

# Granite Education Foundation

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**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

*For the Year Ended June 30, 2019*



# GRANITE EDUCATION FOUNDATION

## CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	2-3
<b>Financial Statements:</b>	
Statement of Financial Position .....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows .....	7
<b>Notes to the Financial Statements</b> .....	8-18

## Independent Auditor's Report

**The Board of Directors  
Granite Education Foundation**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of **Granite Education Foundation** (the Foundation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granite Education Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Larson & Company P.C.*

Salt Lake City, Utah  
January 14, 2020

# GRANITE EDUCATION FOUNDATION

Statement of Financial Position

As of June 30, 2019

## ASSETS

### **Current assets**

Cash and cash equivalents	\$	706,378
Other receivables		366
Investments		2,659,332
Inventory		15,800

**Total current assets** 3,381,876

**Property and equipment, net** 85,105

**Total assets** \$ 3,466,981

## LIABILITIES AND NET ASSETS

### **Current liabilities**

Agency funds payable	\$	650,021
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**Total current liabilities** 650,021

**Total liabilities** 650,021

### **Net assets**

Without donor restrictions		
Undesignated		2,273,482
Board designated - educators		25,500
Board designated - scholarships		3,400

**Total net assets without donor restrictions** 2,302,382

With donor restrictions		
Scholarships		188,847
Student assistance		151,450
Student programs		23,505
Grants		150,776

**Total net assets with donor restrictions** 514,578

**Total net assets** 2,816,960

**Total liabilities and net assets** \$ 3,466,981

The accompanying notes to the financial statements  
are an integral part of these statements

# GRANITE EDUCATION FOUNDATION

Statement of Activities  
For the Year Ended June 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Revenue, support, and gains</b>			
Contributions	\$ 11,601	\$ 774,782	\$ 786,383
Fundraising revenue	448,442	17,652	466,094
Donated services	508,679	-	508,679
Donated rent and utilities	23,985	-	23,985
Donated supplies and support	37,935	-	37,935
Net investment income	82,696	8,350	91,046
<b>Total revenue, support, and gains</b>	<u>1,113,338</u>	<u>800,784</u>	<u>1,914,122</u>
Net assets released from restrictions - other	<u>702,515</u>	<u>(702,515)</u>	<u>-</u>
<b>Total revenue, support, gains, and net assets released from restrictions</b>	<u>1,815,853</u>	<u>98,269</u>	<u>1,914,122</u>
<b>Expenses</b>			
<b>Program services</b>	<u>1,615,846</u>	<u>-</u>	<u>1,615,846</u>
<b>Total program expense</b>	<u>1,615,846</u>	<u>-</u>	<u>1,615,846</u>
<b>Supporting services expense</b>			
Management and general	168,426	-	168,426
Fundraising and development	134,146	-	134,146
<b>Total supporting services expense</b>	<u>302,572</u>	<u>-</u>	<u>302,572</u>
<b>Total expenses</b>	<u>1,918,418</u>	<u>-</u>	<u>1,918,418</u>
<b>Change in Net Assets</b>	(102,565)	98,269	(4,296)
<b>Net Assets, Beginning of Year</b>	<u>2,404,947</u>	<u>416,309</u>	<u>2,821,256</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,302,382</u>	<u>\$ 514,578</u>	<u>\$ 2,816,960</u>

The accompanying notes to the financial statements  
are an integral part of these statements

