

First Graduate

Financial Statements &
Independent Auditor's Report
for the Year Ended
June 30, 2025

COOK &
COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

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A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
First Graduate
San Francisco, California

Opinion

We have audited the financial statements of First Graduate (“the Organization”), 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, the changes in its net assets, its functional expenses, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 year ended June 30, 2025. 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.

Recognition and Classification of Revenue and Support in the Financial Statements

We consider the recognition and classification of revenue and support, which is discussed in Note 2 of the accompanying financial statements, to be a key audit matter. Provisions of this area of accounting require the Organization to record contributions and revenues to the financial statements for the correct year. They also require categorizing revenue and support to the appropriate category based on its reciprocal or nonreciprocal nature as well as the absence or existence of donor restrictions and/or conditions. In addition, this area requires that the Organization reliably determine when performance obligations to customers are satisfied, when donor conditions are met, and when restricted amounts should be released from restriction.

This matter is considered a key audit matter because the recognition and classification of support and revenue has a pervasive effect on the Organization's financial statements, including its changes in net assets, total current assets, and composition amongst *net assets without donor restrictions* and *net assets with donor restrictions*. This area of accounting also requires the Organization to exercise significant judgment in its application of accounting standards, which have undergone changes in the past few years.

This matter was addressed in the current audit through the examination of documentary evidence that supports the recognition and classification of contributed support and contracts with customers. These procedures were instrumental in forming our opinion on the financial statements as a whole.

Allocation of Expenses to Functional Groupings in the Financial Statements

We consider the allocation of natural expense categories amongst functional groupings (i.e., *program services*, *management & general*, and *fundraising*) to be a key audit matter. This is discussed in Note 2 of the financial statements.

This matter is considered a key audit matter because certain charity rating services and some institutional funding sources have been known to evaluate nonprofit organizations according to the overall proportion of expenses allocated to program services. Furthermore, because the expense allocations are based on time-and-effort estimates rather than factual data (e.g., timesheets), they require the Organization's personnel to exercise significant judgment.

This matter was addressed during the current audit through analysis of the design and execution of the Organization's cost allocation methodology. We assessed the methodology's consistency with GAAP, reviewed the underlying employee time-and-effort estimates for reasonableness and consistency with job titles, and verified through reperformance certain allocation calculations as part of forming our opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate, and have communicated, 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.

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Independent Auditor's Report
January 23, 2026
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Report on Summarized Comparative Information

We have previously audited the June 30, 2024, financial statements of First Graduate, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 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.

Cook & Company

A Professional Accountancy Corporation
San Francisco, California
January 23, 2026

First Graduate

Statement of Financial Position June 30, 2025 with Comparative Totals for June 30, 2024

	<u>6/30/2025</u>	<u>6/30/2024 (Note 2)</u>
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 1,216,134	\$ 661,587
Investments in certificates of deposit	-	732,239
Grants & pledges receivable, current (Note 3)	449,480	193,334
Prepaid expenses & other	40,276	28,995
Total current assets	<u>1,705,890</u>	<u>1,616,155</u>
Grants & pledges receivable, non-current (Note 3)	224,080	128,337
Deposits	5,845	5,845
Right-of-use asset	160,755	213,656
Property & equipment, net (Note 4)	7,204	1,270
TOTAL ASSETS	<u>\$ 2,103,774</u>	<u>\$ 1,965,263</u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 24,126	\$ 44,416
Accrued vacation pay	105,682	97,739
Operating lease liability, current (Note 5)	59,200	49,092
Total current liabilities	<u>189,008</u>	<u>191,247</u>
Operating lease liability, long-term (Note 5)	<u>115,796</u>	<u>174,997</u>
TOTAL LIABILITIES	304,804	366,244
Net Assets		
Without donor restrictions	807,804	883,277
With donor restrictions (Note 6)	991,166	715,742
TOTAL NET ASSETS	<u>1,798,970</u>	<u>1,599,019</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 2,103,774</u>	<u>\$ 1,965,263</u>

See accompanying notes to financial statements and independent auditor's report.

