

Granite Education Foundation

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2021 and 2020



GRANITE EDUCATION FOUNDATION

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Independent Auditor's Report

The Board of Directors Granite Education Foundation

Opinion

We have audited the accompanying financial statements of Granite Education Foundation (the "Foundation") which comprise the statement of financial position as of June 30, 2021, and 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 the Foundation as of June 30, 2021 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. 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 the 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the 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 the 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.

Prior Period Financial Statements

The 2020 financial statements were compiled by us, and our report thereon, dated December 8, 2020, stated we did not audit or review those financial statements and, accordingly, express no opinion or other form of assurance on them.

Larson & Company P.C.

Salt Lake City, Utah
February 8, 2022

GRANITE EDUCATION FOUNDATION

Statements of Financial Position
As of June 30, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u> <u>(Compiled)</u>
Current assets		
Cash and cash equivalents	\$ 317,698	\$ 458,031
Receivables	459	337
Investments	3,367,706	2,674,831
Inventory	15,800	15,800
Total current assets	3,701,663	3,148,999
Property and equipment, net	450,271	308,597
Total assets	\$ 4,151,934	\$ 3,457,596
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Agency funds payable	\$ 798,788	\$ 698,833
Accrued liabilities	95,233	89,894
Total current liabilities	894,021	788,727
Total liabilities	894,021	788,727
Net assets		
Without donor restrictions		
Undesignated	2,439,128	1,857,498
Board designated - educators	21,194	22,232
Board designated - scholarships	-	132
Total net assets without donor restrictions	2,460,322	1,879,862
With donor restrictions		
Scholarships	190,213	244,919
Student assistance	268,144	204,253
Student programs	-	6,133
Grants	339,234	333,702
Total net assets with donor restrictions	797,591	789,007
Total net assets	3,257,913	2,668,869
Total liabilities and net assets	\$ 4,151,934	\$ 3,457,596

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, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains			
Contributions	\$ 581,594	\$ 769,555	\$ 1,351,149
Fundraising revenue	143,279	23,088	166,367
Donated services	371,312	-	371,312
Donated rent and utilities	23,985	-	23,985
Donated supplies and support	30,300	-	30,300
Net investment income	695,827	19,358	715,185
Total revenue, support, and gains	1,846,297	812,001	2,658,298
Net assets released from restrictions - other	803,417	(803,417)	-
Total revenue, support, gains, and net assets released from restrictions	2,649,714	8,584	2,658,298
Expenses			
Program services	1,659,193	-	1,659,193
Supporting services expense			
Management and general	190,772	-	190,772
Fundraising and development	219,289	-	219,289
Total supporting services expense	410,061	-	410,061
Total expenses	2,069,254	-	2,069,254
Change in Net Assets	580,460	8,584	589,044
Net Assets, Beginning of Year	1,879,862	789,007	2,668,869
Net Assets, End of Year	\$ 2,460,322	\$ 797,591	\$ 3,257,913

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

GRANITE EDUCATION FOUNDATION

Statement of Activities (Compiled)
For the Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains			
Contributions	\$ 190,745	\$ 700,781	\$ 891,526
Fundraising revenue	154,076	24,112	178,188
Donated services	533,407	-	533,407
Donated rent and utilities	23,985	-	23,985
Donated supplies and support	30,300	-	30,300
Net investment income (loss)	(24,641)	5,448	(19,193)
Total revenue, support, and gains	907,872	730,341	1,638,213
Net assets released from restrictions - other	455,912	(455,912)	-
Total revenue, support, gains, and net assets released from restrictions	1,363,784	274,429	1,638,213
Expenses			
Program services	1,524,132	-	1,524,132
Supporting services expense			
Management and general	147,378	-	147,378
Fundraising and development	114,794	-	114,794
Total supporting services expenses	262,172	-	262,172
Total expenses	1,786,304	-	1,786,304
Change in Net Assets	(422,520)	274,429	(148,091)
Net Assets, Beginning of Year	2,302,382	514,578	2,816,960
Net Assets, End of Year	\$ 1,879,862	\$ 789,007	\$ 2,668,869