**GRANITE EDUCATION FOUNDATION**  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising and development</u>	<u>Total</u>
Administrative services	\$ 209,387	\$ 52,347	\$ 87,245	\$ 348,979
Employee training	-	3,950	-	3,950
Professional services	12,008	4,243	-	16,251
Technical services	84,441	46,512	20,080	151,033
Data processing services	5,546	-	-	5,546
Cleaning/disposal services	215	1,700	-	1,915
Rentals	78,807	-	2,100	80,907
Student transportation service	33,606	-	-	33,606
Student day travel/field trips	5,330	-	-	5,330
Insurance	4,287	-	-	4,287
Advertising services	-	524	5,700	6,224
Printing and binding services	14,955	3,580	3,132	21,667
Student tuition post-secondary	39,590	-	-	39,590
Staff mileage reimbursement	2,259	7,696	-	9,955
General supplies	235,267	16,754	4,512	256,533
Pantry drop food	108,821	268	5,077	114,166
Student/staff food	2,362	365	-	2,727
Utilities/fuel	4,295	-	-	4,295
Textbooks	7,901	-	-	7,901
Technology supplies	9,977	1,580	-	11,557
Memberships	1,253	11,520	6,300	19,073
Reimbursement to schools	36,896	-	-	36,896
Student aid	138,842	1,375	-	140,217
Miscellaneous	2,366	-	-	2,366
Awards	11,300	-	-	11,300
Foundation grants	6,545	-	-	6,545
In-kind expense: services	508,679	-	-	508,679
In-kind expense: rent and utilities	23,985	-	-	23,985
In-kind expense: supplies and support	26,926	-	-	26,926
Depreciation expense	-	16,012	-	16,012
Total expenses by function	<u>\$ 1,615,846</u>	<u>\$ 168,426</u>	<u>\$ 134,146</u>	<u>\$ 1,918,418</u>

The accompanying notes to the financial statements  
are an integral part of these statements

# GRANITE EDUCATION FOUNDATION

## Statement of Cash Flows For the Year Ended June 30, 2019

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (4,296)
Adjustments to reconcile changes in net assets to net cash flows from operating activities	
Depreciation and amortization	16,012
Realized and unrealized gain on operating investments	(38,916)
(Increase) decrease in operating assets	
Other receivables	(136)
Inventory	(7,635)
Increase (decrease) in operating liabilities	
Agency funds payable	82,042
Accrued liabilities	(78,862)
<b>Net cash flows from operating activities</b>	<u>(31,791)</u>
<b>Cash flows from investing activities</b>	
Purchases of investments	(24,539)
Purchases of property and equipment	(27,732)
<b>Net cash flows from investing activities</b>	<u>(52,271)</u>
<b>Net change in cash and cash equivalents</b>	(84,062)
Cash and cash equivalents, beginning of year	790,440
<b>Cash and cash equivalents, end of year</b>	<u>\$ 706,378</u>

### Supplemental Disclosure of Cash Flow Information

Cash paid during the year for	
Interest	\$ -
Unrelated business income taxes	\$ -

The accompanying notes to the financial statements  
are an integral part of these statements



# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 1. ORGANIZATION

Recognized as one of the nation's foremost educational foundations, **Granite Education Foundation** (the Foundation) is no ordinary organization. The institution facilitates working programs and in-kind donations that benefit over 68,000 students and 2,800 teachers on a regular basis in one of the largest school districts in the nation. Through its outreach and partnerships with local and national business entities, the Foundation encourages others to make a direct and meaningful impact on children in public education.

With over 160 languages and dialects spoken in the Granite School District and with 65% of the student population at or below national poverty standards, the needs are great and multiplying at an alarming rate. Many families struggle with food insecurities, biological and physiological needs, as well as safety and other deficiencies. Through cash contributions, in-kind donations and the service and good will of many corporations, businesses, and individuals, the **Granite Education Foundation** is making great strides in providing access to resources that improve educational outcomes.

The Foundation is included as part of the audited financial statements of Granite School District (the School District) as a blended component unit. The Foundation relies heavily on the School District for support. See related party footnote below for more detail on support provided by the School District.

### Mission

Improve educational outcomes by strengthening the Granite School District community.

### Vision

Prepare Granite School District students with opportunities to succeed in college, career, and life.

### Role

The role of the Foundation is to obtain private support and public engagement for Granite District schools and students. As a 501(c)(3) charitable organization, the Foundation provides funding and support that is typically more flexible than restricted tax dollars. The funding and extra resources for students, teachers, and schools helps to cover the gap that exists between school budgets and what is needed to ensure academic success.

The concept of the Foundation is simple but practical. The Foundation works to facilitate through business and education partnerships, the fostering of programs, alliances, and resources to impact student learning and assist educators within the public school system. The Foundation supports these areas through programs, partnerships, and advocacy initiatives.