First Graduate

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2025 with Comparative Totals for the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total (Note 2)
Support & Revenue:				
Foundation & corporate grants	\$ 674,275	\$ 793,851	\$ 1,468,126	\$ 1,369,870
Donations	268,152	302,656	570,808	409,568
Government grants	-	-	-	50,213
In-kind support (Note 7)	37,756	-	37,756	-
Net assets released from restriction:				
Satisfaction of donor restrictions	821,083	(821,083)	-	-
Special events - contributions	145,084	-	145,084	86,212
Special events - fair value portion	6,796	-	6,796	4,488
Special events - auction sales	17,800	-	17,800	11,500
Less: Direct event expenses	(79,025)	-	(79,025)	(49,909)
Employee retention credit (Note 8)	116,459	-	116,459	-
Investment dividends & interests	23,643	-	23,643	29,015
Realized & unrealized gains/(losses) on investments	1,066	-	1,066	(475)
Total support & revenue	2,033,089	275,424	2,308,513	1,910,482
Expenses:				
Program services	1,402,430	-	1,402,430	1,357,995
Management & general	322,334	-	322,334	301,598
Fundraising	383,798	-	383,798	373,394
Total expenses	2,108,562	-	2,108,562	2,032,987
CHANGE IN NET ASSETS	(75,473)	275,424	199,951	(122,505)
NET ASSETS, July 1	883,277	715,742	1,599,019	1,721,524
NET ASSETS, June 30	<u>\$ 807,804</u>	<u>\$ 991,166</u>	<u>\$ 1,798,970</u>	<u>\$ 1,599,019</u>

See accompanying notes to financial statements and independent auditor's report.

First Graduate

Statement of Functional Expenses for the Year Ended June 30, 2025 with Comparative Totals for the Year Ended June 30, 2024

	Program Services	Management & General	Fundraising	2025 Total	2024 Total (Note 2)
Salaries	\$ 765,480	\$ 128,658	\$ 107,915	\$ 1,002,053	\$ 1,006,670
Payroll taxes	63,170	9,316	8,848	81,334	79,463
Employee benefits	96,343	(3,075)	9,477	102,745	98,669
Staff development	2,144	1,043	193	3,380	5,185
Accounting services	-	57,997	-	57,997	64,722
Legal services	-	21,506	-	21,506	-
Information technology support	-	7,020	-	7,020	10,296
Marketing consultants	-	22,100	27,247	49,347	28,750
Other fees for services	45,376	8,573	137,897	191,846	208,792
Rent	48,220	8,105	6,798	63,123	79,104
Office supplies & expenses	4,421	7,071	4,109	15,601	33,371
Telephone	14,040	1,710	150	15,900	4,793
Postage	236	44	-	280	7,167
Printing & copying	184	2,331	100	2,615	6,071
Travel & meetings	4,878	1,073	2,221	8,172	7,786
Dues & subscriptions	29,937	20,216	17,296	67,449	24,040
Insurance	-	10,938	-	10,938	12,209
Books & materials	1,246	18	-	1,264	12,229
Student fees & admissions	6,495	-	-	6,495	5,615
Student/mentor meals & snacks	18,180	1,000	-	19,180	18,815
Student travel	43,969	-	4,387	48,356	48,593
Scholarships awarded	241,663	-	-	241,663	181,550
Awards & honoraria	2,689	12	6	2,707	7,846
Special event production	-	-	110,541	110,541	87,098
Depreciation	2,993	503	422	3,918	2,231
Other expenses	10,766	16,175	25,216	52,157	41,831
Total expenses by function	\$ 1,402,430	\$ 322,334	\$ 462,823	\$ 2,187,587	\$ 2,082,896
Less expenses included with revenues on the statement of activities					
Direct expenses of fundraising events			(79,025)	(79,025)	(49,909)
Total expenses included in the expense section on the statement of activities	\$ 1,402,430	\$ 322,334	\$ 383,798	\$ 2,108,562	\$ 2,032,987

See accompanying notes to financial statements and independent auditor's report.

