Manhattan Beach Education Foundation and Manhattan Beach Education Foundation Endowment Fund

Consolidated Financial Statements

June 30, 2025 and 2024

WINDES

AUDIT | TAX | ADVISORY

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Manhattan Beach Education Foundation and
Manhattan Beach Education Foundation Endowment Fund

Opinion

We have audited the accompanying consolidated financial statements of Manhattan Beach Education Foundation and Manhattan Beach Education Foundation Endowment Fund (collectively referred to as MBEF), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MBEF as of June 30, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of MBEF 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 MBEF'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MBEF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as whole. The supplementary information, which includes the consolidating statement of financial position and the consolidating statement of activities, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Windes, Inc.

Long Beach, California
December 1, 2025

MANHATTAN BEACH EDUCATION FOUNDATION AND
MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2025	2024
ASSETS		
Cash and cash equivalents	$ 2,908,693	$ 1,039,413
Pledges and other receivables	260,265	659,046
Prepaid expenses	40,802	37,426
Investments	35,116,863	34,249,138
TOTAL ASSETS	$ 38,326,623	$ 35,985,023

LIABILITIES AND NET ASSETS

	2025	2024
LIABILITIES		
Accounts payable and other liabilities	$ 29,426	$ 56,950
Grants payable	738,606	1,282,512
	768,032	1,339,462
CONTINGENCIES (Note 8)		
NET ASSETS		
Without donor restrictions:		
Undesignated	7,370,045	7,371,718
Board-designated endowment fund	11,460,184	11,512,698
	18,830,229	18,884,416
With donor restrictions:		
Restricted for purpose or time	7,471,014	5,761,791
Perpetually restricted for endowment	11,257,348	9,999,354
	18,728,362	15,761,145
Total net assets	37,558,591	34,645,561
TOTAL LIABILITIES AND NET ASSETS	$ 38,326,623	$ 35,985,023

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

MANHATTAN BEACH EDUCATION FOUNDATION AND
MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 5,516,817	$ 790,312	$ 6,307,129
Contributions, in-kind	68,787	-	68,787
Special events, in-kind	-	750,126	750,126
Special events revenue, net of expenses	65,000	532,598	597,598
Net investment return	1,941,464	1,745,744	3,687,208
Net assets released from restrictions	851,563	(851,563)	-
TOTAL SUPPORT AND REVENUE	8,443,631	2,967,217	11,410,848
EXPENSES			
Program services	7,576,904	-	7,576,904
Supporting services:			
Management and general	271,170	-	271,170
Fundraising	649,744	-	649,744
	920,914	-	920,914
TOTAL EXPENSES	8,497,818	-	8,497,818
CHANGE IN NET ASSETS	(54,187)	2,967,217	2,913,030
NET ASSETS, BEGINNING OF YEAR	18,884,416	15,761,145	34,645,561
NET ASSETS, END OF YEAR	$ 18,830,229	$ 18,728,362	$ 37,558,591

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

MANHATTAN BEACH EDUCATION FOUNDATION AND
MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 5,023,843	$ 926,588	$ 5,950,431
Contributions, in-kind	75,973	-	75,973
Special event, in-kind	-	769,677	769,677
Special event revenue, net of expenses	46,389	598,224	644,613
Net investment return	1,858,927	1,539,607	3,398,534
Net assets released from restrictions	1,131,908	(1,131,908)	-
TOTAL SUPPORT AND REVENUE	8,137,040	2,702,188	10,839,228
EXPENSES			
Program services	6,249,891	-	6,249,891
Supporting services			
Management and general	327,842	-	327,842
Fundraising	608,932	-	608,932
	936,774	-	936,774
TOTAL EXPENSES	7,186,665	-	7,186,665
CHANGE IN NET ASSETS	950,375	2,702,188	3,652,563
NET ASSETS, BEGINNING OF YEAR	17,934,041	13,058,957	30,992,998
NET ASSETS, END OF YEAR	$ 18,884,416	$ 15,761,145	$ 34,645,561

