FOUNDATION *for* CALIFORNIA COMMUNITY COLLEGES

Audit Committee | Regular Meeting

DRAFT – PENDING APPROVAL

Date/Time November 16, 2026, | 11:00 a.m. – 12:00 p.m.

Location Teleconference meeting.

Members of the public may attend and provide comments via the Dial-in or Video options provided below.

If any accommodations are needed, please contact Yvette Ruiz at foundationboard@foundationccc.org. Requests should be made as soon as possible, but at least 48 hours before the scheduled meeting.

Dial-In 1-669-900-6833; Meeting ID: 886 5097 4466

Video Zoom link: https://foundationccc-org.zoom.us/j/88650974466

Meeting ID: 886 5097 4466

AGENDA

Call Open Session to Order | Committee Chair

A. **Identification of Individuals Present**
Audit Committee Members:
Yasmin Davidds, Committee Chair and Director
Elmy Bermejo, Director
Greg Backley, Director
Kate Wright, Director

B. **Foundation Staff:**
Keetha Mills, President and Chief Executive Officer
Adam DeBow, General Counsel & Corporate Secretary
Brian Caughell, Executive Vice President, Finance
Minfang Gao, Controller, Finance
Yvette Ruiz, Executive Assistant to the President and Chief Executive Officer
Roby Johnson, Project Specialist, Office of the President and CEO Team

C. **Others and Gilbert Associate, Inc.:**
Matt Krehe, Audit Partner, Gilbert Associates, Inc.
Ciara Pedroncelli, Senior Manager, Gilbert Associates, Inc.

Members of the public may address the Committee on any item of interest to the public that is listed on the agenda. Public comment will be called for on items designated as (action) prior to Committee action thereon. Speakers will be limited to three minutes.

Call to Order/Approval of Agenda (*action*) **Yasmin Davidds**

Review Fiscal Year 2026 Audit Report Results (Tab 1) *(info/discussion)* **Gilbert Associates**

1. Auditor Required Communications with the Board
2. Fiscal Year 2026 Financial Statements with Independent Auditor's Report

Approve Fiscal Year 2026 Audit Report and Single Audit Report (Tab 2) (*action*) **Yasmin Davidds**

Public Comment
This is an opportunity for members of the public to address the Committee on any items listed on the agenda or otherwise within the jurisdiction of this Committee. Speakers will be limited to three minutes.

Adjourn Meeting **Yasmin Davidds**

Public comment rules: At regularly scheduled board meetings, members of the public may address the Board on agenda or non-agenda items. At special board meetings, the public may address the Board on agenda items only. We ask that comments are limited in duration, so that as many people as possible may be heard. By law, the Board is allowed to act only on items on the agenda. The Board may, at its discretion, refer a matter to staff or calendar the issue for future discussion. Public record documents may be obtained from Corporate Secretary, Adam Debow at the Foundation for California Community Colleges, 1102 Q Street, Suite 4800, Sacramento, CA 95811. (Government Code§ 54957.5.)

Agenda posted on *November 12, 2026*, **at** *8:30 a.m.* **by** *Yvette Ruiz*

FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

Communications With Those Charged With Governance

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We have audited the financial statements of the Foundation for California Community Colleges (FoundationCCC) for the year ended June 30, 2026. We are providing FoundationCCC's Board of Directors (Board) with information regarding the scope and results of the audit to assist the Board in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board and management of FoundationCCC and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

Month XX, 2026

Submitted by GILBERT Tax. Audit. Advisory.

RESPONSIBILITIES AND OPINIONS

Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards,* issued by the Comptroller General of the United States, Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The financial statements are the responsibility of management. As stated in our engagement letter, our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. In planning and performing our audit, we considered FoundationCCC's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance. As part of obtaining reasonable assurance about whether FoundationCCC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Uniform Guidance, we examined, on a test basis, evidence about FoundationCCC's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" applicable to its major federal program for the purpose of expressing an opinion on FoundationCCC's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide legal determination on FoundationCCC's compliance with those requirements.	We issued an unmodified opinion on the financial statements of FoundationCCC for the year ended June 30, 2026. We also issued an unmodified opinion on FoundationCCC's compliance with its major federal programs in accordance with the Uniform Guidance for the year ended June 30, 2026.

INTERACTIONS WITH MANAGEMENT

Management Consultations with Other Independent Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to FoundationCCC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.	To our knowledge, there were no such consultations with other accountants.
Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report.	We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations	We have requested certain representations from management that are included in their letter to us.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and cooperative.

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QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Significant Accounting Policies Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.	The significant accounting policies used by FoundationCCC are described in notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2026. We noted no transactions entered into by FoundationCCC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
Management Judgments and Accounting Estimates Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.	We considered the methodologies and judgments used in assessing the valuation of investments, collectability of accounts receivable, discount rate applied for right-of-use lease assets and lease liabilities, and the allocation of functional expenses. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent and clear.