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, 2021

	Program services	Management and general	Fundraising and development	Total
Administrative services	\$ 385,769	\$ 106,279	\$ 57,760	\$ 549,808
Professional educational services	840	-	-	840
Employee training	-	2,529	-	2,529
Other professional services	12,001	61	-	12,062
Other professional services - audit	-	4,950	-	4,950
Technical services	83,422	6,108	152,115	241,645
Data processing services	2,400	-	-	2,400
Water/sew er services	239	-	-	239
Disposal services	2,635	-	-	2,635
Cleaning services	1,992	-	-	1,992
Non-tech repairs and maintenance	1,367	-	-	1,367
Rentals	123,850	90	584	124,524
Student transportation service	3,167	-	-	3,167
Insurance	6,023	1,546	-	7,569
Postage services	-	9	-	9
Advertising services	-	-	20	20
Printing and binding services	6,290	4,481	4,462	15,233
Student tuition post-secondary	20,483	-	-	20,483
General supplies	216,144	1,761	1,664	219,569
Pantry drop food	182,344	-	-	182,344
Student food	278	-	-	278
Staff food	378	188	141	707
Natural gas	7,027	-	-	7,027
Electricity	5,083	-	-	5,083
Utilities/fuel	1,828	-	-	1,828
Textbooks	371	-	-	371
Technology supplies	26,350	3,419	-	29,769
Memberships	4,902	1,743	1,574	8,219
Reimbursement to schools	59,857	-	-	59,857
Miscellaneous	66,481	1,104	969	68,554
Awards	12,075	-	-	12,075
In-kind expense: services	371,312	-	-	371,312
In-kind expense: rent and utilities	23,985	-	-	23,985
In-kind expense: supplies and support	30,300	-	-	30,300
Depreciation expense	-	56,504	-	56,504
Total expenses by function	\$ 1,659,193	\$ 190,772	\$ 219,289	\$ 2,069,254

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

GRANITE EDUCATION FOUNDATION

Statement of Functional Expenses (Compiled) For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising and Development	Total
Administrative services	\$ 232,675	\$ 76,671	\$ 37,635	\$ 346,981
Professional educational services	888	-	-	888
Employee training	-	2,113	-	2,113
Other professional services	12,983	59	-	13,042
Technical services	68,284	13,354	59,817	141,455
Data processing services	15,829	-	-	15,829
Disposal services	1,233	-	-	1,233
Cleaning services	-	247	-	247
Rentals	144,591	-	1,050	145,641
Student transportation service	29,207	-	-	29,207
Student day travel/field trips	175	-	-	175
Insurance	4,384	-	-	4,384
Advertising services	-	-	40	40
Printing and binding services	6,288	1,201	1,526	9,015
Student tuition post-secondary	12,400	-	-	12,400
Staff travel/per diem	1,462	9,990	265	11,717
Staff mileage reimbursement	147	-	97	244
General supplies	218,892	4,997	7,490	231,379
Pantry drop food	80,218	-	-	80,218
Student food	441	-	-	441
Staff food	783	1,001	83	1,867
Natural gas	7,262	-	-	7,262
Electricity	4,270	-	-	4,270
Utilities/fuel	2,037	-	-	2,037
Textbooks	4,671	-	-	4,671
eTextbooks/online curriculum	240	-	-	240
Technology supplies	17,416	1,853	-	19,269
Maintenance supplies/materials	-	270	-	270
Memberships	10,395	1,013	6,008	17,416
Reimbursement to schools	10,335	-	-	10,335
Miscellaneous	33,022	2,151	783	35,956
Awards	10,770	-	-	10,770
Foundation grants	5,142	-	-	5,142
In-kind expense: services	533,407	-	-	533,407
In-kind expense: rent and utilities	23,985	-	-	23,985
In-kind expense: supplies and support	30,300	-	-	30,300
Depreciation expense	-	32,458	-	32,458
Total expenses by function	\$ 1,524,132	\$ 147,378	\$ 114,794	\$ 1,786,304