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

MANHATTAN BEACH EDUCATION FOUNDATION AND MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	For the Year Ended June 30, 2025				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total Expenses
Grants	$ 7,448,838	$ -	$ -	$ -	$ 7,448,838
Insurance	-	21,586	-	21,586	21,586
Office expense	-	23,500	-	23,500	23,500
Office personnel	128,066	157,627	332,852	490,479	618,545
Outside services	-	37,705	36,653	74,358	74,358
Outside services - in-kind	-	-	6,787	6,787	6,787
Printing and publications	-	13,797	37,098	50,895	50,895
Bank and credit card fees	-	73	93,167	93,240	93,240
Information technology	-	4,405	15,381	19,786	19,786
Community relations	-	12,477	65,306	77,783	77,783
Community relations - in-kind	-	-	62,500	62,500	62,500
Total Functional Expenses	$ 7,576,904	$ 271,170	$ 649,744	$ 920,914	$ 8,497,818
	89.16%	3.19%	7.65%		100.00%

	For the Year Ended June 30, 2024				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total Expenses
Grants	$ 6,132,973	$ -	$ -	$ -	$ 6,132,973
Insurance	-	21,380	-	21,380	21,380
Office expense	-	14,304	-	14,304	14,304
Office personnel	116,918	140,800	308,238	449,038	565,956
Outside services	-	32,385	40,153	72,538	72,538
Outside services - in-kind	-	-	10,186	10,186	10,186
Printing and publications	-	12,184	22,548	34,732	34,732
Bank and credit card fees	-	43	88,820	88,863	88,863
Information technology	-	23,936	-	23,936	23,936
Community relations	-	82,810	69,801	152,611	152,611
Community relations - in-kind	-	-	69,186	69,186	69,186
Total Functional Expenses	$ 6,249,891	$ 327,842	$ 608,932	$ 936,774	$ 7,186,665
	86.97%	4.56%	8.47%		100.00%

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

MANHATTAN BEACH EDUCATION FOUNDATION AND
MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,913,030	$ 3,652,563
Adjustments to reconcile change in net assets to net cash from operating activities:		
Stock donations received	(252,473)	(193,130)
Amortization of bond premiums	264,965	191,156
Net realized and unrealized gains on investments	(2,518,306)	(2,347,724)
Change in operating assets and liabilities:		
Pledges and other receivables	398,781	(571,494)
Prepaid expenses	(3,376)	(7,669)
Accounts payable and other liabilities	(27,524)	(126,422)
Grants payable	(543,906)	137,039
Net Cash Provided By Operating Activities	231,191	734,319
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(7,755,783)	(12,215,230)
Proceeds from sale or maturity of investments	9,393,872	7,965,553
Net Cash Provided By (Used In) Investing Activities	1,638,089	(4,249,677)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,869,280	(3,515,358)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,039,413	4,554,771
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,908,693	$ 1,039,413

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

NOTE 1 – Summary of Significant Accounting Policies

Organization

Manhattan Beach Education Foundation (the Foundation) was incorporated on July 7, 1983 as a California nonprofit corporation. The Foundation was organized to assist the Manhattan Beach Unified School District (MBUSD) by providing resources for academic and enrichment programs beyond what is provided for by public funding.

Manhattan Beach Education Foundation Endowment Fund (MBEFEF) was incorporated on October 7, 2011 as a California nonprofit corporation. MBEFEF was organized to provide financial support to the Foundation and, in turn, to the academic and enrichment programs of MBUSD. The Foundation holds the sole voting interest in MBEFEF.

Consolidation

The consolidated financial statements include the accounts of the Foundation and MBEFEF (collectively referred to as MBEF). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

MBEF is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of MBEF are classified as follows:

> **Without Donor Restrictions** – Net assets not subject to donor-imposed restrictions. As reflected in the accompanying consolidated statements of financial position, MBEF's Board of Directors (the Board) has designated a portion of net assets without donor restrictions for long-term investment purposes, referred to as the board-designated endowment fund.
>
> **With Donor Restrictions** – Net assets subject to donor-imposed restrictions that are temporary in nature and will be met by actions of MBEF or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Contributions received that are designated for future periods or are restricted by the donor for specific purposes are reported as support with donor restrictions and increases that net asset class. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Contributions, including endowment gifts and pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year of the consolidated financial statements date are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved, at the date the promise was made. When considered necessary, an allowance is recorded based on management's estimate of uncollectability, including factors such as prior collection history, type of contributions, and nature of fundraising activities. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Donated Stock

MBEF received stocks as contributions from donors with the objective of using the proceeds from sales of these investments for its program and supporting services. MBEF records investment contributions received at fair value at their grant date. Investments with donor-imposed restrictions related to purpose or time are classified as with donor restrictions in the consolidated statements of financial position. Fair value for publicly traded securities is based upon the closing market trading price for such security.