RESULTS OF THE AUDIT

Planned Scope and Timing of the Audit	We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.
Risk Assessment Process In order to design appropriate audit procedures in accordance with GAAS, the engagement team is required to perform a risk assessment during its audit planning process.	Auditing standards require us to consider the following risks of material misstatement when planning our audit: • Improper revenue recognition due to fraud. • Management override of controls.
Other Audit Findings or Issues	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as FoundationCCC's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.
Significant Adjustments or Disclosures Not Reflected in the Financial Statements Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.	No significant adjustments or omitted disclosures were identified during our audit.

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SUPPLEMENTARY INFORMATION

Supplementary Information With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.	The supplementary information section as listed in the table of contents is presented for the purpose of additional analysis as required by the Uniform Guidance, and in our opinion is fairly stated in all material respects in relation to the financial statements as a whole.

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED
JUNE 30, 2026 AND 2025

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

TABLE OF CONTENTS
JUNE 30, 2026 AND 2025

PAGE

Independent Auditor's Report 1

Financial Statements:

- Statements of Financial Position 4
- Statements of Activities 5
- Statements of Functional Expenses 7
- Statements of Cash Flows 9

Notes to Financial Statements 10

Supplemental Schedules:

- Schedule of Expenditures of Federal Awards 21
- Notes to Schedule of Expenditures of Federal Awards 22
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 23
- Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance 25
- Schedule of Findings and Questioned Costs 28

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foundation for California Community Colleges
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Foundation for California Community Colleges (FoundationCCC), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of FoundationCCC as of June 30, 2026 and 2025, and the changes 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 FoundationCCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 FoundationCCC'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 FoundationCCC'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 FoundationCCC'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated Month XX, 2026, on our consideration of FoundationCCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of FoundationCCC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoundationCCC's internal control over financial reporting and compliance.

GILBERT CPAs
Sacramento, California

Month xx, 2026

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

ASSETS	2026	2025
CURRENT ASSETS:		
Cash and cash equivalents	$ 109,300,182	$ 76,761,463
Cash held on behalf of others	308,164	240,176
Accounts receivable, net of allowance for credit losses of $751,080 in 2026 and 2025	37,716,990	33,885,147
Current portion of grants receivable	10,443,265	22,638,877
Prepaid expenses and other assets	1,145,156	1,702,263
Total current assets	158,913,757	135,227,926
NONCURRENT ASSETS:		
Investments	137,315,533	114,564,879
Investments held on behalf of others	54,063,913	47,942,387
Grants receivable, net	15,038,821	20,730,206
Property and equipment, net	176,193	164,165
Deposits	39,770	39,770
Right-of-use assets, operating lease	4,392,913	472,653
Total noncurrent assets	211,027,143	183,914,060
TOTAL ASSETS	$ 369,940,900	$ 319,141,986
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 18,532,653	$ 12,755,209
Accrued expenses	24,462,942	19,589,870
Scholarships payable	2,370,326	2,367,126
Grants payable	671,162	664,014
Current portion of deferred revenue	22,576,837	19,733,848
Refundable advances	600,709	1,335,621
Current portion of operating lease liability	1,201,208	477,544
Funds held on behalf of others	308,164	240,176
Total current liabilities	70,724,001	57,163,408
NONCURRENT LIABILITIES:		
Deferred revenue	40,229,549	29,906,750
Operating lease liability, net	3,274,115	1,873
Investments held on behalf of others	54,063,913	47,942,387
Total noncurrent liabilities	97,567,577	77,851,010
TOTAL LIABILITIES	168,291,578	135,014,418
NET ASSETS:		
Without donor restrictions:		
Board Designated Innovation Fund (see Note 8)	68,412,807	52,037,242
Undesignated	21,747,118	20,231,155
With donor restrictions	111,489,397	111,859,171
Total net assets	201,649,322	184,127,568
TOTAL LIABILITIES AND NET ASSETS	$ 369,940,900	$ 319,141,986

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The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT AND INCOME:			
Contracts and fees for service	$ 172,009,172		$ 172,009,172
Government grants		30,485,457	30,485,457
Investment income	10,532,111	11,484,920	22,017,031
Philanthropic contributions	186,106	$ 8,515,022	8,701,128
Net assets released from restrictions	50,855,173	(50,855,173)	
Total revenues	233,582,562	(369,774)	233,212,788
EXPENSES:			
Program services:			
Workforce Development	64,576,399		64,576,399
Equity and Community Impact	44,993,533		44,993,533
System Support and Services	40,420,215		40,420,215
Student Success	32,267,666		32,267,666
Total program services	182,257,813		182,257,813
Supporting services:			
General and administrative	32,371,950		32,371,950
Fundraising	1,061,271		1,061,271
Total supporting services	33,433,221		33,433,221
Total expenses	215,691,034		215,691,034
INCREASE (DECREASE) IN NET ASSETS	17,891,528	(369,774)	17,521,754
NET ASSETS, Beginning of Year	72,268,397	111,859,171	184,127,568
NET ASSETS, End of Year	$ 90,159,925	$ 111,489,397	$ 201,649,322

