

Granite Education Foundation

**FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT**

For the Year Ended June 30, 2018



GRANITE EDUCATION FOUNDATION

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Independent Accountant's Compilation Report

The Board of Directors Granite Education Foundation

Management is responsible for the accompanying financial statements of **Granite Education Foundation** (a nonprofit organization, the "Foundation"), which comprise the statement of financial position as of June 30, 2018, 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 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 AICPA. 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.

Larson & Company PC

Salt Lake City, Utah
January 17, 2019

GRANITE EDUCATION FOUNDATION

Statement of Financial Position

As of June 30, 2018

ASSETS

Current assets

Cash and cash equivalents	\$	790,440
Other receivables		230
Investments		2,595,877
Inventory		8,165

Total current assets 3,394,712

Property and equipment, net

73,385

Total assets 3,468,097

LIABILITIES AND NET ASSETS

Current liabilities

Agency funds payable	\$	567,979
Accrued liabilities		78,862

Total current liabilities 646,841

Total liabilities 646,841

Net assets

Without donor restrictions		
Undesignated		2,370,876
Board designated - educators		28,085
Board designated - scholarships		5,986

Total net assets without donor restrictions 2,404,947

With donor restrictions

Scholarships		218,561
Student assistance		124,153
Student programs		28,257
Grants		45,338

Total net assets with donor restrictions 416,309

Total net assets 2,821,256

Total liabilities and net assets \$ 3,468,097

See accountant's compilation report
and notes to financial statements

GRANITE EDUCATION FOUNDATION

Statement of Activities
For the Year Ended June 30, 2018

	Without donor restrictions	With donor restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 489,844	\$ 374,592	\$ 864,436
Fundraising revenue	314,387	10,808	325,195
Donated services	440,233	-	440,233
Donated rent and utilities	23,985	-	23,985
Donated supplies and support	30,300	-	30,300
Net investment income	168,960	6,128	175,088
Total revenue, support, and gains	<u>1,467,709</u>	<u>391,528</u>	<u>1,859,237</u>
Net assets released from restrictions - other	233,060	(233,060)	-
Total revenue, support, and gains net assets released from restrictions	<u>1,700,769</u>	<u>158,468</u>	<u>1,859,237</u>
Expenses			
Program services			
Advisory program	1,144,852	-	1,144,852
Total program expenses	<u>1,144,852</u>	<u>-</u>	<u>1,144,852</u>
Supporting services expense			
Management and general	200,698	-	200,698
Fundraising and development	93,114	-	93,114
Total supporting services expenses	<u>293,812</u>	<u>-</u>	<u>293,812</u>
Total expenses	<u>1,438,664</u>	<u>-</u>	<u>1,438,664</u>
Change in Net Assets	262,105	158,468	420,573
Net Assets, Beginning of Year	<u>2,142,842</u>	<u>257,841</u>	<u>2,400,683</u>
Net Assets, End of Year	<u>\$ 2,404,947</u>	<u>\$ 416,309</u>	<u>\$ 2,821,256</u>

See accountant's compilation report
and notes to financial statements

GRANITE EDUCATION FOUNDATION

Statement of Functional Expenses For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising and Development	Total
Administrative services	\$ 172,365	\$ 43,752	\$ 69,298	\$ 285,415
Purchased educational services	2,880	-	-	2,880
Professional services	900	-	-	900
Employee training	-	1,572	-	1,572
Other professional services	7,251	16,411	-	23,662
Technical services	37,042	71,609	5,297	113,948
Cleaning services	-	600	-	600
Rentals	6,402	150	2,400	8,952
Student transportation service	24,277	-	-	24,277
Student day travel/field trips	180	-	-	180
Communication services	-	144	-	144
Advertising services	-	2,750	2,200	4,950
Printing and binding services	12,068	4,301	780	17,149
Student tuition post-secondary	19,000	-	-	19,000
Staff travel/per diem	-	8,369	-	8,369
Staff mileage reimbursement	164	-	-	164
General supplies	92,416	4,358	6,559	103,333
Student food	8,218	-	-	8,218
Staff food	2,648	1,123	-	3,771
Textbooks	2,862	-	-	2,862
Technology supplies	(19,824)	37,016	-	17,192
Memberships	13,414	1,598	6,580	21,592
Reimbursement to schools	13,128	-	-	13,128
Miscellaneous	48,530	326	-	48,856
Awards	12,100	-	-	12,100
Foundation grants	11,833	-	-	11,833
Transfers out to other programs	152,740	-	-	152,740
In-kind expenses services	440,233	-	-	440,233
In-kind expenses rent and utilities	23,985	-	-	23,985
In-kind expenses supplies and support	30,300	-	-	30,300
In-kind expenses inventory	29,740	-	-	29,740
Depreciation expense	-	6,619	-	6,619
Total expenses by function	\$ 1,144,852	\$ 200,698	\$ 93,114	\$ 1,438,664