First Graduate

Statement of Cash Flows for the Year Ended June 30, 2025 with Comparative Totals for the Year Ended June 30, 2024

	2025	2024 (Note 2)
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 199,951	\$ (122,505)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	3,918	2,231
Realized & unrealized gains/losses on investments	(1,066)	475
Changes in assets and liabilities:		
Grants & pledges receivable	(351,889)	156,044
Prepaid expenses & deposits	(11,281)	(6,776)
Operating lease assets & liabilities	3,808	3,536
Accounts payable	(20,290)	11,828
Accrued vacation pay	7,943	34,139
Cash provided (used) by operating activities:	(168,906)	78,972
<i>Cash flows from investing activities:</i>		
Purchases of property & equipment	(9,852)	-
Purchases of investments	-	(1,352,670)
Redemption of investments	733,305	1,374,390
Cash provided (used) by investing activities:	723,453	21,720
Cash provided (used) during year	554,547	100,692
Cash & cash equivalents balance, beginning of year	661,587	560,895
Cash & cash equivalents balance, end of year	\$ 1,216,134	\$ 661,587
<u>Supplemental cash flow information related to leases:</u>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ (59,314)	\$ (66,500)
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 227,580

See accompanying notes to financial statements and independent auditor's report.

First Graduate

Notes to Financial Statements for the Year Ended June 30, 2025

1. The Organization

Nature of Activities

First Graduate (the Organization) was incorporated in November 2000 to help students finish high school and become the first in their families to graduate from college. From the seventh grade through college, the Organization's program is designed to help ensure that students enter college prepared to succeed and stay until they graduate.

Program services consist of:

- One-on-one mentoring,
- Academic instruction, tutoring and support,
- High school and college counseling,
- Family engagement activities,
- Eligibility for annual scholarships, and
- Long-term case management

First Graduate is a nonprofit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3) and section 23701(d) of the California Revenue and Taxation Code. The Organization is governed by a board of directors.

Funding

Contributions are received from foundations, corporations, local government, and individuals. The Organization also holds an annual gala fundraising event.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned and expenses are recognized when they are incurred.

Cash & Cash Equivalents

Cash and cash equivalents consist of a bank checking account, money market funds, and undeposited checks.

Grants & Pledges Receivable

Grants and pledges receivable are recorded based on formal promises received from donors. Amounts due within one year of the balance sheet date are stated at face value, while amounts due beyond one year are discounted to present value using applicable interest rates in effect when the underlying pledges were made.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

First Graduate capitalizes computers, other office equipment and furnishings with an initial cost of at least \$1,500. Purchased items are stated at cost, while donated fixed assets are stated at their fair market value at the time of donation. Depreciation is computed using the straight-line method

First Graduate

Notes to Financial Statements for the Year Ended June 30, 2025

over the estimated useful lives of the respective assets, which range from 3 to 5 years for fixed assets currently on the books.

Beneficial Interest in Assets Held by Marin Community Foundation

In November 2021, First Graduate's founder contributed \$3 million to the Marin Community Foundation (the Foundation) for the purpose of establishing an endowment fund to benefit First Graduate's program. The *First Graduate Endowment Fund of the Marin Community Foundation* (the Fund) was established as a designated beneficiary fund established to accept contributions and make an annual grant to First Graduate in accordance with the Foundation's spending rule.

The Foundation was given variance power to unilaterally modify any restriction or condition of these funds in the event such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by the Foundation. From the time the Fund was established through June 30, 2025, assets of the Fund were considered assets of the Foundation and not recognized in First Graduate's financial statements. Fund distributions have been treated as grants when awarded by the Foundation.

The fund was invested in the Foundation's pooled investments consisting primarily of money market funds. The Fund's reported fair value was approximately \$3.4 million as of June 30, 2025.

Also see Note 12 for subsequent events related to this Fund.