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The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT AND INCOME:			
Contracts and fees for service	$ 166,699,521		$ 166,699,521
Government grants		23,411,799	23,411,799
Investment income	6,446,813	7,511,983	13,958,796
Philanthropic contributions	172,823	$ 38,783,851	38,956,674
Net assets released from restrictions	43,606,186	(43,606,186)	
Total revenues	216,925,343	26,101,447	243,026,790
EXPENSES:			
Program services:			
Workforce Development	64,648,723		64,648,723
Equity and Community Impact	39,774,899		39,774,899
System Support and Services	33,912,986		33,912,986
Student Success	37,466,392		37,466,392
Total program services	175,803,000		175,803,000
Supporting services:			
General and administrative	26,706,669		26,706,669
Fundraising	1,151,797		1,151,797
Total supporting services	27,858,466		27,858,466
Total expenses	203,661,466		203,661,466
INCREASE IN NET ASSETS	13,263,877	26,101,447	39,365,324
NET ASSETS, Beginning of Year	59,004,520	85,757,724	144,762,244
NET ASSETS, End of Year	$ 72,268,397	$ 111,859,171	$ 184,127,568

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The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026

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	Program Services				Supporting Services		
	Workforce Development	Equity and Community Impact	System Support and Services	Student Success	General and administrative	Fundraising	Total
Salaries and benefits	$ 10,541,277	$ 33,064,547	$ 8,168,342	$ 20,098,253	$ 25,838,584	$ 1,061,271	$ 98,772,274
Funds granted to program partners	34,621,319	3,574,079	16,285,665	505,190			54,986,253
Professional services	4,803,325	2,513,844	3,208,681	9,899,000	1,379,186		21,804,036
Work experience wages and expenses	12,717,104	69,847	25,593	31,685	83,561		12,927,790
Training and conferences	965,320	570,422	3,989,506	239,744	931,154		6,696,146
Equipment and supplies	371,892	1,356,248	559,622	966,882	2,367,788		5,622,432
Cost of goods sold			3,913,125				3,913,125
Travel	436,673	668,238	600,077	331,304	587,796		2,624,088
Scholarships and awards		10,535	2,576,833	3,000			2,590,368
Office expenses		1,023,515	305,987	161,770	757,289		2,248,561
Telecommunications	17,851	1,536,960	416,433	23,038	4,707		1,998,989
Occupancy	101,638	599,261	370,351	7,800	386,118		1,465,168
Depreciation expense		6,037			35,767		41,804
Total expenses	$ 64,576,399	$ 44,993,533	$ 40,420,215	$ 32,267,666	$ 32,371,950	$ 1,061,271	$ 215,691,034

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services				Supporting Services		
	Workforce Development	Equity and Community Impact	System Support and Services	Student Success	General and administrative	Fundraising	Total
Salaries and benefits	$ 8,494,964	$ 31,700,840	$ 6,701,730	$ 21,677,346	$ 20,477,227	$ 1,151,797	$ 90,203,904
Funds granted to program partners	29,595,168	1,458,047	11,594,869	758,342			43,406,426
Professional services	2,473,606	1,958,628	3,771,043	12,518,031	1,563,269		22,284,577
Work experience wages and expenses	22,505,452	84,373	42,965	25,524	61,183		22,719,497
Training and conferences	399,175	481,402	1,974,410	267,803	672,407		3,795,197
Equipment and supplies	320,284	1,303,152	326,345	1,301,036	2,002,682		5,253,499
Cost of goods sold			4,424,011				4,424,011
Travel	352,657	586,014	552,941	550,814	442,159		2,484,585
Scholarships and awards	4,444	4,650	3,242,783				3,251,877
Office expenses	386,928	538,934	289,418	183,547	1,078,697		2,477,524
Telecommunications	18,351	1,026,208	614,477	174,589	6,914		1,840,539
Occupancy	97,694	624,466	376,798	9,360	372,976		1,481,294
Depreciation expense		8,185	1,196		29,155		38,536
Total expenses	$ 64,648,723	$ 39,774,899	$ 33,912,986	$ 37,466,392	$ 26,706,669	$ 1,151,797	$ 203,661,466