See accountant's compilation report
and notes to financial statements

GRANITE EDUCATION FOUNDATION

Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities	
Change in net assets	\$ 420,573
Adjustments to reconcile	
Depreciation and amortization	6,619
Realized and unrealized gain on operating investments	(126,684)
(Increase) decrease in operating assets	
Other receivables	(230)
Inventory	29,740
Increase (decrease) in operating liabilities	
Agency payables	22,448
Accrued liabilities	78,861
Net cash flows from operating activities	<u>431,327</u>
Cash flows from investing activities	
Purchases of investments	(63,236)
Proceeds from sales of investments	-
Purchases of property and equipment	(51,294)
Net cash flows from investing activities	<u>(114,530)</u>
Net change in cash and cash equivalents	316,797
Cash and cash equivalents, beginning of year	473,643
Cash and cash equivalents, end of year	<u>\$ 790,440</u>

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for	
Interest	\$ -
Unrelated business income taxes	\$ -
Donations of stock	\$ 18,000

See accountant's compilation report
and notes to financial statements

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

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 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 statement 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 footnoted 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, 2018

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

We consider 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. We determine 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, 2018 there was no balance for accounts receivable and no related allowance.

Promises to Give

We record 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. We determine 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, 2018, there was no balance for promises to give and no related allowance.

See accountant's compilation report

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Investments

We record 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.

Property and Equipment

We record 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.

We review 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, 2018.

Fair Value Measurements

We report 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.

A three-tier hierarchy categorizes the inputs as follows:

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

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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, we develop 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.

A significant portion of our investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. We invest in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair values of beneficial interests in charitable and perpetual trusts are determined by us using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of our beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

We use 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, 2018

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The organization is the recipient of a variety of donated good. 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 (Note7).

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, 2018.

Advertising Costs

Advertising costs are expensed as incurred, advertising costs incurred during the year ended June 30, 2018 totaled \$4,950

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

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 statements of activities. The statements 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, and donated services, donated supplies and other support, and other, 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. We have determined that the entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) 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

We manage 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, we have 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, we believe 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, 2018

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 us beginning September 1, 2018; early adoption is limited. The adoption of this standard is not expected to have a material impact on the financial statements of the Foundation.

In March of 2016, the FASB issued Accounting Standards Update 2016-02, *Leases*, which requires all leases that have a term of more than 12 months will be required 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, 2019. Management is evaluating the impact of the Standard on the Foundation's financial reporting and determining the appropriate time to implement this pronouncement.

In August of 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* (the "Standard"). The Standard establishes the new financial reporting framework for not-for-profit organizations. The update will result in changes to the presentation of the statements of financial position, activities, and cash flows. The new guidance reduces the classification of net assets to two categories: (1) net assets without donor restrictions and (2) net assets with donor restriction. It also changes the classification and accounting for underwater endowments. The Standard requires enhanced net asset disclosures which include information about the timing, nature of restrictions, and composition of the net assets with donor restrictions. Enhanced disclosures are also required for board designated net assets, which are classified as net assets without donor restrictions.

To improve the transparency and utility of liquidity information provided in not-for-profit financial statements, the Standard requires disclosure of quantitative and qualitative liquidity information, including how an entity manages liquidity risk and disclosures about availability of assets to meet cash needs within one year of the balance sheet date.

