



**Pivotal Connections
Financial Statements
June 30, 2025 and 2024**

Board of Directors and Audit Committee
Pivotal Connections
San Jose, California



Certified
Public
Accountants

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Pivotal Connections (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 and 2024, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US 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 audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date 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 an audit conducted in accordance with US 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 US 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 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 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.

Frank, Rimmerman & Co. LLP

San Jose, California
March 5, 2026

Pivotal Connections
Statements of Financial Position

	June 30,	
	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,792,286	\$ 2,338,092
Grants Receivable	12,500	378,069
Accounts Receivable	241,666	268,594
Prepaid Expenses and Other Assets	32,869	35,594
Investments, at fair value (Note 4)	7,574,347	6,660,510
Property and Equipment, net (Note 5)	1,475	4,985
Deposits	-	6,525
Total assets	<u>\$ 10,655,143</u>	<u>\$ 9,692,369</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 284,417</u>	<u>\$ 318,689</u>
Commitments (Note 6)		
Net Assets		
Without donor restrictions		
Undesignated	1,471,471	1,122,514
Designated for endowments (Note 9)	<u>8,756,191</u>	<u>7,848,950</u>
Total net assets without donor restrictions	10,227,662	8,971,464
With donor restrictions (Note 8)	<u>143,064</u>	<u>402,216</u>
Total net assets	<u>10,370,726</u>	<u>9,373,680</u>
Total liabilities and net assets	<u>\$ 10,655,143</u>	<u>\$ 9,692,369</u>

See Notes to Financial Statements

Pivotal Connections
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions of cash and financial assets	\$ 1,368,473	\$ 1,006,100	\$ 2,374,573	\$ 1,675,808	698,586	\$ 2,374,394
In-kind contributions	31,398	-	31,398	19,522	-	19,522
Fee for service agreements	1,010,716	-	1,010,716	1,163,651	-	1,163,651
Employee retention tax credit	726,302	-	726,302	-	-	-
Net assets released from restrictions (Note 9)	1,265,252	(1,265,252)	-	464,605	(464,605)	-
Total public support and revenue	<u>4,402,141</u>	<u>(259,152)</u>	<u>4,142,989</u>	<u>3,323,586</u>	<u>233,981</u>	<u>3,557,567</u>
Expenses						
Program services:						
High school coaching	770,522	-	770,522	923,192	-	923,192
Post secondary coaching and scholarships	1,146,621	-	1,146,621	1,527,776	-	1,527,776
Enrichment/workforce readiness	48,619	-	48,619	284,786	-	284,786
Program management	904,268	-	904,268	819,537	-	819,537
Total program services	<u>2,870,030</u>	<u>-</u>	<u>2,870,030</u>	<u>3,555,291</u>	<u>-</u>	<u>3,555,291</u>
Support services:						
General and administrative	599,548	-	599,548	767,772	-	767,772
Fundraising	635,659	-	635,659	656,532	-	656,532
Total support services	<u>1,235,207</u>	<u>-</u>	<u>1,235,207</u>	<u>1,424,304</u>	<u>-</u>	<u>1,424,304</u>
Total expenses	<u>4,105,237</u>	<u>-</u>	<u>4,105,237</u>	<u>4,979,595</u>	<u>-</u>	<u>4,979,595</u>
Changes in Net Assets from Operations	<u>296,904</u>	<u>(259,152)</u>	<u>37,752</u>	<u>(1,656,009)</u>	<u>233,981</u>	<u>(1,422,028)</u>
Other Revenue						
Net realized and unrealized gains on investments (Note 4)	755,600	-	755,600	803,361	-	803,361
Interest and dividends on cash and cash equivalents, net of fees	203,694	-	203,694	221,777	-	221,777
Gain on disposal of furniture and fixtures	-	-	-	4,274	-	4,274
Total other revenue, net	<u>959,294</u>	<u>-</u>	<u>959,294</u>	<u>1,029,412</u>	<u>-</u>	<u>1,029,412</u>
Changes in Net Assets	1,256,198	(259,152)	997,046	(626,597)	233,981	(392,616)
Net Assets, beginning of year	8,971,464	402,216	9,373,680	9,598,061	168,235	9,766,296
Net Assets, end of year	<u>\$ 10,227,662</u>	<u>\$ 143,064</u>	<u>\$ 10,370,726</u>	<u>\$ 8,971,464</u>	<u>\$ 402,216</u>	<u>\$ 9,373,680</u>