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The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 17,521,754	$ 39,365,324
Reconciliation to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	(16,602,549)	(10,515,621)
Depreciation	41,804	38,536
Reduction in right-of-use assets, operating lease	1,133,549	1,220,268
Donor restricted contributions to be held in perpetuity	(22,608)	(165,076)
Changes in:		
Accounts receivable, net	(3,831,843)	(1,517,822)
Grants receivable	17,886,997	(29,093,437)
Prepaid expenses and other assets	557,107	1,197,650
Accounts payable	5,777,444	720,700
Accrued expenses	4,873,072	2,729,905
Scholarships payable	3,200	40,032
Grants payable	7,148	82,193
Deferred revenue	13,165,788	(9,751,433)
Refundable advances	(734,912)	(1,011,475)
Funds held on behalf of others	67,988	(114,820,117)
Operating lease liability	(1,057,903)	(1,218,346)
Net cash provided (used) by operating activities	38,786,036	(122,698,719)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(9,237,570)	(10,095,348)
Proceeds from sale of investments	3,089,465	3,063,174
Purchases of property and equipment	(53,832)	
Net cash used by investing activities	(6,201,937)	(7,032,174)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donor restricted contributions to be held in perpetuity	22,608	165,076
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,606,707	(129,565,817)
CASH AND CASH EQUIVALENTS, Beginning of Year	77,001,639	206,567,456
CASH AND CASH EQUIVALENTS, End of Year	$ 109,608,346	$ 77,001,639
SUPPLEMENTAL CASH FLOW INFORMATION:		
Right-of-use assets acquired through operating lease liability	$ 5,053,809	$ 18,000

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The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Foundation for California Community Colleges (FoundationCCC) is the statewide nonprofit supporting the California Community Colleges, the largest and most diverse system of higher education in the nation. Established in 1998, FoundationCCC serves as an innovation hub and intermediary for transformative change at scale, with its work benefiting students, colleges, and communities. FoundationCCC focuses on increasing resources to support educational access and affordability, and economic and social mobility for Californians, through entrepreneurial programs, grants and contracts, and philanthropic dollars.

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. FoundationCCC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Revenue recognition – FoundationCCC generates revenue through contracts, fees for service, grants, and contributions. Revenues fund over 70 programs and services across the following areas of impact: Student Success, Workforce Development, Equity, Community Impact, and System Support. Refer to Note 7 for accounting policies and additional details regarding revenues from contracts with customers.

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FoundationCCC receives contributions from private foundations, government organizations, corporations, and individuals. All contributions are considered available for unrestricted use unless specifically restricted by donors for use in future periods or for specific purposes. When a restriction expires (generally as payments are made to fulfill the grantor-imposed restrictions), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Conditional contributions - those with a measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been satisfied. Restricted contributions that are initially classified as conditional, due to a qualifying barrier, when restrictions and conditions are met in the same reporting period are reported as revenue within *net assets with donor restrictions*.

FoundationCCC receives certain government grants which limit spending to qualifying expenditures as defined in the grant agreements. Outstanding conditional contributions subject to such qualifying expenditure requirements were $36,334,438 and $40,865,941 at June 30, 2026 and 2025, respectively, and will be recognized as revenue as the conditions are met. At June 30, 2026 and 2025, FoundationCCC had $600,709 and $1,335,621, respectively, recorded as refundable advances.

Cash and cash equivalents – For financial statement purposes, FoundationCCC considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term purposes.

FoundationCCC minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. FoundationCCC's deposits held with financial institutions in excess of federal depository insurance limits were $90,509,505 and $49,189,847 as of June 30, 2026 and 2025, respectively.

FoundationCCC has not experienced any losses in such accounts and management believes FoundationCCC is not exposed to any significant credit risk related to cash.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. FoundationCCC assesses collectibility by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when it identifies specific accounts with known disputes or collectibility issues. In determining the amount of the allowance for credit losses, FoundationCCC considers historical collectibility based on past due status and makes judgments about creditworthiness based on ongoing credit evaluations. FoundationCCC also considers customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions. The allowance for credit losses at June 30, 2026 and 2025 was $751,080. Accounts receivable includes amounts owed from government and fee for service contracts.

Grants receivable consist of unconditional promises to give from private foundation, governmental, corporate, and individual grants.

Investments are stated at fair value.

Investments held on behalf of others – FoundationCCC holds investments on behalf of various California community colleges for the purpose of generating investment income to fund scholarships for their students. These investments are co-invested with funds held by FoundationCCC and remain net assets held in perpetuity of the colleges. Investments held on behalf of California community colleges totaled $40,924,646 and $36,455,391 at June 30, 2026 and 2025, respectively.

In August 2015, FoundationCCC entered into an agreement with the Board of Governors of the California community colleges Chancellor's Office to hold and take over the administration of the Real Estate Education Endowment, an endowment fund created for the purpose of providing scholarships to California community college students pursuing education in the field of real estate. The Real Estate Education Endowment investments are co-invested with the funds held by FoundationCCC and remain the assets of the Board of Governors of the California community colleges Chancellor's Office. Investments held by FoundationCCC for the Real Estate Education Endowment totaled $13,139,267 and $11,486,996 at June 30, 2026 and 2025, respectively.