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Recent Accounting Guidance (Continued)

Changes to the statement of activities includes a requirement to report the total change in net assets and the changes in each of the two new classes of nets assets described above. All nonprofits will be required to present an analysis of expenses by function and by natural classification. This can be done on the face of the statement of activities, in a separate statement, or in the footnotes to the financial statements. The statement of cash flows may continue to be presented using the direct or indirect method. If the direct method is adopted, the Foundation is no longer required to include the indirect method reconciliation.

The Standard is effective for the fiscal years beginning after December 15, 2017. Early adoption is permitted. Management has evaluated the standard and implemented for the fiscal year ending June 30, 2017.

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 or 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.

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:

<u>Description of Financial Asset</u>	<u>Gross Amount</u>	<u>Less Amounts Unavailable for General Expenditures</u>	<u>Available to Meet Cash Needs Within One Year</u>
Cash and cash equivalents	\$ 790,440	\$ -	\$ 790,440
Operating investments	2,595,877	(984,288)	1,611,589
			<u>\$ 2,402,029</u>

See accountant's compilation report

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

4. FAIR VALUE MEASUREMENTS AND INVESTMENT INCOME DISCLOSURES

The following table presents assets measured at fair value on a recurring basis, at June 30, 2018:

	Fair Value Measurements at Report Date Using				Investments Measured at NAV (a)
	Total	Level 1	Level 2	Level 3	
Operating Investments					
Mutual funds	\$ 650,038	\$ 650,038	\$ -	\$ -	\$ -
Equities	1,205,192	1,205,192	-	-	-
Pooled separate accounts	722,649	-	-	-	722,649
	<u>\$ 2,577,879</u>	<u>\$ 1,855,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,649</u>

(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 statements 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, 2018:

Realized and unrealized gains	\$ 126,684
Dividends	47,473
Interest	931
	<u> </u>
Net investment income	<u>\$ 175,088</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2018:

Equipment	\$ 55,104
Vehicles	38,000
Total property and equipment	<u>93,104</u>
Less accumulated depreciation and amortization	<u>(19,719)</u>
Total property and equipment, net	<u>\$ 73,385</u>

Depreciation expense totaled \$6,619 for the year ended June 30, 2018.

GRANITE EDUCATION FOUNDATION

Notes to the Financial Statements
For the Year Ended June 30, 2018

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2018:

Subject to expenditure for specified purpose:

Scholarships	\$	218,561
Student assistance		124,153
Student programs		28,257
Grants		45,338
		45,338
	\$	416,309

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, 2018:

Satisfaction of purpose restrictions

Scholarships	\$	31,206
Student assistance		102,609
Student programs		8,517
Teacher/ Staff programs		90,728
		90,728
	\$	233,060

7. DONATED ADMINISTRATIVE SERVICES AND MATERIALS

We received donated administrative services, rent, and supplies as follows during the year ended June 30, 2018:

	Program services	Management and general	Fundraising and development	Total
June 30, 2018				
Services	\$ 440,233	\$ -	\$ -	\$ 440,233
Rent and utilities	23,985	-	-	23,985
Supplies and other support	30,300	-	-	30,300
Inventory	29,740	-	-	29,740
	\$ 524,258	\$ -	\$ -	\$ 524,258

8. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2018, we received in-kind donations from Granite School District totaling \$464,218 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, 2018

9. AGENCY TRANSACTIONS

At June 30, 2018 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, 2018:

Agency funds, beginning of year	\$ 545,531
Funds disbursed for intended purpose	(437,650)
Donations received	<u>460,098</u>
Agency funds, end of year	<u>\$ 567,979</u>

In addition to the items noted above the Foundation acted as agent in receiving and remitting items to intended beneficiaries valued at approximately \$2,951,124. 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. BOARD DESIGNATIONS

The Foundation's board has designated net assets without donor restrictions to be used for specific purposes. The board has designated that \$5,986 be used for scholarships and \$28,085 for educators.

11. SUBSEQUENT EVENTS

We have evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.