Special Events

MBEF held two special events during the year ended June 30, 2025, which consisted of the following:

	Wine Auction	MB Legacy	Total
Event revenue	$ 1,741,826	$ 94,200	$ 1,836,026
Future grant campaign, paddle raise, with donor restrictions	290,617	-	290,617
Less expenses	(733,344)	(45,575)	(778,919)
Special event revenue, net of expenses	$ 1,299,099	$ 48,625	$ 1,347,724

The 2025 Manhattan Beach Legacy Golf Tournament (MB Legacy) and the 2025 Wine Auction were both held and marketed as benefiting MBEFEF's endowment fund. As a result, proceeds of $1,037,682 were explicitly donor restricted to the endowment and are added to the endowment corpus. Additionally, the Wine Auction included a paddle raise specifically marketed to support the re-hiring of educator positions eliminated due to reductions in state funding for the coming year; therefore, the related $290,617 is reflected as with donor restriction, for time, on the consolidated statements of activities.

For the year ended June 30, 2025, merchandise, experiences, and services were contributed for auction at the special events. Proceeds from the sale of such auction items totaling $646,913 are included above and in special events, in-kind on the consolidated statements of activities.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Special Events (Continued)

MBEF held one special event during the year ended June 30, 2024, which consisted of the following:

	Wine Auction
Event revenue	$ 1,779,243
Paddle raise, with donor restrictions	321,180
Less expenses	(686,133)
Special event revenue, net of expenses	$ 1,414,290

The 2024 Wine Auction was held and marketed as benefiting MBEFEF's endowment fund. As a result, net proceeds of $1,046,721 were explicitly donor restricted to the endowment and are added to the endowment corpus. The paddle raise held at the event was marketed to support restoring educator positions that were eliminated due to a reduction to funding from the state for the coming year; therefore, the related $321,180 is reflected as with donor restriction, for time, on the consolidated statements of activities.

For the year ended June 30, 2024, merchandise, experiences, and services were contributed for auction at the special event. Proceeds from the sale of such auction items totaling $659,251 is included above and in special event, in-kind on the consolidated statements of the activities.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the consolidated statements of cash flows, MBEF considers cash on hand and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

At June 30, 2025 and 2024 and at various times during the years then ended, MBEF has maintained cash balances in banks in excess of federally insured limits. MBEF has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

U.S. GAAP defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP has also established a framework for measuring fair value and has expanded disclosures about fair value measurements. (See Note 4.)

Investments and Market Risk

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Realized gains and losses are computed as the difference between sales proceeds and cost. Unrealized gains and losses are determined based upon the appreciation or depreciation of investments held as of the consolidated statements of financial position date. Unrealized gains and losses are included in change in net assets in the consolidated statements of activities.

Investments in marketable securities are subject to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Allocation of Functional Expenses

The costs of supporting MBEF's various program and supporting services have been allocated on a functional basis among the programs and supporting services deriving benefit. MBEF uses allocation methodologies, including time studies and percentage of use estimates, to allocate indirect costs.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Contributed Services and Goods

Contributions of noncash assets are recorded at fair value in the period received. Contributed services are recognized by MBEF 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. Contributed services and goods are recognized as contributions, in-kind with a corresponding expense in an amount approximating the estimated fair value at the time of donation.

Income Taxes

MBEF has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

MBEF recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. MBEF is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

Subsequent Events

MBEF's management has evaluated subsequent events from the consolidated statements of financial position date through December 1, 2025, the date the consolidated financial statements were available to be issued for the year ended June 30, 2025, and determined that there were no other items to disclose.