Property and equipment is stated at cost. FoundationCCC capitalizes all expenditures for property and equipment in excess of $10,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from three to seven years. Other costs associated with development projects are expensed when incurred.

Leases – FoundationCCC determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use assets and lease liabilities in the statements of financial position. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and right-of-use assets are also adjusted for prepaid or accrued rent. FoundationCCC uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, FoundationCCC has made an accounting policy election to use the risk-free rate at the lease commencement date, in lieu of its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend or terminate to the extent they are reasonably certain to be exercised. FoundationCCC does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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Income taxes – FoundationCCC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. FoundationCCC has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, FoundationCCC is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2022.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on the following basis:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Work experience wages and expenses	Time and effort
Occupancy	Square footage
Telecommunications	Number of devices and usage report

All other expenses are recorded on a direct cost basis.

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

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

Subsequent events have been evaluated for recognition and disclosure through Month xx, 2026 the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2026 that require recognition or disclosure in the financial statements.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

FoundationCCC's financial assets available for general expenditure within one year of the statements of financial position date, comprise the following:

	2026	2025
Cash and cash equivalents	$ 109,300,182	$ 76,761,463
Accounts receivable, net	37,716,990	33,885,147
Grants receivable, net	25,482,086	43,369,083
Investments	137,315,533	114,564,879
Total financial assets	309,814,791	268,580,572
Less amounts unavailable for general expenditures within one year, due to:		
Board designation (see Note 8)	(68,412,807)	(52,037,242)
Restrictions by donors (see Note 8)	(111,489,397)	(111,859,171)
Total financial assets available to management for general expenditure within one year	$ 129,912,587	$ 104,684,159

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FoundationCCC has certain donor-restricted financial assets which are limited in use due to restrictions by donors. Accordingly, these financial assets have been excluded in the quantitative information above for financial assets to meet general expenditures within one year. FoundationCCC has two donor-restricted investments which consist of the California Community College Scholarship Endowment and the Nursing Education Investment Fund. Income from the donor-restricted investments is restricted for specific purposes and, therefore, is only available to meet program-specific expenditures within one year. As described in Note 8, the California Community College Scholarship Endowment has a donor-imposed spending rate, which is used to fund student scholarships. The Nursing Education Investment Fund has a donor-imposed grant distribution requirement, which funds enhancements to nursing education programs throughout the California community college system.

As part of FoundationCCC's liquidity management strategy, financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. Additionally, FoundationCCC invests excess cash in short-term highly liquid investments and money market accounts. As more fully described in Note 6, FoundationCCC has a committed line of available credit in the amount of $4.5 million, which can be drawn upon to help manage unanticipated liquidity needs. Additionally, Board designated funds may be redirected at the Board's election to allow for general expenditure usage.

3. INVESTMENTS

FoundationCCC's investments and investments held on behalf of others are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

FoundationCCC's investments consist of the following:

	2026	2025
Cash and cash equivalents	$ 6,016,201	$ 4,114,391
Mutual funds:		
International equity	42,876,852	35,015,917
US large cap equity	40,674,191	33,417,349
Fixed income	37,676,228	34,184,894
US mid cap equity	5,759,349	4,441,235
US small cap equity	4,312,712	3,391,093
Total	$ 137,315,533	$ 114,564,879

Investment income consists of the following:

	2026	2025
Interest and dividends, net of management fees	$ 5,414,482	$ 3,443,175
Net realized and unrealized gain	16,602,549	10,515,621
Total	$ 22,017,031	$ 13,958,796

Investments held on behalf of others consist of the following:

	2026	2025
Cash and cash equivalents	$ 2,218,297	$ 1,580,702
Mutual funds:		
International equity	16,925,378	14,693,123
US large cap equity	16,060,146	14,048,998
Fixed income	14,882,118	14,341,807
US mid cap equity	2,274,664	1,854,292
US small cap equity	1,703,310	1,423,465
Total	$ 54,063,913	$ 47,942,387

4. GRANTS RECEIVABLE

FoundationCCC recognizes unconditional grants receivable at their estimated fair value, on a nonrecurring basis, at the time the contribution is made. The discount rates used in determining the net present value of grants receivable ranged from 3.79% to 4.19% at June 30, 2026 and 2025.