Leases

Leases with an initial term of more than 12 months are recognized as a right-of-use asset and a lease liability in accordance with FASB ASC 842. The Organization entered a four-year operating lease for its San Francisco office in April 2024. The lease includes a four-month rent abatement, and rent expense is recognized on a straight-line basis over the lease term, including the abatement period. Future payments on the Organization's leases are discounted to present value using an incremental borrowing rate of 5%. Due to the rent abatement, the lease liability currently exceeds the right-of-use asset. Both will be fully amortized by the end of the lease term. In implementing ASC 842, the Organization elected the practical expedient to exclude leases with a term of 12 months or less from the statement of financial position.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.

Net assets with donor restrictions, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Recognition of Contributions

The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest.

Contributions are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in *net assets without donor restrictions* unless they are encumbered by explicit donor stipulation or by law. Expirations of

First Graduate

Notes to Financial Statements for the Year Ended June 30, 2025

donor-restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special Events

The Organization periodically hosts special events to raise funds for its activities. Revenue and support consist of sponsorships, ticket sales, sales of donated auction items, and other donations. Proceeds generated from these events consist of a fee element (i.e., contract with a customer), based on the fair value of the benefits provided to event attendees, and a contribution element for the remainder. All components of event revenue and support are fully recognizable in the financial statements as of the point in time when the event occurs.

In-kind Support

In-kind contributions are recognized at their estimated fair value at the date of receipt. Contributed services are recognized as in-kind contributions if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by the Organization if not donated. The fair value of contributed services is measured based on the rates the contributors charge their paying customers.

In-kind contributions are recorded as both revenue and expense in the statement of activities and changes in net assets at fair value.

During the year ended June 30, 2025, in-kind contributions consisted primarily of donated legal services recognized at an estimated value of \$1,285 per hour, wine donated for the Organization's events valued between \$120 and \$750 per case, and laptop computers donated with an estimated value of \$150 each.

Functional Expenses

The Organization presents its expenses by function and natural category. *Program services* include the direct conduct and direct supervision of specific program activities. *Fundraising* includes efforts to solicit monetary and nonmonetary contributions. *Management & general* includes general oversight, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities.

The Organization allocates each employee's compensation to functions on a semi-monthly basis according to time-and-effort estimates developed by management based on the underlying job descriptions. Shared occupancy costs (rent, depreciation, etc.) are allocated to functions based on each function's proportionate share of salaries expense.

Other expenses are charged directly to the appropriate function based on specific identification.

All advertising costs are expensed as incurred.

Income Taxes

As a public charity organized under Internal Revenue Code Section 501(c)(3), First Graduate is exempt from income taxes, except on activities unrelated to its mission. As management believes that all of the Organization's revenue is exempt from federal and state income tax, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2022 through 2025 are

First Graduate

Notes to Financial Statements for the Year Ended June 30, 2025

subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2021 through 2025 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Use of Estimates

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

Comparative Data

The financial statement information for the year ended June 30, 2024, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation of June 30, 2024, please refer to the financial statements for that year.

3. Grants & Pledges Receivable

Current

Due within one year	\$449,480
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Non-current

Due in one to three years	235,000
Less: present value discount @ 3.92%-4.28%	<u>(10,920)</u>
Subtotal – non-current	<u>224,080</u>
Grand total	\$673,560

4. Property & Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furnishings	\$31,476	\$31,476	\$0
Computers & equipment	<u>27,229</u>	<u>20,025</u>	<u>7,204</u>
Total	\$58,705	\$51,501	\$7,204

5. Operating Lease Liability

The Organization rents its San Francisco office under a four-year operating lease which commenced in April 2024. The lease agreement established minimum monthly rent at \$5,348, followed by annual increases of approximately 3% for the duration of the lease term. The total operating lease cost for the year ended June 30, 2025 was \$63,123. The remaining lease term is 33 months and the rate used to discount future payments to present value is 5%. The maturities of lease liabilities under the office lease are as follows:

Year ending June 30, 2026	\$66,615
Year ending June 30, 2027	68,610
Year ending June 30, 2028	52,605
Less: Unamortized discount	<u>(12,834)</u>
Total lease liabilities	\$174,996
Less amount presented as current	<u>(59,200)</u>
Total long-term lease liabilities	\$115,796

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Notes to Financial Statements for the Year Ended June 30, 2025

6. Net Assets with Donor Restrictions

The balance of *net assets with donor restrictions* represents contributions to First Graduate that have been restricted for a specific purpose or time period. Details are as follows:

College scholarships and related program support	\$457,517
To support labor costs	267,416
General support for future periods	255,000
Program development	<u>11,233</u>
Total	\$991,166

7. In-Kind Support

Legal services for general matters	\$21,506
Donated wine for various events	10,250
Donated laptop computers	<u>6,000</u>
Total	\$37,756

8. Employee Retention Tax Credit

The Organization has applied for refunds under the Employee Retention Tax Credit (“ERC”) program for certain qualified wages paid during calendar years 2020 and 2021. Due to the complexity of the ERC program and uncertainties regarding the timing and ultimate approval of refund claims, the Organization’s policy is to recognize ERC proceeds as income when received, rather than when claims are filed.

During the year ended June 30, 2025, the Organization received \$116,459 in ERC refunds. These amounts relate to claims originally submitted in 2021 and 2022 for wages paid in 2020 and 2021. The Organization received \$37,452 out of \$50,000 claimed for the quarter ended December 31, 2020, and \$79,007 from a \$70,000 claim for the second quarter of 2021 (including \$9,007 of interest).

In September 2024, the Organization filed an additional ERC claim of \$85,608 related to wages paid in the third quarter of calendar year 2021. As of the date these financial statements were available to be issued, no amounts have been received related to this claim, and no receivable has been recorded, as the ultimate timing and amount of payment, if any, remain uncertain.

9. Retirement Plan

First Graduate maintains a 403(b) retirement savings plan for its employees. There were no employer contributions to employee accounts for the year ended June 30, 2025.

10. Contingencies

Satisfaction of Donor Requirements

First Graduate receives contributions that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor

First Graduate

Notes to Financial Statements for the Year Ended June 30, 2025

requirements have been met for contributions that have been released from *net assets with donor restrictions* or recorded directly to *net assets without donor restrictions*.

Concentration of Cash Deposits

As of June 30, 2025, approximately \$445,000 was maintained in one bank. The Federal Deposit Insurance Corporation only insures up to \$250,000. Although this presents the possibility of loss, management believes that the risk is minimal.

11. Liquidity & Availability of Financial Assets

First Graduate regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. First Graduate has various sources of liquidity at its disposal, including cash and cash equivalents and a credit card.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, First Graduate considers all expenditures related to its ongoing activities of supporting college access and persistence, youth development, research, and public service 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, First Graduate aims to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

As of June 30, 2025, the following table shows the total financial assets held by First Graduate and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash & equivalents	\$1,216,134
Grants & pledges receivable	<u>449,480</u>
Total	\$1,665,614*

*The total presented for financial assets available within one year for general expenditures is not reduced by the balance of net assets with donor restrictions since such restricted amounts are available for the Organization's ongoing and major activities.

12. Subsequent Events

Endowment Fund

In November 2025, the Marin Community Foundation granted First Graduate approximately \$3.5 million by liquidating the *First Graduate Endowment Fund of the Marin Community Foundation* (described in Note 2) for the purpose of establishing and funding a permanent endowment at First Graduate. In accordance with the provisions discussed in Note 2, this transfer shall be reflected as a contribution in First Graduate's financial statements for the year ending June 30, 2026. The fair value of the assets held in the new permanent endowment fund shall be presented as an asset on First Graduate's statement of financial position and within the balance of *net assets with donor restrictions*. The Foundation has stipulated that the endowment shall be subject to an annual spending rule not to exceed 3%.

First Graduate

Notes to Financial Statements for the Year Ended June 30, 2025

Financial Statements

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 23, 2026, the date the financial statements were available to be issued.