

GRANITE EDUCATION FOUNDATION
COMPILED FINANCIAL STATEMENTS

Year Ended June 30, 2022

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Granite Education Foundation

Management is responsible for the accompanying financial statements of Granite Education Foundation, which comprise the statements of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Squire & Company, PC

Orem, Utah
February 10, 2023

GRANITE EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

Current Assets:

Cash	\$ 286,093
Investments	2,606,287
Accounts receivable	12,438
Assets classified as held for sale	<u>15,800</u>
Total current assets	2,920,618

Fixed Assets, net of accumulated depreciation 402,435

Right-of-Use Assets 216,155

Total assets \$ 3,539,208

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 172,954
Agency funds payable	664,342
Current portion of operating lease liability	<u>112,938</u>
Total current liabilities	950,234

Operating lease liability, less current portion 106,597

Total liabilities 1,056,831

Net Assets:

Without donor restrictions	1,455,232
With donor restrictions:	
Scholarships	190,399
Student assistance	801,120
Schools	<u>35,626</u>
Total net assets	<u>2,482,377</u>

Total liabilities and net assets \$ 3,539,208

See independent accountant's compilation report.

GRANITE EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Net Assets without Donor Restrictions:

Revenue and support:	
Grants	\$ 389,110
Contributions	664,037
Fundraising events	191,425
In-kind contributions	1,699,823
Net investment loss	(394,374)
Net assets released from restrictions	<u>69,092</u>
Total revenue and support	2,619,113

Expenses:	
Program services	2,783,605
Management and general	282,825
Fundraising	<u>165,520</u>
Total expenses	<u>3,231,950</u>

Change in net assets without donor restrictions (612,837)

Net Assets with Donor Restrictions:

Net assets released from restrictions (69,092)

Change in Net Assets (681,929)

Net Assets at Beginning of Year 3,164,306

Net Assets at End of Year \$ 2,482,377

See independent accountant's compilation report.

GRANITE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Scholarships	\$ 27,693	\$ -	\$ -	\$ 27,693
Grants to schools	134,848	-	-	134,848
Awards	12,500	-	-	12,500
Salaries and wages	304,492	160,356	73,956	538,804
Employee benefits	148,616	78,712	35,754	263,082
Insurance	6,878	1,546	-	8,424
Occupancy	137,534	-	-	137,534
Office	14,295	5,742	8,118	28,155
Equipment rent and maintenance	3,215	-	-	3,215
Purchased services	95,337	26,334	42,120	163,791
Supplies	995,369	8,689	1,981	1,006,039
Interest	791	-	-	791
Food and pantry	659,643	-	-	659,643
Travel	22,271	-	-	22,271
Depreciation	63,303	-	-	63,303
Other	156,820	1,446	3,591	161,857
Total expenses	<u>\$ 2,783,605</u>	<u>\$ 282,825</u>	<u>\$ 165,520</u>	<u>\$ 3,231,950</u>

See independent accountant's compilation report.

GRANITE EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

Cash Flows from Operating Activities:

Change in net assets	\$ (681,929)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	63,303
Realized and unrealized loss on operating investments	479,068
Changes in operating assets and liabilities:	
Accounts receivable	(12,438)
Right-of-use assets	112,776
Accounts payable	(15,427)
Agency funds payable	(134,446)
Operating lease liability	<u>(109,396)</u>
Total adjustments	<u>383,440</u>
Net cash used by operating activities	(298,489)

Cash Flows from Investing Activities:

Net sales of investments	269,975
Purchases of property and equipment	<u>(15,467)</u>
Net cash provided by investing activities	254,508

Cash at Beginning of Year 330,074

Cash at End of Year \$ 286,093

Supplemental Data:

The Foundation paid \$791 in interest and no income taxes during the year ended June 30, 2022.

The Foundation recognized a right-of-use asset valued at \$328,931 and a corresponding operating lease liability during the year ended June 30, 2022.

See independent accountant's compilation report.

GRANITE EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Granite Education Foundation (the Foundation) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

Granite Education Foundation was formed to provide an organization, outside the public school system, to generate additional financial resources for the benefit of Granite School District (District) schools, teachers, and students. The Foundation's mission is to improve educational outcomes by strengthening the Granite School District community.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. The donor restrictions are temporary in nature and are described on the statement of financial position.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Tax Status

The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(a) and is classified as a Section 501(c)(3) public charity. Also, the Foundation is exempt from state income taxes.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

The Foundation recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Foundation receives services from a large number of volunteers who give significant amounts of their time to the Foundation's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

GRANITE EDUCATION FOUNDATION NOTES TO THE FINANCIAL STATEMENTS

Donated Facilities and Personnel

The District provides personnel and office space to the Foundation. Contributions and expenses related to the donated personnel and office space amounting to \$564,998 for the year ended June 30, 2022 have been reflected in the accompanying statement of activities.