NOTE 2 – Financial Assets and Liquidity Resources

The total financial assets held by MBEF at June 30, 2025 and 2024 and the amounts of those financial assets that could be made available within one year for general expenditure, such as operating expenses, are as follows:

	June 30,	
	2025	**2024**
Financial assets:		
Cash and cash equivalents	$ 2,908,693	$ 1,039,413
Pledges and other receivables	260,265	659,046
Investments	35,116,863	34,249,138
	38,285,821	35,947,597
Less amounts not available to be used within one year due to:		
Donor-imposed purpose or time restrictions	(7,471,014)	(5,761,791)
Donor-designated endowment	(11,257,348)	(9,999,354)
Board-designated endowment	(11,460,184)	(11,512,698)
	(30,188,546)	(27,273,843)
Financial assets available to meet general expenditures within one year	$ 8,097,275	$ 8,673,754

MBEF maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – Investments

Investments are summarized as follows:

	June 30, 2025	June 30, 2024
U.S. Treasury notes	$ 6,638,164	$ 9,028,421
Mutual funds		
Stock funds	19,122,173	16,832,490
Bond funds	5,689,147	5,083,678
REIT index fund	1,843,657	1,776,199
Exchange-traded funds	1,823,722	1,528,350
	$ 35,116,863	$ 34,249,138

Net investment return is as follows:

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024
Net realized and unrealized gains	$ 2,518,306	$ 2,347,724
Dividends	679,103	629,956
Interest	489,799	420,854
	$ 3,687,208	$ 3,398,534

NOTE 4 – Fair Value Hierarchy

Investments are carried at fair value, which is determined, presented, and disclosed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of MBEF. Unobservable inputs reflect MBEF's assumptions about inputs that market participants would use in pricing the investments developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels, based on the inputs, as follows:

- *Level 1* – Unadjusted quoted prices in active markets for identical assets and liabilities that MBEF has the ability to access at the measurement date.
- *Level 2* – Valuations based on quoted prices in markets that are not active, quoted prices for similar investments in active markets or model-based valuations for which all significant assumptions are observable and can be corroborated by observable market data.
- *Level 3* – Valuations based on unobservable inputs that are supported by little or no market activity that are significant to the overall fair value measurement. Values are determined using proprietary pricing models, discounted cash flow models that include MBEF's own judgments and estimations, or some other pricing method using unobservable inputs.

MBEF's investments are measured at fair value on a recurring basis and all are classified as level 1 in the fair value hierarchy at June 30, 2025 and 2024.

NOTE 5 – Grants Payable

MBEF has committed to funding certain education and enrichment activities for MBUSD on an annual basis. Grants authorized but not yet disbursed as of June 30, 2025 and 2024 totaled $738,606 and $1,282,512, respectively.

NOTE 6 – Restrictions on Net Assets

The following is a summary of MBEF's net assets:

Net Assets Without Donor Restrictions

	June 30,	
	2025	**2024**
Undesignated	$ 7,370,045	$ 7,371,718
Board-designated endowment fund	11,460,184	11,512,698
	$ 18,830,229	$ 18,884,416

Net Assets With Donor Restrictions

	June 30,	
	2025	**2024**
Restricted for Purpose:		
STEM, purpose restricted	$ 320,000	$ 320,000
Teacher of the year, purpose restricted	60,437	46,397
Restricted for Purpose and Time:		
Elementary Cultural Arts Program, time restricted	80,000	100,000
Future grant campaign, paddle raise, time restricted	290,617	321,180
Earnings on endowment, pending appropriation	6,719,960	4,974,214
	$ 7,471,014	$ 5,761,791

NOTE 6 – Restrictions on Net Assets (Continued)

	June 30,	
	2025	2024
Perpetually restricted endowment fund	$ 11,257,348	$ 9,999,354

NOTE 7 – Endowment Funds

Endowment funds include perpetually restricted endowment funds and board-designated funds (collectively referred to as the Endowment Funds). The Endowment Funds are intended to generate returns sufficient to contribute to the current and expected future financial requirements of MBEF. MBEF's management and investment of the Endowment Funds is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). MBEF has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, MBEF classifies as net assets with donor restrictions in perpetuity: (a) the original value of the gifts donated to the perpetually restricted endowment, (b) the original value of subsequent gifts to the perpetually restricted endowment, and (c) accumulations to the perpetually restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as donor restricted in perpetuity net assets is classified as net assets with donor restrictions for time/purpose/spending policy until those amounts are appropriated for expenditure by MBEF in a manner consistent with the standard prudence prescribed by UPMIFA. Board-designated endowment funds are reported as net assets without donor restrictions.