### Programs

Organizational programs improve student achievement, lessen student dropout, provide assistance and opportunities for students of low income families, support creative classroom projects and honor selected individuals who have made an impact in our schools.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 1. **ORGANIZATION (Continued)**

### **Partnerships**

The Foundation builds bridges between students, schools, and the community. The Foundation helps connect the talents and resources of citizens, parents, businesses and nonprofit organizations with the educational interests and needs of children and schools.

### **Advocacy**

The Foundation solicits the crucially needed resources essential to bridge budget disparities, reduce inequities and create opportunities for ALL students and their families.

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The financial statements have been prepared in accordance generally accepted accounting principles (GAAP) in accordance with ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

### **Cash and Cash Equivalents**

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

### **Receivables**

Accounts receivable consist primarily of noninterest-bearing amounts due for services, educational, and training programs. The Foundation determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2019, the only receivables were for sales taxes and there was no related allowance.

### **Promises to Give**

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2019, there was no balance for promises to give and no related allowance.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 2. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

### **Investments**

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### **Inventory**

Inventory consists of purchased and donated items. Items are recorded at estimated fair value at time of donation or at cost for purchased items. Items held in inventory at year end includes items being held for auction as well as items that will be donated to schools and individuals.

### **Property and Equipment**

The Foundation records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

### **Fair Value Measurements**

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Fair Value Measurements (Continued)

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

### Agency Payables

The Foundation accepts funds from individuals and other organizations who desire to have the Foundation act as an intermediary in ensuring those funds are donated to and used for the identified cause. A liability is recorded for the value of these donated funds until such time that the funds have been used for the intended purpose.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 2. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

### **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Contributions and Revenue Recognition**

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The organization is the recipient of a variety of donated goods. It is also the recipient of donated services that create or enhance non-financial assets; or that require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by volunteers. The goods and services are recorded at their fair value in the year they are performed or received (see Note 7).

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Volunteers contributed approximately 1,400 hours of service during the year ended June 30, 2019.

### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs incurred during the year ended June 30, 2019 totaled \$6,200.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 2. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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. The expenses that are allocated include occupancy, depreciation, donated services, donated supplies and other support, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

The Foundation is organized as a Utah nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The entity is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

ASC Topic 740, Income Taxes, provides guidance on how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Foundation's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Tax years that remain subject to examination are 2015 forward.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Financial Instruments and Credit Risk**

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Investments are made by an investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Recent Accounting Guidance

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (“ASU 2014-09”), an update to FASB ASC 606, *Revenue from Contracts with Customers*. This update revises previous revenue recognition standards to improve guidance on revenue recognition requirements. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will be effective for periods beginning after December 15, 2018. The adoption of this standard is not expected to have a material impact on the financial statements of the Foundation.

In January of 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall*, which requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. An entity may choose, however, to measure equity investments that do not have readily determinable fair values at cost minus impairment. The amendment also introduced other items, such as eliminating disclosure of fair value for investments recorded at amortized cost, simplifying impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, and requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes the financial statements. Any adjustment at adoption will be made by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The new standard will be effective for periods beginning after December 15, 2018. The Foundation is in the process of evaluating the impact this standard will have on its financial statements.

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2020.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Recent Accounting Guidance (Continued)

In June of 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of this update is to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. The update further clarifies how a not-for-profit organization determines if it is participating in an exchange transaction. The improved guidance could result in more grants and contracts being accounted for as contributions than in current practice. The update is effective for fiscal years beginning after December 15, 2018, with an effective date of fiscal years beginning after June 15, 2018, for an organization that has issued or is a bond obligor for securities that are traded, listed or quoted on an exchange or over-the-counter market. Management is evaluating the impact of the update on the Foundation's financial reporting and determining the appropriate time to implement this pronouncement.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. As part of the FASB's disclosure framework project, it has eliminated, amended and added disclosure requirements for fair value measurements. Entities will no longer be required to disclose the amount of, and reasons for, transfers between Level 1 and Level 2 of the fair value hierarchy, the policy of timing of transfers between levels of the fair value hierarchy and the valuation processes for Level 3 fair value measurements. Public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. This update is effective for periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of any interim or annual reporting period. The Foundation does not believe it will materially impact the disclosures.