See Notes to Financial Statements

Pivotal Connections
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services					Support Services			
	High School Coaching	Post Secondary Coaching and Scholarships	Enrichment/ Workforce Readiness	Program Management	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Payroll and payroll related expenses	\$ 683,934	\$ 747,171	\$ 31,703	\$ 829,754	\$ 2,292,562	\$ 359,902	\$ 526,513	\$ 886,415	\$ 3,178,977
Consultants and professional services	38,685	73,640	2,593	20,536	135,454	171,019	52,094	223,113	358,567
Office expenses	528	864	40	24,511	25,943	15,336	8,460	23,796	49,739
Occupancy expense	13,224	11,579	279	4,476	29,558	16,018	6,568	22,586	52,144
Travel, lodging, and meals	6,358	6,320	47	5,697	18,422	6,657	3,339	9,996	28,418
Depreciation	-	-	-	-	-	3,510	-	3,510	3,510
Direct program costs	24,172	301,415	13,907	2,277	341,771	186	-	186	341,957
Other expenses	3,621	5,632	50	17,017	26,320	26,920	38,685	65,605	91,925
Total expenses	<u>\$ 770,522</u>	<u>\$ 1,146,621</u>	<u>\$ 48,619</u>	<u>\$ 904,268</u>	<u>\$ 2,870,030</u>	<u>\$ 599,548</u>	<u>\$ 635,659</u>	<u>\$ 1,235,207</u>	<u>\$ 4,105,237</u>
Percent of Expenses	<u>19%</u>	<u>28%</u>	<u>1%</u>	<u>22%</u>	<u>70%</u>	<u>15%</u>	<u>15%</u>	<u>30%</u>	<u>100%</u>

See Notes to Financial Statements

Pivotal Connections
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services					Support Services			
	High School Coaching	Post Secondary Coaching and Scholarships	Enrichment/ Workforce Readiness	Program Management	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Payroll and payroll related expenses	\$ 787,173	\$ 828,487	\$ 196,371	\$ 774,812	\$ 2,586,843	\$ 589,648	\$ 531,437	\$ 1,121,085	\$ 3,707,928
Consultants and professional services	52,637	79,007	6,271	14,989	152,904	114,725	80,701	195,426	348,330
Office expenses	1,895	1,955	312	361	4,523	4,052	1,956	6,008	10,531
Occupancy expense	48,792	60,815	6,559	11,542	127,708	29,906	21,875	51,781	179,489
Travel, lodging, and meals	8,236	6,794	868	4,384	20,282	9,872	2,909	12,781	33,063
Depreciation	4,161	5,154	562	1,011	10,888	4,026	1,866	5,892	16,780
Direct program costs	10,577	535,584	70,109	9,480	625,750	-	-	-	625,750
Other expenses	9,721	9,980	3,734	2,958	26,393	15,543	15,788	31,331	57,724
Total expenses	<u>\$ 923,192</u>	<u>\$ 1,527,776</u>	<u>\$ 284,786</u>	<u>\$ 819,537</u>	<u>\$ 3,555,291</u>	<u>\$ 767,772</u>	<u>\$ 656,532</u>	<u>\$ 1,424,304</u>	<u>\$ 4,979,595</u>
Percent of Expenses	<u>19%</u>	<u>31%</u>	<u>6%</u>	<u>16%</u>	<u>71%</u>	<u>16%</u>	<u>13%</u>	<u>29%</u>	<u>100%</u>