NOTE 7 – Endowment Funds (Continued)

Spending Policy for Endowment Funds

The Board has established a minimum balance for the Endowment Funds. Funds were not available for use until such time as the Endowment Funds' balance exceeds $10 million. Thereafter, from time to time, as approved by the Board, funds may be transferred to MBEF's general fund in order to fund programs for MBUSD. Unless authorized by the Board, transfers in any particular year may not exceed 5% of the trailing three-year average of the calendar year-end values of the Endowment Funds. The only exception shall be for transfers mandated by gift instruments applicable to specific gifts to the Endowment Funds. In no event shall funds be transferred to MBEF's general fund if the Endowment Funds' balance is less than $10 million, or if the transfer would cause the balance to fall below that level. The Endowment Funds balance was in excess of that level during the years ended June 30, 2025 and 2024. Accordingly, with the board-approved spending policy, MBEFEF made a grant of $1,235,637 and $1,197,661 to the Foundation's general fund from its board-designated endowment for the years ended June 30, 2025 and 2024, respectively.

Investment Policy for Endowment Funds

The primary long-term objective of the Endowment Funds is to increase MBEF's real (i.e., inflation-adjusted) purchasing power, net of distributions for grants and expenses. This objective should be achieved over rolling five- to ten-year periods on a total return basis, after accounting for management fees. An additional objective is to provide a relatively predictable and stable source of income to fund programs for MBUSD. Until such time as the Endowment Funds reach a target size as determined by the Board, all interest, dividends, capital gains, and other proceeds shall be reinvested.

Gift Acceptance Policy for Endowment Funds

MBEFEF will normally accept gifts from any individual or business entity as long as the transaction complies with applicable local, state, and federal laws. Notwithstanding, the Board of MBEFEF reserves the right to reject any gift offer by a majority vote. Types of gifts accepted include, but are not limited to, cash, securities, real estate, remainder interests in property, life insurance beneficiary designations, bequests, various types of trusts administered by others, and interests in oil, gas, and mineral rights.

NOTE 7 – Endowment Funds (Continued)

Summary of Endowment Funds

Net changes in the Endowment Funds for the years ended June 30, 2025 and 2024 were as follows:

	June 30, 2025			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Perpetual	
Endowment funds, beginning of year	$ 11,512,698	$ 4,974,214	$ 9,999,354	$ 26,486,266
Investment return				
Investment income	304,002	370,317	-	674,319
Net gain (realized and unrealized)	1,129,121	1,375,429	-	2,504,550
Total investment return	1,433,123	1,745,746	-	3,178,869
Contributions	-	-	220,312	220,312
Special event proceeds	-	-	1,037,682	1,037,682
Total contributions	-	-	1,257,994	1,257,994
Board approved transfer	(250,000)	-	-	(250,000)
Appropriation by the Board	(1,235,637)	-	-	(1,235,637)
Total transfers	(1,485,637)	-	-	(1,485,637)
Endowment funds, end of year	$ 11,460,184	$ 6,719,960	$ 11,257,348	$ 29,437,492

NOTE 7 – Endowment Funds (Continued)

Summary of Endowment Funds (Continued)

	June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions: Accumulated Earnings	With Donor Restrictions: Perpetual	Total
Endowment funds, beginning of year	$ 11,304,936	$ 3,451,972	$ 8,703,545	$ 23,460,453
Investment return				
Investment income	301,233	326,272	-	627,505
Net gain (realized and unrealized)	1,104,190	1,195,970	-	2,300,160
Total investment return	1,405,423	1,522,242	-	2,927,665
Contributions	-	-	249,088	249,088
Special event proceeds	-	-	1,046,721	1,046,721
Total contributions	-	-	1,295,809	1,295,809
Appropriation by the Board	(1,197,661)	-	-	(1,197,661)
Total transfers	(1,197,661)	-	-	(1,197,661)
Endowment funds, end of year	$ 11,512,698	$ 4,974,214	$ 9,999,354	$ 26,486,266

NOTE 8 – Contingencies

Legal

MBEF may be involved in various claims and lawsuits arising in the normal course of its operations. MBEF's management believes it has adequate defenses and insurance coverage for these actions.

