities	2,145,226	(88,898)
Cash Flows from Investing Activities		
Proceeds from sales of investments	(1,966,272)	4,795,774
Purchase of investments		(4,656,589)
Net cash (used) provided by investing activities	(1,966,272)	139,185
Net Change in Cash and Cash Equivalents	178,954	50,287
Cash and Cash Equivalents, beginning of year	1,901,457	1,851,170
Cash and Cash Equivalents, end of year	\$ 2,080,411	\$ 1,901,457
Supplemental Disclosure of Cash Flow Information:		
Cash paid under operating right-of-use leases	\$ 21,096	\$ 20,484
Supplemental Disclosure of Non-Cash Activities:		
Acquisition of right-of-use asset through operating lease		\$ 45,794

See accompanying notes to the financial statements.

Piedmont Education Foundation

Notes to the Financial Statements

Note 1 - Description of the Organization:

Piedmont Education Foundation (the Foundation) is a California community-based nonprofit corporation founded in 1975. The mission of the Foundation is to provide sustained financial support to the schools within the Piedmont Unified School District (PUSD), in Piedmont, California. The Foundation accomplishes this primarily through annual grants to PUSD. Additionally, the Foundation serves as a fiscal sponsor to various not-for-profit organizations, each of which has an expressed purpose of supporting the students within PUSD. The Foundation's mission supports the vision of a school district that has the resources needed to provide students with an outstanding education in a supportive and inclusive environment.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Description of Net Assets

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. However, certain cash or highly liquid funds held in connection with the Foundation's investments are excluded from cash and cash equivalents.

Investments

Investments are reported at fair value. Changes in fair values as well as realized gains and losses are reflected in the statements. Dividend and interest income are accrued when earned. Investment returns are reported net of investment-related expenses.

Piedmont Education Foundation

Notes to the Financial Statements

Endowment Funds

Interpretation of Relevant Law - The Board of Directors of the Foundation has interpreted California's enacted version of 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 as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation utilizes the accumulated earnings when those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. 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

Return Objectives and Risk Parameters - The Foundation's Board of Directors 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 Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a variety of standard indices while assuming a moderate level of investment risk. The Foundation expects its endowment funds over time to provide an average rate of return of at least 7% annually. Actual returns in a 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.

Piedmont Education Foundation

Notes to the Financial Statements

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Foundation has adopted investment spending policies for endowment assets that attempt to provide a predictable stream of funding to the PUSD, and other donor restricted purposes, while seeking to maintain the endowment assets. The Foundation's policy of appropriating endowment funds for distribution to PUSD is to distribute an amount not to exceed 5% of the rolling three-year average of the ending market value as of December 31.

Revenue Recognition

The Foundation's primary revenue sources are its annual giving campaign, grants and awards from local foundations, and donations from individuals and corporations. The Foundation recognizes contributions and unconditional promises to give (pledges) as revenue at their fair value in the period the contribution or pledge is made. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a time restriction expires or a use restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-kind contributions are recorded at their estimated fair market value when contributed. Contributed services, which require a specialized skill which the Foundation would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. The Foundation also received donated services that do not require expertise but which are nonetheless central to the Foundation's operations. These contributed services are not reflected in the Foundation's financial statements.

Pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. An allowance for doubtful pledges is recorded, as considered necessary. As of June 30, 2024, there was no allowance for doubtful pledges.

Special event revenue is recognized when the event is held.

During the year ended June 30, 2024, the Foundation received in-kind contributions for auctions to be held at its special events in the amount of \$117,633. The items included various items such as gift certificates and entertainment packages. The Foundation makes an assessment of the fair value of each in-kind contribution based on an estimate of the retail value. The proceeds from auction items are used for the Foundation's charitable purposes.

The Foundation recognizes the revenue from scrip sales when the sale occurs. The Foundation accounts for these transactions as revenue from contracts with customers.

Piedmont Education Foundation

Notes to the Financial Statements

Allocation of Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited based on management's estimate. The significant expenses that are allocated include salaries and related expenses, which are allocated based on estimates of time and effort, as well as credit card fees, printing and publication, professional services, and software and licensing, which are allocated based on estimates of usage.

Fiscal Sponsorships

The financial activity of the Foundation's fiscally-sponsored projects are aggregated for financial statement purposes. The related funds, however, are kept segregated in individual fund accounts. The Foundation serves as the fiscal sponsor for entities that are both legally a part of the Foundation and those that are separate legal entities. The Foundation typically does not charge an administrative fee for the services.

Income Taxes

The Foundation is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Code. The Foundation is a publicly supported organization. The Foundation's tax filings are subject to audit by various taxing authorities.

The Foundation's management has evaluated its tax positions and concluded that the Foundation has not taken uncertain tax positions that required adjustments to the financial statements. Therefore no liability for income taxes has been included in the financial statements.

Use of Estimates

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

Fair Value Measurements

The Foundation carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the Foundation to classify these financial instruments into a three-level hierarchy. The Foundation classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Piedmont Education Foundation

Notes to the Financial Statements

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

Leases

Right-of-use leased assets represent the Foundation's right to use an underlying asset during the lease term and operating lease liabilities represent the Foundation's obligation to make payments arising from the lease. Operating leases are recorded as right-of-use leased assets and operating lease liabilities on the statement of financial position. The Foundation does not have any financing leases.

Right-of-use leased assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date, for leases that extend beyond 12 months. The discount rate used to derive the present value is an estimated risk-free rate. Renewal periods are included in calculating the right-of-use assets and liabilities when they are reasonably certain of exercise. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements in order to conform to the 2024 presentation. These reclassifications had no impact on the change in net assets. As disclosed in Note 4, the Foundation obtained additional information that clarified the nature of certain of its endowment funds and recorded a reclassification from its net assets without donor restrictions to net assets with donor restrictions.