See Notes to Financial Statements

Pivotal Connections
Statements of Cash Flows

	Years Ended June 30,	
	2025	2024
Cash Flows from Operating Activities		
Changes in net assets	\$ 997,046	\$ (392,616)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,510	16,780
Net realized and unrealized gains on investments	(755,600)	(803,361)
Changes in operating assets and liabilities:		
Grants receivable	365,569	(373,069)
Accounts receivable	26,928	(88,381)
Prepaid expenses and other assets	2,725	7,800
Accounts payable and accrued expenses	(34,272)	16,454
Net cash provided by (used in) operating activities	605,906	(1,616,393)
Cash Flows from Investing Activities		
Proceeds from maturities and sales of investments	1,455,485	5,706,335
Purchase of investments	(1,613,722)	(3,055,630)
Purchase of property and equipment	-	(1,778)
Decrease in deposits	6,525	20,637
Net cash provided by (used in) investing activities	(151,712)	2,669,564
Net Increase in Cash and Cash Equivalents	454,194	1,053,171
Cash and Cash Equivalents, beginning of year	2,338,092	1,284,921
Cash and Cash Equivalents, end of year	\$ 2,792,286	\$ 2,338,092

See Notes to Financial Statements

Pivotal Connections

Notes to Financial Statements

1. Nature of Activities

Pivotal Connections (the Organization) is a nonprofit public benefit organization formed in 1987 to support foster youth, a population of young people who are often disconnected from educational programs and employment opportunities. The Organization's work has changed the educational trajectory of thousands of young people from foster care in Bay Area.

The Organization's mission is to help young people in and from foster care realize their educational and career goals by ensuring equitable access to opportunities that support their success. The Organization works with foster youth starting as early as the 8th grade, providing trauma-responsive individualized academic coaching, college scholarships, professional development, and career readiness support as they navigate the critical years from middle and high school to college and into the workforce. By combining the Organization's educational coaching and college scholarships with employment opportunities and expertise in the needs and rights of foster youth, the Organization helps these young people become self-reliant when they emancipate from the foster care system.

In addition to offering direct services, the Organization also leads collaborative efforts with the entire ecosystem of people who serve the community's foster youth, building a strategic movement to rewrite what it means to be impacted by the foster care system.

2. Significant Accounting Policies

Basis of Presentation:

The Organization presents its financial statements on the accrual method of accounting in accordance with accounting principles for not-for-profit entities. The Organization segregates its assets, liabilities and operations into two categories: without donor restrictions and with donor restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions consists of net assets for which there are no donor-imposed restrictions, or such donor-imposed restrictions were temporary and expired during the current or previous years. Net assets without donor restrictions at June 30, 2025 and 2024 include funds designated by the Board of Directors (the Board) to function as endowments.

Net assets with donor restrictions consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors are required to be maintained in perpetuity while others expire over time or when the donor-imposed restriction is satisfied. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pivotal Connections

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of support, revenue and expenses in the financial statements and related disclosures. Actual results could differ from those estimates.

Public Support:

The Organization recognizes grants and contributions as support revenue at their fair value in the period the grant or contribution is made. All donor-restricted grants and contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when a restriction as to time or use expires. Grants and contributions to be received after one year are reflected at their present value of estimated future cash flows.

Contributed Nonfinancial Assets:

The Organization records various types of in-kind contributions including professional services, tangible assets and the use of tangible assets, in accordance with accounting principles for not-for-profit entities. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets, or the use thereof, are recognized when received. The amounts reflected in the financial statements as in-kind contributions are offset by like amounts of expenses or in the case of long-term assets, over the period benefited.

The Organization received in-kind contributions of \$31,398 in fiscal 2025 consisting of in-kind legal services and donated goods (\$19,522 in fiscal 2024 consisting of in-kind legal services). In-kind legal services were recorded at the actual value of the time, based on professional billing rates, and expenses provided to the Organization.

Additionally, the Organization receives a significant amount of contributed time from volunteers, which does not meet the above recognition criteria. Accordingly, the value of this important contributed time has not been determined and is not reflected in the financial statements.

Pivotal Connections

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Revenue Recognition:

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, through the following steps:

- Identification of the contract or agreement with a customer
- Identification of the performance obligations in the contract or agreement
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or agreement
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

Fees under service agreements are recognized as revenue as the services are performed.

Cash Equivalents:

The Organization considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted of money market funds.