Investments

Investments are presented in the financial statements at fair value. Gains and losses on investments and changes in fair values are considered elements of revenue.

Assets Classified as Held for Sale

Assets classified as held for sale at year end includes donated items being held for auction and are recorded at estimated fair value.

Fixed Assets

Fixed assets are recorded at cost or estimated fair value if donated. Fixed assets valued at more than \$1,000 are capitalized and depreciated using the straight-line depreciation method over the estimated useful lives of the assets.

Agency Funds Payable

The Foundation acts as an intermediary and accepts funds from individuals and other organizations that are ultimately intended for another beneficiary. The Foundation records these funds as agency funds payable until they are paid out to the intended beneficiary.

Leases

The Foundation adopted ASU No. 2016-02, Leases (Topic 842), as of July 1, 2021, using the modified retrospective approach. The modified retrospective approach provides a method for recording existing leases at the application date. In addition, the Foundation elected the available practical expedients permitted under the transaction guidance within the new standard.

The adoption of the new standard had a material impact in the Foundation's statement of financial position but did not have an impact in the Foundation's statements of activities and cash flows. The most significant impact was the recognition of operating lease right-of-use assets and an operating lease liability. Adoption of the new standard resulted in the recording of an additional right-of-use asset and operating lease liability of \$328,931 as of July 1, 2021.

Allocation of Expenses

Directly identifiable expenses are charged to programs and support services and indirect costs are allocated based on personnel costs. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide overall support and direction of the Foundation. Fundraising expenses include those activities involved in soliciting contributions, conducting fundraising events, and other similar activities.

GRANITE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and support and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through February 10, 2023, the date which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30, 2022:

Financial assets at year end:		
Cash		\$ 286,093
Investments		2,606,287
Accounts receivable		<u>12,438</u>
Total financial assets		2,904,818
Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>(1,027,145)</u>
Financial assets available to meet general expenditures over the next twelve months		<u><u>\$ 1,877,673</u></u>

The Foundation's goal is generally to maintain financial assets to meet four months of operating expenses (approximately \$400,000). As part of its liquidity plan, excess cash is invested by the Foundation.

NOTE 3 – FIXED ASSETS

Fixed assets consisted of the following at June 30, 2022:

		Depreciable Lives (Years)
Equipment	\$ 291,248	5 to 15
Vehicles	<u>299,150</u>	10
	590,398	
Accumulated depreciation	<u>(187,963)</u>	
Net fixed assets	<u><u>\$ 402,435</u></u>	

GRANITE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS

As described in Note 1, the Foundation uses various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation techniques applied to the Foundation’s major categories of assets and liabilities measured at fair value on a recurring basis follows:

Common and preferred stocks – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds – Valued at the daily closing prices as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value at June 30, 2022:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and preferred stocks	\$ 582,974	\$ 582,974	\$ -	\$ -
Mutual funds	2,023,313	2,023,313	-	-
Total investments	<u>\$ 2,606,287</u>	<u>\$ 2,606,287</u>	<u>\$ -</u>	<u>\$ -</u>

GRANITE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – LEASES

The Foundation acquired the right to use warehouse space under an operating lease agreement that expires May 31, 2024. The lease is amortized with an interest rate of 0.315% which is equal to Granite School District’s incremental borrowing rate at July 1, 2021. The cost of the lease was \$112,776 for the year ended June 30, 2022.

Future minimum payments under the lease, together with their present values as of June 30, 2022, are summarized as follows:

Year Ending June 30,	
2023	\$ 113,466
2024	106,765
Total undiscounted cash flows	220,231
Amount representing interest	(696)
Total lease liabilities	219,535
Current portion	(112,938)
Long-term portion	\$ 106,597

NOTE 6 – NET ASSETS

Net assets released from donor restrictions during the year ended June 30, 2022 were as follows:

Satisfaction of purpose restrictions:	
Scholarships	\$ 24,626
Student assistance	33,389
Schools	11,077
	\$ 69,092

GRANITE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – IN-KIND CONTRIBUTIONS

Granite Education Foundation recognized the following contributed services and in-kind contributions during the year ended June 30, 2022:

Clothing, toys, household items	\$	122,093
School supplies		334,707
Personal health supplies		35,672
Books		5,600
Gift cards		83,865
Food		549,693
Video production services		3,195
District-paid salaries and benefits		532,935
District-provided office space		32,063
		<hr/>
	\$	<u>1,699,823</u>

NOTE 8 – CONCENTRATIONS

At June 30, 2022, the Foundation's carrying amount of cash was \$286,093 and the bank balance was \$297,796, of which \$250,000 was covered by federal depository insurance.