Subsequent Events

The Foundation has evaluated subsequent events from June 30, 2024 through February 5, 2025, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

Piedmont Education Foundation

Notes to the Financial Statements

Note 3 - Liquidity and Availability:

The following represents the Foundation's financial assets available for general expenditure within one year of the date of the statement of financial position:

Cash and cash equivalents	\$ 2,080,411
Investments	12,572,952
Pledges and other receivables	20,646
	<hr/>
	14,674,009
Less amounts not available for general use:	
Endowment funds	(11,470,529)
Other donor-restricted funds	(267,946)
	<hr/>
Total liquid assets	\$ 2,935,534

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. Given the Foundation's annual granting cycle, the Foundation invests cash from its fundraising efforts that are in excess of daily requirements into short-term investments until those funds are granted.

Piedmont Education Foundation

Notes to the Financial Statements

Note 4 - Investments:

The Foundation's investments at June 30, 2024, classified according to the fair value hierarchy described in Note 2, consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 319,240		\$ 319,240
Equities			
Mutual Funds	2,027,188		2,027,188
Exchange Traded Funds	682,839		682,839
Equities	3,007,738		3,007,738
Fixed Income			
Exchange Traded Funds	161,353		161,353
Mutual Funds	1,420,883		1,420,883
Mortgage Backed Securities		\$ 510,374	510,374
Corporate Bonds		720,638	720,638
U.S. Treasury Securities		3,722,699	3,722,699
Total	\$ 7,619,241	\$ 4,953,711	\$ 12,572,952

Net investment return consisted of the following for the year ended June 30, 2024:

Net realized and unrealized investment losses	\$ 730,889
Interest and dividends	306,642
Less investment fees	(32,266)
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	\$ 1,005,265

Piedmont Education Foundation

Notes to the Financial Statements

Note 5 - Endowment Funds:

The Foundation's endowment funds consisted of the following:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
General endowment fund	General support of PUSD	\$ 11,419,726
Robert Dean Faberman Memorial Fund	Declamation among students and drunk driving awareness	23,010
Stanley Price Memorial Endowment Fund	PUSD school libraries	27,793
		<u>\$ 11,470,529</u>

The activity of the Foundation's endowment funds for the year ended June 30, 2024 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 10,808,633	\$ 50,803	\$ 10,859,436
Reclassification of endowment funds	(10,808,633)	10,808,633	-
Investment return		1,005,265	1,005,265
Contributions		42,756	42,756
Appropriation of endowment asset for expenditure		(436,928)	(436,928)
Endowment net assets, end of year	\$ -	\$ 11,470,529	\$ 11,470,529

In 2024, the Foundation determined that it had improperly classified its general endowment fund as a Board-designated quasi-endowment. A reclassification was recorded to correct this presentation, as shown above. The Foundation has determined that all donor contributions since the establishment of the fund in 1999 have been preserved as an endowment and that the Foundation has utilized these funds in accordance with the donors' intentions.

Piedmont Education Foundation

Notes to the Financial Statements

Note 6 - Net Assets With Donor Restrictions:

At June 30, 2024, the Foundation's net assets with donor restrictions consisted of the following:

Endowment fund corpus (permanent restrictions):	
General endowment fund	\$ 5,968,631
Robert Dean Faberman Memorial Fund	10,000
Stanley Price Memorial Endowment Fund	10,000
	<hr/>
	5,988,631
Other temporary restrictions:	
Accumulated earnings on endowment funds	5,481,898
Professional development grant	100,000
Diversity, equity and inclusion	82,650
Other PUSD school programs	6,572
	<hr/>
Total restricted funds for Foundation purposes	11,659,751
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Restricted funds for fiscal sponsored organizations:	
Piedmont Arts Fund	75,191
Wellness Center Support Committee	125,063
Piedmont Advanced Learners Program Support	22,883
Piedmont Parents Network	17,921
Other fiscal sponsorship funds	20,316
	<hr/>
Total restricted funds for fiscal sponsored organizations	261,374
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	\$ 11,921,125

Net assets released from restrictions during the year ended June 30, 2024 were as follows:

Net assets released in satisfaction of purposes for the Foundation	\$ 436,928
Net assets released in satisfaction of purposes for fiscal sponsored organizations	445,786
	<hr/>
	\$ 882,714

Note 7 - Conditional Grants to PUSD:

In September 2023, the conditions of the 2023/2024 school year grant were satisfied whereby the expense was recognized and a disbursement was made to PUSD in the amount \$3,242,000.

Piedmont Education Foundation

Notes to the Financial Statements

Additionally, for the year ended June 30, 2024, the Foundation made a conditional grant to PUSD for the 2024/2025 school year. The disbursement of the award was dependent on sufficient availability of liquid assets. In August 2024, the conditions were satisfied and a distribution in the amount of \$3,666,078 was made.

Note 8 - Leases:

The Foundation entered into a facility use agreement with the City of Piedmont for use of the Piedmont Veterans Hall, which is owned and operated by the City. The agreement expires in December 2025. Total rent expense for facilities was \$22,880 for the year ended June 30, 2024.

Future minimum lease payments required under the operating lease as of June 30, 2024 are as follows:

2024	\$	21,096
2025		11,028
Total payments		32,124
Less present value discount		(6,055)
Present value of minimum lease payments		\$ 26,069

Note 9 - Concentrations and Risks:

Donations from Board of Directors of the Foundation totaled \$244,448 for the year ended June 30, 2024.

Financial instruments which potentially subject the Foundation to credit risk consist primarily of cash and cash equivalents and investments.

The Foundation maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management believed the Foundation is not exposed to any significant credit risk related to cash. Investments are professionally managed, governed by an investment policy requiring prudent diversification, which mitigates credit risk.