Concentrations of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, grants and accounts receivable, and investments. Cash and cash equivalents are deposited at two domestic financial institutions and the deposits exceeded the Federal Deposit Insurance Corporation (FDIC) insurable limit of \$250,000 at each institution at June 30, 2025 and 2024. These deposits exceeded the FDIC insurable limit by \$1,030,364 at June 30, 2025 (\$1,006,403 at June 30, 2024). Cash equivalents and investments are maintained at a large financial services company and are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC), \$250,000 for cash deposits. The Organization's exceeded the SIPC insured limit by \$7,074,347 at June 30, 2025 (\$6,160,510 at June 30, 2024). The Organization's investment portfolio and invested cash and cash equivalents are managed by the Board and Finance Committee.

Pivotal Connections

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Concentrations of Credit Risk:(continued)

The Organization periodically evaluates the collectability of its grants and accounts receivable. An allowance for uncollectible receivables, if needed, is provided based on management's judgment. Management believes all amounts to be collectible and no allowance for credit losses was deemed necessary at June 30, 2025 or 2024.

Accounts Receivable

Accounts receivable are contract assets comprised of billings for services provided, recorded at the invoiced amount, net of any allowances for credit losses. Gross accounts receivable were \$241,666 at June 30, 2025, \$268,594 at June 30, 2024 and \$180,213 at June 30, 2023.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are to be recorded at net realizable value. Unconditional pledges to give or grants that are expected to be received after one year from the financial statement date at the net present value. There were no pledges or grants that required discounting for the years ended June 30, 2025 or 2024. Uncollectible promises are expected to be insignificant.

Property and Equipment:

The Organization capitalizes property and equipment acquisitions over \$2,500. Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to ten years.

Donated property and equipment is reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donated long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Pivotal Connections

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Impairment of Long-Lived Assets:

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. When it is determined the carrying value of long-lived assets may not be recoverable, the Organization measures any impairment based on projected discounted cash flows using a discount rate commensurate with the risk inherent in its current operating model. The Organization has not recorded an impairment of its long-lived assets as a result of this analysis through June 30, 2025.

Fair Value Measurement:

The Organization uses a three-level hierarchy for fair value measurement based on the nature of inputs used in the valuation of an asset or liability at the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and 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. The inputs or methodology used for valuing assets or liabilities are not necessarily an indication of the risk associated with investing in those assets or liabilities.

The three-level hierarchy for fair value measurement is defined as follows:

Level I: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology, which are significant to the fair value measurement, are unobservable.

An asset or liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments in marketable securities valued at quoted market prices are classified as Level I investments under the fair value hierarchy.

Investments in corporate fixed income securities and government bonds are priced at fair value based on information from an independent pricing vendor. These investments are classified under Level II of the fair value hierarchy.

Pivotal Connections

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Functional Expenses:

The costs of providing the Organization's programs and support services have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to the related program or service benefited. Indirect expenses, including personnel-related, are generally allocated based on operating expenses incurred and estimates of time and effort. Indirect facility-related expenses are allocated based on employee headcount.

Income Taxes:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under the State of California Section 23701(d), except on income derived from unrelated business activities.

The Organization does not believe it has unrelated business income to be reported for tax purposes. In addition, the Organization believes it has appropriate support for any income tax positions taken to date and, therefore, has no related income tax due for all years where the statute of limitations remains open, which is generally three years for federal filings and four years for California filings.

Operating Lease:

The Organization capitalizes leased assets with terms of greater than twelve months as assets and liabilities on the statement of financial position. The Organization expenses all operating leases with terms of one year or less that do not contain lease extension options that management determines are not reasonably expected to be exercised. Leases are classified as either an operating or finance lease under ASC Topic 842, *Leases*, with classification affecting the pattern of expense recognition in operations.

On April 10, 2024, the Organization entered into a membership agreement beginning May 1, 2024, which contained a 14 month non-cancellable operating lease for office space in San Jose, California. Lease expense, net of discounts, is \$3,500 per month. Management elected to not capitalize the lease as it was determined to be not material to the financial statements.