Grants receivable are due to be collected as follows at June 30:

	2026	2025
Within one year	$ 10,443,265	$ 22,638,877
In one to five years	16,409,649	22,601,356
Less: Discount	(1,370,828)	(1,871,150)
Total	$ 25,482,086	$ 43,369,083

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5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2026	2025
Furniture and fixtures	$ 1,672,947	$ 1,672,947
Tenant improvements	367,901	367,901
Equipment	480,795	426,963
Total	2,521,643	2,467,811
Less accumulated depreciation	(2,345,450)	(2,303,646)
Property and equipment, net	$ 176,193	$ 164,165

6. LINE OF CREDIT

FoundationCCC has a brokerage account line of credit agreement with JP Morgan with a limit of $4.5 million. Interest on borrowings varies based on the balance outstanding and the bank's broker call rates. Borrowings are collateralized by certain investments of FoundationCCC. As of June 30, 2026 and 2025, there was no outstanding balance on this line of credit.

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7. REVENUE FROM CONTRACTS WITH CUSTOMERS

FoundationCCC's revenue from contracts with customers consists of fees for service, co-op purchasing agreement rebates, and fees for access to online education portals which are included in contracts and fees for service.

The majority of FoundationCCC's fee for service contracts contain various performance obligations and revenue is allocated and recognized among the performance obligations based on FoundationCCC's established pricing methodology. Revenues from co-op purchasing agreement rebates are recognized as they are received from corporate partners. Fees for access to online education portals are recognized using a straight-line basis over a 12-month period.

Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability.

The balances of receivables and contract liabilities from contracts with customers are as follows as of June 30:

	2026	2025	2024
Accounts receivable, net [(a)]	$ 37,716,990	$ 33,885,147	$ 32,367,325
Contract liabilities:			
Deferred revenue	$ 62,806,386	$ 49,640,598	$ 59,392,031

[(a)] Accounts receivable consists of general accounts receivable and contracts receivable.

8. NET ASSETS

The Board Designated Innovation Fund was approved by the Board in June 2021. The purpose of the Innovation Fund is to advance the mission of FoundationCCC by providing flexible resources for strategic investment in innovative programs, services, and organizational infrastructure in alignment with FoundationCCC's Double Impact Strategic Plan goal to serve as a hub for transformative innovation in the education ecosystem.

Changes in the Innovation Fund are as follows:

	2026	2025
Innovation Fund balance, beginning of year	$ 52,037,242	$ 41,706,870
Transfers from undesignated funds	8,187,388	6,310,617
Net investment income	8,530,115	4,313,238
Approved expenditures	(341,938)	(293,483)
Innovation Fund balance, end of year	$ 68,412,807	$ 52,037,242

Net assets with donor restrictions are to be used as follows:

	2026	2025
Time and purpose restriction:		
System Support	$ 20,794,106	$ 27,819,654
Nursing Education Investment Fund	17,378,350	15,455,268
Workforce Development	7,816,007	7,922,392
Equity and Community Impact	5,434,526	5,776,769
Student Success	4,154,576	5,193,199
California Community Colleges Scholarship Endowment – investment income	15,115,160	8,917,825
Restricted into perpetuity:		
California Community Colleges Scholarship Endowment	40,415,506	40,415,506
Bick Koop Endowment	156,943	135,226
Shirl and Bill Schreiber Endowment	113,280	113,280
Tim Bonnel Memorial Scholarship Endowment	110,943	110,052
Total	$ 111,489,397	$ 111,859,171

Net assets with donor restrictions to be held in perpetuity consist of the donor-restricted funds received from the Bernard Osher Foundation and other private funders to fund student scholarships through the California Community Colleges Scholarship Endowment, as well as amounts received from private funders to fund student scholarships through the Bick Koop Endowment, Shirl and Bill Schreiber Endowment, and the Tim Bonnel Memorial Scholarship Endowment.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. FoundationCCC classifies as net assets with donor restrictions, the original value of all gifts donated to the permanent endowment. All accumulated unrealized appreciation and depreciation of endowment investments are recorded to net assets with donor restrictions to the extent that the original value of donated principal has not decreased. Accumulated unrealized depreciation of endowment investments is recorded as a decrease to net assets with perpetual donor restrictions to

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the extent that there are no offsetting accumulated endowment earnings in net assets with donor restrictions. Accumulated unrealized appreciation of endowment investments is recorded as an increase to net assets with perpetual donor restrictions to the extent that the principal has been reduced through previous unrealized losses or funding endowment expenditures.

The endowment funds are to be invested in perpetuity and interest and dividends are to be used per donor intent. The endowment investment policy, approved by the Board of Directors, emphasizes preservation of capital as its primary objective and growth and income as secondary objectives. The principal of the endowment fund may be used to fund distributions if earnings are not sufficient to meet payout requirements.