NOTE 9 – Contributed Nonfinancial Assets

During the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	For the Year Ended June 30,	
	2025	2024
Professional services	$ 44,000	$ 55,000
Food	22,287	18,473
Gift cards	2,500	2,500
Food - special event	103,713	110,426
Auction items – special event	646,413	659,251
Total	$ 818,913	$ 845,650

MBEF recognized contributed nonfinancial assets within revenue, including items donated for a charity auction, food for special events, and professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Auction items include travel, experiences, and various other goods and services. Contributed auction items are valued at the gross selling price received. Contributed professional services include photography, graphic design, and printing services. Contributed professional services are valued and reported at the estimated fair market value in the consolidated financial statements based on the fair market value as substantiated by a receipt or proof of cost. Contributed food was utilized at fundraising events. MBEF estimated the fair market value as substantiated by a receipt or proof of cost.

SUPPLEMENTARY INFORMATION

MANHATTAN BEACH EDUCATION FOUNDATION AND
MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	Foundation	MBEFEF	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	$ 2,782,360	$ 126,333	$ -	$ 2,908,693
Pledges and other receivables	259,300	965	-	260,265
Due from MBEFEF/MBEF	65,000	1,084,367	(1,149,367)	-
Prepaid expenses	34,212	6,590	-	40,802
Investments	6,638,164	28,478,699	-	35,116,863
TOTAL ASSETS	$ 9,779,036	$ 29,696,954	$ (1,149,367)	$ 38,326,623
LIABILITIES				
Accounts payable and other liabilities	$ 29,426	$ -	$ -	$ 29,426
Due to MBEFEF/MBEF	1,084,367	65,000	(1,149,367)	-
Grants payable	738,606	-	-	738,606
Total Liabilities	1,852,399	65,000	(1,149,367)	768,032
NET ASSETS				
Net assets without donor restrictions:				
Undesignated	7,236,020	134,025	-	7,370,045
Board-designated endowment fund	-	11,460,184	-	11,460,184
	7,236,020	11,594,209	-	18,830,229
Net assets with donor restrictions:				
Restricted for purpose or time	690,617	6,780,397	-	7,471,014
Perpetually restricted for endowment	-	11,257,348	-	11,257,348
	690,617	18,037,745	-	18,728,362
Total Net Assets	7,926,637	29,631,954	-	37,558,591
TOTAL LIABILITIES AND NET ASSETS	$ 9,779,036	$ 29,696,954	$ (1,149,367)	$ 38,326,623

MANHATTAN BEACH EDUCATION FOUNDATION AND
MANHATTAN BEACH EDUCATION FOUNDATION ENDOWMENT FUND

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Foundation	MBEFEF	Eliminations	Consolidated
SUPPORT AND REVENUE:				
Contributions	$ 7,391,954	$ 220,312	$ (1,305,137)	$ 6,307,129
Contributions, in-kind	68,787	-	-	68,787
Special events, in-kind	750,126	-	-	750,126
Special events revenue, net of expenses	548,973	992,107	(943,482)	597,598
Net investment return	489,799	3,197,409	-	3,687,208
TOTAL SUPPORT AND REVENUE	9,249,639	4,409,828	(2,248,619)	11,410,848
EXPENSES				
Program services	8,520,386	1,240,137	(2,183,619)	7,576,904
Supporting services:				
Management and general	262,643	28,027	(19,500)	271,170
Fundraising	638,286	56,958	(45,500)	649,744
	900,929	84,985	(65,000)	920,914
TOTAL EXPENSES	9,421,315	1,325,122	(2,248,619)	8,497,818
CHANGE IN NET ASSETS	(171,676)	3,084,706	-	2,913,030
NET ASSETS, BEGINNING OF YEAR	8,098,313	26,547,248	-	34,645,561
NET ASSETS, END OF YEAR	$ 7,926,637	$ 29,631,954	$ -	$ 37,558,591