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

GRANITE EDUCATION FOUNDATION

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020 (Compiled)
Cash flows from operating activities		
Change in net assets	\$ 589,044	\$ (148,091)
Adjustments to reconcile changes in net assets to net cash flows from operating activities		
Depreciation and amortization	56,504	32,458
Realized and unrealized gain (loss) on operating investment:	(668,642)	73,975
(Increase) decrease in operating assets		
Other receivables	(122)	29
Increase (decrease) in operating liabilities		
Agency funds payable	99,955	48,812
Accrued liabilities	5,339	89,894
Net cash flows from operating activities	82,078	97,077
Cash flows from investing activities		
Purchases of investments	(24,233)	(89,474)
Purchases of property and equipment	(198,178)	(255,950)
Net cash flows from investing activities	(222,411)	(345,424)
Net change in cash and cash equivalents	(140,333)	(248,347)
Cash and cash equivalents, beginning of year	458,031	706,378
Cash and cash equivalents, end of year	\$ 317,698	\$ 458,031
 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 Years Ended June 30, 2021 and 2020

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 64,000 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 100 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 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 Years Ended June 30, 2021 and 2020

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 with generally accepted accounting principles (GAAP) and follow the guidance in 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, 2021, there was no allowance for accounts receivable.

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, 2021 and 2020, there was no balance for promises to give and no related allowance.

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

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 income/(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 years ended June 30, 2021 and 2020.

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 Years Ended June 30, 2021 and 2020

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 Years Ended June 30, 2021 and 2020

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 Foundation 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 Foundation 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 **4,900** and 1,400 hours of service during the years ended June 30, 2021 and 2020, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs incurred during the year ended June 30, 2021 and 2020 totaled **\$20** and \$40, respectively.

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

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 presents 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. Generally, tax years remain open to examination for three years from the date filed with the IRS.

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 Years Ended June 30, 2021 and 2020

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

Recent Accounting Guidance

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, 2021. The Foundation does not anticipate a significant impact on the Corporation's results of operations, financial position, or cash flows as a result of this new standard.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Foundation does not anticipate a significant impact on the Foundation's results of operations, financial position, or cash flows as a result of this new standard.

Recent Developments Related to COVID-19

The World Health Organization has declared the recent COVID-19 outbreak to constitute a "Public Health Emergency of International Concern." The outbreak has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of effect of COVID-19. The related financial impact and duration cannot be reasonably estimated at this time.

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

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:

	2021	2020
Cash and cash equivalents	\$ 317,698	\$ 458,031
Operating investments	3,367,706	2,674,831
Less Amounts Unavailable for General Expenditures	(1,596,379)	(1,487,840)
Available to Meet Cash Needs Within One Year	\$ 2,089,025	\$ 1,645,022

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.

4. FAIR VALUE MEASUREMENTS AND INVESTMENT INCOME DISCLOSURES

The following table presents assets measured at fair value on a recurring basis:

	Total	Fair Value Measurements at Report Date Using			Investments Measured at NAV (a)
		Level 1	Level 2	Level 3	
June 30, 2021					
Operating investments					
Mutual funds	\$ 780,771	\$ 780,771	\$ -	\$ -	\$ -
Equities	1,616,290	1,616,290	-	-	-
Pooled separate accounts	970,645	-	-	-	970,645
	\$ 3,367,706	\$ 2,397,061	\$ -	\$ -	\$ 970,645
June 30, 2020					
Operating investments					
Mutual funds	\$ 703,333	\$ 703,333	\$ -	\$ -	\$ -
Equities	1,227,890	1,227,890	-	-	-
Pooled separate accounts	743,608	-	-	-	743,608
	\$ 2,674,831	\$ 1,931,223	\$ -	\$ -	\$ 743,608

(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.