Changes in endowment net assets are as follows:

	2026	2025
Endowment net assets, beginning of year	$ 49,721,098	$ 46,334,590
Contributions	22,608	165,076
Transfers	181	5,347
Net investment income	8,602,884	5,568,311
Approved endowment expenditures	(2,352,280)	(2,352,226)
Endowment net assets, end of year	$ 55,994,491	$ 49,721,098

Scholarship awards payable to California Community College students are funded through the endowment and through investments held on behalf of various California Community Colleges. Scholarship awards payable are included in the statements of financial position liability balances as follows:

	2026	2025
Scholarships payable	$ 2,370,326	$ 2,367,126
Investments held on behalf of others	1,589,867	1,599,467
Total	$ 3,960,193	$ 3,966,593

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9. LEASES

FoundationCCC leases office space, operating space for its Smog Referee Program, and equipment under operating leases expiring in various years through 2031, which are included on the statements of financial position as of June 30, 2026 and 2025 as right-of-use assets of $4,392,913 and $472,653 and an operating lease liability of $4,475,323 and $479,417, respectively.

Rent expense for these leases totaled $1,276,132 and $1,347,262 for 2026 and 2025, respectively. Cash paid for amounts included in the measurement of operating lease liabilities totaled $1,289,133 and $1,346,429 for 2026 and 2025, respectively. The weighted-average risk-free discount rate for all operating leases as of June 30, 2026 and 2025, are 4.13% and 4.21%, respectively. As of June 30, 2026 and 2025, the weighted-average remaining lease term for all operating leases were 4.02 years and 0.60 years, respectively.

Maturities of the lease liability for these leases are as follows for the years ending June 30:

2027	$ 1,297,537
2028	1,298,600
2029	875,287
2030	849,368
2031	548,814
Total lease payments	4,869,606
Less: interest	(394,283)
Total operating lease liability	$ 4,475,323

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10. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan name:	California Public Employees' Retirement System (CalPERS)
Plan's EIN:	94-6207465
Plan number:	5260

All full-time employees are covered under a defined benefit pension plan maintained by an agency of the State of California. FoundationCCC's employees are members of the California Public Employees' Retirement System (CalPERS).

The CalPERS Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. FoundationCCC participates in the Miscellaneous 3% at 60 Risk Pool, for employees hired on or before December 31, 2012, and the Miscellaneous 2% at 62 Risk Pool, for employee hired on or after January 1, 2013, both of which are part of the Public Agency portion of CalPERS, an agent multiemployer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Multi-employer plans differ from single-employer plans in that much of the fiduciary responsibilities and risks under a single-employer plan would lie with FoundationCCC. Under this multi-employer plan, the fiduciary responsibilities and risks lie with CalPERS. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees'

Retirement Law. The Plan selects optional benefit provisions by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, California 95811.

The CalPERS Board of Administration approved structural changes to the risk pools at their May 31, 2014 meeting, which combined all miscellaneous groups into one risk pool (Miscellaneous Risk Pool) effective with the 2013 valuations. The funded status of the Miscellaneous Risk Pool as of June 30, 2025 (most recent summarized information available) was 84.34%, defined as the market value of assets ($21,492,366,084 at June 30, 2025) divided by the entry age normal accrued liability ($25,481,588,928 at June 30, 2025). The funded status of FoundationCCC's 3% at 60 and 2% at 62 plans reported by CalPERS as of June 30, 2025 (most recent available annual report) are as follows:

	Consolidated 3% at 60 Risk Pool & 2% at 6
Entry age normal accrued liability	$ 93,907,117
Market value of assets	85,295,612
Funded status	90.8%

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Funding Policy

Active plan members of the Miscellaneous 3% at 60 Risk Pool and Miscellaneous 2% at 62 Risk Pool are required to contribute 8% and 7.75% of their annual covered salary, respectively. In addition, FoundationCCC is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates of the Miscellaneous 3% at 60 Risk Pool for the fiscal years ended June 30, 2026, 2025, and 2024 were 16.56%, 16.51%, and 16.44%, respectively, of annual covered payroll. The required employer contribution rates of the Miscellaneous 2% at 62 Risk Pool for the fiscal years ended June 30, 2026, 2025, and 2024 were 7.96%, 7.87%, and 7.68%, respectively, of annual covered payroll. FoundationCCC 's contributions to CalPERS for the Miscellaneous 3% at 60 Risk Pool for the years ended June 30, 2026, 2025, and 2024 were $1,619,305, $1,721,877, and $1,604,871, respectively. FoundationCCC's contributions to the Miscellaneous Risk Pool for 2026 and 2025 represent less than 5% of the Plan's total contributions for the plan year ended June 30, 2025 (most recent available annual report). FoundationCCC 's contributions to CalPERS for the Miscellaneous 2% at 62 Risk Plan for the years ended June 30, 2026, 2025, and 2024 were $4,885,031, $4,324,313, and $3,545,659, respectively. Future adopted contribution rates for the Miscellaneous 3% at 60 Risk Pool and Miscellaneous 2% at 62 Risk Pool for the year ending June 30, 2027 are $1,036,105 plus 16.52% and 7.93% of covered annual payroll, respectively. Contribution rates for the Miscellaneous 3% at 60 Risk Pool and Miscellaneous 2% at 62 Risk Pool for the year ending June 30, 2028 are estimated to be $1,123,696 plus 16.89% and 8.05% of covered annual payroll, respectively.