In March 2025, the Company renewed the lease terms under a non-cancellable operating lease agreement set to expire in June 2027. The commencement date is July 1, 2025. Future minimum rental payments under the lease agreement are as follows:

Years ending June 30:	
2026	\$ 48,000
2027	<u>48,000</u>
Total minimum lease payments	<u>\$ 96,000</u>

Pivotal Connections
Notes to Financial Statements

3. Liquidity and Availability of Resources

The following table reflects the Organization’s financial assets at June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,792,286	\$ 2,338,092
Accounts receivable	241,666	268,594
Grants receivable	12,500	378,069
Investments	<u>7,574,347</u>	<u>6,660,510</u>
	10,620,799	9,645,265
Less funds restricted by donors	<u>(57,138)</u>	<u>(100,216)</u>
Financial assets available for general expenditure needs within one year	<u>\$ 10,563,661</u>	<u>\$ 9,545,049</u>

The Organization may sell investments designated by the Board to function as endowments, if necessary, upon Board approval to meet unexpected liquidity needs. As a result, these investments are reported as available to meet general expenditures.

4. Investments

The Organization’s investments are recorded at fair value under Level I and Level II of the fair value hierarchy. At June 30, 2025 and 2024, all investments are without donor restrictions.

Investments consists of the following at June 30, 2025:

	<u>Level I</u>	<u>Level II</u>	<u>Total</u>
Mutual funds	\$ 2,283,006	\$ -	\$ 2,283,006
Corporate fixed income securities	1,001,582	-	1,100,582
Equity securities	-	2,802,006	2,802,006
Government bonds	-	<u>1,487,753</u>	<u>1,487,753</u>
	<u>\$ 3,284,588</u>	<u>\$ 4,289,759</u>	<u>\$ 7,574,347</u>

Pivotal Connections
Notes to Financial Statements

4. Investments (continued)

Investments consists of the following at June 30, 2024:

	<u>Level I</u>	<u>Level II</u>	<u>Total</u>
Mutual funds	\$ 1,923,839	\$ -	\$ 1,923,839
Corporate fixed income securities	1,784,455	-	1,784,455
Equity securities	-	2,433,474	2,433,474
Government bonds	-	<u>518,742</u>	<u>518,742</u>
	<u>\$ 3,708,294</u>	<u>\$ 2,952,216</u>	<u>\$ 6,660,510</u>

5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Computer and equipment	\$ 150,644	\$ 150,644
Software	<u>36,729</u>	<u>36,729</u>
	187,373	187,373
Accumulated depreciation	<u>(185,898)</u>	<u>(182,388)</u>
	<u>\$ 1,475</u>	<u>\$ 4,985</u>

6. Employee Retirement Plan

The Organization has an employee directed 401(k) defined contribution plan (the Plan) for employees who have met certain service and eligibility requirements. Each eligible employee may elect to contribute to the Plan. The Plan allows for discretionary Organization contributions. The Organization pays out the contributions each payroll period. In fiscal year 2025, the Organization's total contribution expense was \$78,207 (\$96,831 at June 30, 2024).

Pivotal Connections
Notes to Financial Statements

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors for the purposes described below. Net assets with donor restrictions consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Post-Secondary Coaching and Scholarships	\$ 60,853	\$ 20,578
Endowment net assets restricted in perpetuity (Note 10)	50,500	50,500
Emergency Assistance Fund (EAF)	29,211	4,138
General and Administrative	<u>2,500</u>	<u>25,000</u>
	<u>143,064</u>	<u>100,216</u>
Subject to the passage of time:		
Grants receivable	<u>-</u>	<u>302,000</u>
	<u>\$ 143,064</u>	<u>\$ 402,216</u>

8. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, including the passage of time. Net assets were released from restrictions as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Post-Secondary Coaching and Scholarships	\$ 270,225	\$ 141,922
Emergency Assistance Fund (EAF)	25,027	19,430
General and Administrative	22,500	-
Coaching - General	326,500	47,086
High School Coaching	319,000	253,167
Enrichment/Workforce Readiness	-	3,000
Subject to passage of time	<u>302,000</u>	<u>-</u>
	<u>\$ 1,265,252</u>	<u>\$ 464,605</u>

Pivotal Connections
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9. Endowment

The Organization’s endowment consists of both contributions received and receivable with donor restrictions in perpetuity and funds designated by the Board to function as endowments. As required by U.S. GAAP, endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Organization classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of donor-restricted endowment funds not classified as net assets held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA and are reclassified to net assets without donor restrictions.