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4. FAIR VALUE MEASUREMENTS AND INVESTMENT INCOME DISCLOSURES (Continued)

Net investment income consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Realized and unrealized gains (losses)	\$ 668,642	\$ (73,975)
Dividends	46,225	54,380
Interest	<u>318</u>	<u>402</u>
Net investment income	<u>\$ 715,185</u>	<u>\$ (19,193)</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 275,781	\$ 215,335
Vehicles	299,150	161,418
Total property and equipment	<u>574,931</u>	<u>376,753</u>
Less accumulated depreciation and amortization	<u>(124,660)</u>	<u>(68,156)</u>
Total property and equipment, net	<u>\$ 450,271</u>	<u>\$ 308,597</u>

Depreciation expense totaled \$56,504 and \$32,458 for the years ended June 30, 2021 and 2020, respectively.

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Scholarships	\$ 190,213	\$ 244,919
Student assistance	268,144	204,253
Student programs	-	6,133
Grants	339,234	333,702
	\$ 797,591	\$ 789,007

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 years ended June 30, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions		
Scholarships	\$ 25,364	\$ 22,604
Student assistance	157,709	257,618
Student programs	555	2,372
Teacher/ Staff programs	619,789	173,318
	\$ 803,417	\$ 455,912

7. DONATED ADMINISTRATIVE SERVICES AND MATERIALS

The Foundation received donated administrative services, rent, and supplies as follows during the years ended June 30, 2021 and 2020:

	Program services	Management and general	Fundraising and development	Total
June 30, 2021				
Services	\$ 371,312	\$ -	\$ -	\$ 371,312
Rent and utilities	23,985	-	-	23,985
Supplies and other support	30,300	-	-	30,300
	\$ 425,597	\$ -	\$ -	\$ 425,597
June 30, 2020				
Services	\$ 533,407	\$ -	\$ -	\$ 533,407
Rent and utilities	23,985	-	-	23,985
Supplies and other support	30,300	-	-	30,300
	\$ 587,692	\$ -	\$ -	\$ 587,692

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

8. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, the Foundation received in-kind donations from Granite School District totaling **\$425,597** and \$587,692, respectively, for building rent and utilities, supplies, and wages of individuals working for the entity.

9. AGENCY TRANSACTIONS

At June 30, 2021 and 2020, the Foundation held assets for other related entities as well as assets for which a purpose had been designated where the Foundation was acting as an intermediary. These entities are considered related parties due to their affiliation with the Granite School District, of which the Foundation is a component unit. The following summarizes the activity in such funds for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Agency funds payable, beginning of year	\$ 698,833	\$ 650,021
Funds disbursed for intended purpose	(270,708)	(294,354)
Donations received	370,663	343,166
Agency funds payable, end of year	<u>\$ 798,788</u>	<u>\$ 698,833</u>

In addition to the items noted above, the Foundation acted as agent in receiving and remitting items to intended beneficiaries valued at approximately **\$2,985,780** and \$2,180,340 for the years ended June 30, 2021 and 2020, respectively. 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 \$106,909 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments are as follows:

For the years ending June 30,	
2022	\$ 110,188
2023	113,466
2024	106,765
Thereafter	<u>-</u>
	<u>\$ 330,419</u>

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

11. BOARD DESIGNATIONS

The Foundation's board has designated net assets without donor restrictions to be used for specific purposes. The board designations are as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Board designated for:		
Educators	\$ 21,194	\$ 22,232
Scholarships	-	132
	<u>\$ 21,194</u>	<u>\$ 22,364</u>

12. COMMITMENTS AND CONTINGENCIES

During the year ended June 30, 2021, the Foundation determined an individual that had previously been paid as an independent contractor had the characteristics of an employee. The Foundation has estimated its liability for payroll taxes and potential penalties at approximately \$11,000. This amount has been recorded as an increase in the accrued liabilities on the accompanying Statement of Financial Position.

13. SUBSEQUENT EVENTS

Subsequent events have been considered through the date of this report, which is the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2021, which would have a material effect on the financial condition of the Foundation.