11. DEFERRED COMPENSATION AND OTHER RETIREMENT PLANS

FoundationCCC offers a defined contribution plan (the "Plan") to employees in accordance with Internal Revenue Code Section 403(b). The Plan is available to all full-time employees of FoundationCCC. This Plan allows for employee deferrals, employer matching, and elective employer

contributions. Participants are immediately 100% vested in all contributions to the Plan. FoundationCCC also has an IRS Section 457 deferred salary plan for certain employees. FoundationCCC made no contributions to these plans during the years ended June 30, 2026 and 2025.

12. CONTINGENCIES

FoundationCCC is currently addressing a legal matter for which mediation has been completed but pending final settlement. No liability has been recorded for this matter as the outcome and financial impact cannot be reasonably estimated. Management does not believe the outcome of such actions will have a material effect on FoundationCCC's financial position.

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SUPPLEMENTAL SCHEDULES

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2026

	Assistance Listing Number	Pass Through Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation:				
STEM Research Hub	47.076	FAIN 2224671		$ 23,474
Innovative Grant Network for Institutional Transformations and Excellence (IGNITE)	47.083	FAIN: 2536122		6,534
Total of National Science Foundation				30,008
U.S. Department of Labor:				
LAUNCH: Registered Apprentice Program	17.285	AP-38899-22-60-A-6		1,448,776
U.S. Department of Agriculture:				
Direct programs:				
Forest Service Feather River College Internship Program	10.699	23-PA-11051100-010		23,004
Passed through State of California, Department of Social Services:				
CalFresh Outreach - CalFresh Benefits	10.561	24-3022		92,389
Fresh Success Program	10.561	23-3044	$ 4,105,511	4,954,192
Fresh Success Program	10.561	23-3044	1,210,246	1,454,925
Total SNAP Cluster			5,315,757	6,501,506
Total of U.S. Department of Agriculture			5,315,757	6,524,510
U.S. Department of Education:				
Passed through State of California, Department of Rehabilitation:				
State Vocational Rehabilitation Services Program	84.126A	32656	6,629,044	8,920,371
U.S. Department of Commerce:				
Economic Development Cluster:				
California Resilient Careers in Forestry	11.307	ED22HDQ3070113	5,108,115	6,795,997
Total Expenditures of Federal Awards			$ 17,052,916	$ 23,719,662

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2026

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards of Foundation for California Community Colleges (FoundationCCC) is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. INDIRECT COST RATE

FoundationCCC has elected to use a negotiated federal indirect cost rate instead of the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Foundation for California Community Colleges
Sacramento, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for California Community Colleges (FoundationCCC), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated Month xx, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FoundationCCC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FoundationCCC's internal control. Accordingly, we do not express an opinion on the effectiveness of FoundationCCC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FoundationCCC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FoundationCCC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoundationCCC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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GILBERT CPAs
Sacramento, California

Month xx, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Foundation for California Community Colleges
Sacramento, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Foundation for California Community College's (FoundationCCC) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on FoundationCCC's major federal programs for the year ended June 30, 2026. FoundationCCC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FoundationCCC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FoundationCCC and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of FoundationCCC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FoundationCCC's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FoundationCCC's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FoundationCCC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 FoundationCCC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FoundationCCC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FoundationCCC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GILBERT CPAs
Sacramento, California

Month xx, 2026

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2026

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____Yes	✓ No
• Significant deficiency(ies) identified?	____Yes	✓ None reported
Noncompliance material to financial statements noted?	____Yes	✓ No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____Yes	✓ No
• Significant deficiency(ies) identified?	____Yes	✓ None reported
Type of auditor's report issued:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____Yes	✓ No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number
State Vocational Rehabilitation Services Program	84.126A
LAUNCH: Registered Apprentice Program	17.285

Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000	
Auditee qualified as low-risk auditee?	____Yes	✓ No

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FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2026

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS

FINANCIAL STATEMENT FINDING

Condition and Recommendation	Current Status	Explanation If Not Implemented
2025-001 – REVENUE RECOGNITION AND RECEIVABLES **Condition:** Our audit identified an instance where only the first year of a multi-year contribution was recognized as revenue, when the entire grant met the criteria for recognition in accordance with Generally Accepted Accounting Principles (GAAP). In addition, our audit identified an instance where a grant receivable was recognized simultaneously as a refundable advance when revenue had not yet been earned nor had any funds been received in advance. **Recommendation:** We recommend that FoundationCCC evaluate its procedures for revenue recognition, recording grant payments and its year-end closing processes, and make changes as needed to ensure grant and contribution activity is recorded in accordance with GAAP.	Implemented.	

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.