In accordance with SPMIFA, the Organization considers the following factors in appropriating and accumulating donor-restricted endowment funds:

- (1) The duration and preservation of the endowment,
- (2) The purposes of the Organization 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 Organization and
- (7) The Organization’s investment policies.

Endowment assets consist of the following at June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	\$ -	\$ 50,500	\$ 50,500
Board designated endowment funds	<u>8,756,191</u>	<u>-</u>	<u>8,756,191</u>
	<u>\$ 8,756,191</u>	<u>\$ 50,500</u>	<u>\$ 8,806,691</u>

Pivotal Connections
Notes to Financial Statements

9. Endowment (continued)

Endowment assets consist of the following at June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment fund	\$ -	\$ 50,500	\$ 50,500
Board designated endowment funds	<u>7,848,950</u>	<u>-</u>	<u>7,848,950</u>
	<u>\$ 7,848,950</u>	<u>\$ 50,500</u>	<u>\$ 7,899,450</u>

The changes in the Board designated endowment are as follows in 2025:

Endowment Assets, June 30, 2024	\$ 7,848,950
Dividends and interest, net of expenses	151,641
Net realized and unrealized gain	<u>755,600</u>
Endowment Assets, June 30, 2025	<u>\$ 8,756,191</u>

The changes in the Board designated endowment are as follows in 2024:

Endowment Assets, June 30, 2023	\$ 9,444,658
Dividends and interest, net of expenses	219,560
Appropriated for distribution	(2,618,629)
Net realized and unrealized gain	<u>803,361</u>
Endowment Assets, June 30, 2024	<u>\$ 7,848,950</u>

Endowment assets (the Endowment Trust) consist of investments and a money market fund at June 30, 2025 and 2024.

The Organization's investment policy for the Endowment Trust attempts to provide a sustainable maximum level of return consistent with prudent risk levels. Under this policy approved by the Board, the Endowment Trust is invested in a manner that is intended to yield a total annualized return (net of fees and expenses) of 5% over inflation, as measured by the Consumer Price Index. These goals are to be achieved over a period of five to ten years. Actual returns in any given period may vary from this amount.

Pivotal Connections

Notes to Financial Statements

9. Endowment (continued)

The Organization has established asset allocation guidelines designed to portray the investment structure of the endowment over the long-term. The equity portion of the portfolio is to be allocated within a range of 48% - 73%, the fixed income portion is to be allocated within a range of 28% - 42%, the real assets is to be allocated within a range of 0% - 20%, hedge fund strategies are to be allocated within a range 0% - 20%, and the cash equivalent portion is to be allocated within a range of 2% - 5%. Any variances from these ranges will be approved by the Organization's Finance Committee.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Organization focuses on long-term objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year up to 5% of the fair value of the Endowment Trust, to be calculated on the basis of the fair value for the twelve calendar quarters ending December 31 of the previous three years. Over time, it is expected the annual payout will constitute only a portion of the total return (income and appreciation), thus building up the Endowment Trust over time, offsetting inflation, and preserving the purchasing power of the Endowment Trust.

10. Public Support and Revenue

Major supporters are defined as those providing 10% or more of the Organization's annual public support and revenue. The Organization had one major supporter that accounted for 18% of public support and revenue in fiscal 2025 (one major supporter that accounted for 19% of public support and revenue in fiscal 2024). The Organization had \$131,000 due from the supporter at June 30, 2025 (\$401,600 from the supporter at June 30, 2024). The Organization does not believe it is dependent on any major supporter on a long-term basis.

11. Related Party Transactions

Contributions received from members of the Board or from companies with which the directors are affiliated were \$42,900 in fiscal 2025 (\$920,000 in fiscal 2024).

Pivotal Connections
Notes to Financial Statements

12. Subsequent Events

Subsequent events have been evaluated through March 5, 2026, which is the date the financial statements were approved by the Organization and available to be issued.