## 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Description of Financial Asset	Gross Amount	Unavailable for General Expenditures	Available to Meet Cash Needs Within One Year
Cash and cash equivalents	\$ 706,378	\$ -	\$ 706,378
Operating investments	2,659,332	(1,164,599)	1,494,733
			<u>\$ 2,201,111</u>

As part of the Foundation's liquidity management plan, the Foundation invests cash in mutual funds, equities, and pooled separate accounts. Amounts unavailable for general expenditures include donor restricted net assets and agency funds.



# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 4. FAIR VALUE MEASUREMENTS AND INVESTMENT INCOME DISCLOSURES

The following table presents assets measured at fair value on a recurring basis, at June 30, 2019:

	Fair Value Measurements at Report Date Using				Investments Measured at NAV (a)
	Total	Level 1	Level 2	Level 3	
<b>Operating investments</b>					
Mutual funds	\$ 684,837	\$ 684,837	\$ -	\$ -	\$ -
Equities	1,244,191	1,244,191	-	-	-
Pooled separate accounts	730,304	-	-	-	730,304
	\$ 2,659,332	\$ 1,929,028	\$ -	\$ -	\$ 730,304

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net assets available for benefits.

There are no circumstances under which the pooled separate accounts would not be redeemable.

Net investment income consisted of the following for the year ended June 30, 2019:

Realized and unrealized gains	\$ 38,916
Dividends	51,413
Interest	717
Net investment income	\$ 91,046

## 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019:

Equipment	\$ 82,802
Vehicles	38,000
<b>Total property and equipment</b>	120,802
Less accumulated depreciation and amortization	(35,697)
<b>Total property and equipment, net</b>	\$ 85,105

Depreciation expense totaled \$16,012 for the year ended June 30, 2019.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019:

**Subject to expenditure for specified purpose:**

Scholarships	\$	188,847
Student assistance		151,450
Student programs		23,505
Grants		150,776
		150,776
	\$	514,578

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

**Satisfaction of purpose restrictions**

Scholarships	\$	49,154
Student assistance		446,506
Student programs		4,752
Teacher/ Staff programs		202,103
		202,103
	\$	702,515

## 7. DONATED ADMINISTRATIVE SERVICES AND MATERIALS

The Foundation received donated administrative services, rent, and supplies as follows during the year ended June 30, 2019:

	Program services	Management and general	Fundraising and development	Total
<b>June 30, 2019</b>				
Services	\$ 508,679	\$ -	\$ -	\$ 508,679
Rent and utilities	23,985	-	-	23,985
Supplies and other support	37,935	-	-	37,935
	\$ 570,599	\$ -	\$ -	\$ 570,599

## 8. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the Foundation received in-kind donations from Granite School District totaling \$562,964 for building rent and utilities, supplies, and wages of individuals working for the entity.

# GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## 9. AGENCY TRANSACTIONS

At June 30, 2019, the Foundation held assets for other entities as well as assets for which a purpose had been designated where the Foundation was acting as an intermediary. The following summarizes the activity in such funds for the year ended June 30, 2019:

<b>Agency funds, beginning of year</b>	\$	567,979
Funds disbursed for intended purpose		(635,062)
Donations received		717,104
		<hr/>
<b>Agency funds, end of year</b>	\$	<u>650,021</u>

In addition to the items noted above, the Foundation acted as agent in receiving and remitting items to intended beneficiaries valued at approximately \$3,080,873. This includes items such as backpacks and other school supplies, holiday assistance, clothing vouchers, teacher support, grants for classrooms, bus passes, coats and other clothing, hygiene kits, health exams, household items, food, and other items.

## 10. COMMITMENTS

Beginning March 26, 2019, the Foundation entered into a lease agreement for warehouse space. The lease expires May 31, 2024. Rent expense was \$25,883 for the year ended June 30, 2019. Future minimum lease payments are as follows:

For the years ending June 30,		
2020	\$	103,789
2021		106,909
2022		110,188
2023		113,466
2024		106,765
Thereafter		<hr/>
	\$	<u>541,117</u>

## 11. BOARD DESIGNATIONS

The Foundation's board has designated net assets without donor restrictions to be used for specific purposes. The board has designated that \$3,400 be used for scholarships and \$25,500 for educators.

## 12. SUBSEQUENT EVENTS

Subsequent events have been considered through January 14, 2020, which is the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2019, which would have a material effect on the financial condition of the Foundation.