

GRANITE EDUCATION FOUNDATION

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Granite Education Foundation

Opinion

We have audited the accompanying financial statements of (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granite Education Foundation as of June 30, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Granite Education Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Granite Education Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Granite Education Foundation'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.

Squire & Company, PC

Orem, Utah
March 28, 2024

GRANITE EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Current Assets:

Cash	\$ 725,119
Investments	2,351,377
Deposits	12,438
Assets classified as held for sale	15,800
Total current assets	<u>3,104,734</u>

Fixed Assets, net of accumulated depreciation 347,668

Operating Lease Right-of-Use Assets 103,379

Total assets \$ 3,555,781

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$ 66,636
Scholarships payable	9,500
Agency funds payable	199,487
Current portion of operating lease liability	106,597
Total current liabilities	<u>382,220</u>

Net Assets:

Without donor restrictions	
Undesignated	1,781,121
Designated for student assistance	8,000
Designated for schools	96,834
With donor restrictions:	
Scholarships	201,290
Student assistance	623,212
Schools	56,720
District	406,384
Total net assets	<u>3,173,561</u>
Total liabilities and net assets	<u><u>\$ 3,555,781</u></u>

The accompanying notes are an integral part of this financial statement.

GRANITE EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Net Assets without Donor Restrictions:

Revenue and support:	
Grants	\$ 716,044
Contributions	995,903
Fundraising events	86,652
In-kind contributions	2,486,152
Net investment gain	151,626
Net assets released from restrictions	<u>154,154</u>
Total revenue and support	4,590,531
 Expenses:	
Program services	3,788,910
Management and general	295,542
Fundraising	<u>132,938</u>
Total expenses	<u>4,217,390</u>
Change in net assets without donor restrictions	373,141

Net Assets with Donor Restrictions:

Contributions	32,136
Net assets released from restrictions	<u>(154,154)</u>
Change in net assets with donor restrictions	<u>(122,018)</u>

Change in Net Assets 251,123

Net Assets at Beginning of Year 2,922,438

Net Assets at End of Year \$ 3,173,561

The accompanying notes are an integral part of this financial statement.

GRANITE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Scholarships	\$ 17,500	\$ -	\$ -	\$ 17,500
Grants to schools	390,391	-	-	390,391
Awards	13,000	-	-	13,000
Salaries and wages	302,366	186,368	61,748	550,482
Employee benefits	139,541	87,311	28,168	255,020
Insurance	-	1,546	-	1,546
Occupancy	145,091	-	-	145,091
Office	12,295	3,135	3,633	19,063
Equipment rent and maintenance	1,274	-	-	1,274
Purchased services	47,757	6,254	34,628	88,639
Supplies	1,798,059	6,254	1,102	1,805,415
Food and pantry	620,503	-	-	620,503
Travel	42,079	2,054	-	44,133
Depreciation	60,912	-	-	60,912
Other	198,142	2,620	3,659	204,421
Total expenses	<u>\$ 3,788,910</u>	<u>\$ 295,542</u>	<u>\$ 132,938</u>	<u>\$ 4,217,390</u>

The accompanying notes are an integral part of this financial statement.

GRANITE EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

Cash Flows from Operating Activities:

Change in net assets	\$ 251,123
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	60,912
Gain on investments	(99,107)
Operating lease right-of-use assets	112,776
Changes in operating assets and liabilities:	
Accrued expenses	(89,376)
Scholarships payable	(2,000)
Agency funds payable	(30,236)
Operating lease liability	<u>(112,938)</u>
Total adjustments	<u>(159,969)</u>
Net cash provided by operating activities	91,154

Cash Flows from Investing Activities:

Net sales of investments	354,017
Purchases of property and equipment	<u>(6,145)</u>
Net cash provided by investing activities	<u>347,872</u>

Net Change in Cash

439,026

Cash at Beginning of Year

286,093

Cash at End of Year

\$ 725,119

Supplemental Data:

The Foundation paid no interest and no income taxes during the year ended June 30, 2023.

The accompanying notes are an integral part of this financial statement.

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 reduce barriers to learning and increase access to opportunities for students and educators in the Granite School District.

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.

The Foundation has designated a portion of net assets without donor restrictions for student assistance and for schools.

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

GRANITE EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

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.

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 \$563,244 for the year ended June 30, 2023 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.

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.

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.

GRANITE EDUCATION FOUNDATION NOTES TO THE FINANCIAL STATEMENTS

Subsequent Events

The Foundation has evaluated subsequent events through March 28, 2024, 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, 2023:

Financial assets at year end:	
Cash	\$ 725,119
Investments	2,351,377
Deposits	<u>12,438</u>
Total financial assets	3,088,934
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(1,287,606)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,801,328</u>

The Foundation's goal is generally to maintain financial assets to meet four months of operating expenses (approximately \$1,400,000). 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, 2023:

		<u>Depreciable Lives (Years)</u>
Equipment	\$ 289,989	5 to 15
Vehicles	<u>299,150</u>	10
	589,139	
Accumulated depreciation	<u>(241,471)</u>	
Net fixed assets	<u>\$ 347,668</u>	

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.

GRANITE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

- 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, 2023:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common and preferred stocks	\$ 1,237,223	\$ 1,237,223	\$ -	\$ -
Mutual funds	1,114,154	1,114,154	-	-
Total investments	<u>\$ 2,351,377</u>	<u>\$ 2,351,377</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023.

Future minimum payments under the lease, together with their present values as of June 30, 2023, are summarized as follows:

	<u>Year Ending June 30,</u>
	2024
	106,765
Amount representing interest	<u>(168)</u>
Total lease liabilities (all current)	<u>\$ 106,597</u>

GRANITE EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – NET ASSETS

Net assets released from donor restrictions totaling \$154,154 were from the student assistance purpose restriction during the year ended June 30, 2023.

NOTE 7 – IN-KIND CONTRIBUTIONS

The Foundation recognized the following contributed services and in-kind contributions during the year ended June 30, 2023:

Clothing, toys, household items	\$	192,637
School supplies		210,407
Personal health supplies		414,820
Gift cards		20,769
Food		841,546
Supplies		242,729
District-paid salaries and benefits		539,259
District-provided office space		23,985
		<hr/>
	\$	<u>2,486,152</u>

NOTE 8 – CONCENTRATIONS

At June 30, 2023, the Foundation's carrying amount of cash was \$725,119 and the bank balance was \$729,995, of which \$302,514 was covered by federal depository insurance.