

**SANGER EDUCATION FOUNDATION, INC.**

FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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Members:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

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**HANKINS, EASTUP, DEATON,  
TONN, SEAY & SCARBOROUGH**  
A Limited Liability Company

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CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Sanger Education Foundation, Inc.  
Sanger, Texas

### **Opinion**

We have audited the accompanying financial statements of Sanger Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Sanger Education Foundation, Inc. as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 Sanger Education Foundation, Inc. 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.

### **Responsibility 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 Sanger Education Foundation, Inc.'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, misrepresentation, 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 judgement 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 Sanger Education Foundation Inc.'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 Sanger Education Foundation Inc.'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 findings, and certain internal control related matters we identified during the audit.

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC  
Denton, Texas

July 15, 2024

**SANGER EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 308,843	\$ 189,233
Investments	1,441,378	1,370,872
Contributions receivable	104,302	82,280
Total Assets	\$ 1,854,523	\$ 1,642,385
<b>LIABILITIES AND NET ASSETS</b>		
Grants and scholarships payable	\$ 65,682	\$ 68,391
Payroll taxes payable	636	661
Total Liabilities	66,318	69,052
<b>NET ASSETS</b>		
Without donor restrictions	512,527	470,405
With donor restrictions:		
Purpose restrictions	376,529	291,845
Perpetual in nature	899,149	811,083
Total with donor restrictions	1,275,678	1,102,928
Total Net Assets	1,788,205	1,573,333
Total Liabilities and Net Assets	\$ 1,854,523	\$ 1,642,385

See accompanying notes to the financial statements.

**SANGER EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<b>2023</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Other Revenue:</b>			
Contributions	\$ 77,011	\$ 126,573	\$ 203,584
Event ticket sales	8,184	-	8,184
Event donation	36,992	-	36,992
Fundraising revenue	42,577	-	42,577
Paycheck protection program loan forgiveness	-	-	-
Interest and dividend income	8,870	15,934	24,804
Net realized and unrealized gains (losses)	32,784	58,793	91,577
<b>Total Support and Other Revenue</b>	<b>206,418</b>	<b>201,300</b>	<b>407,718</b>
<b>Net Assets Released From Restrictions:</b>			
Satisfaction of program restrictions	28,550	(28,550)	-
<b>Expenses:</b>			
Grant programs and CTE program	99,935	-	99,935
Management and general	49,222	-	49,222
Fundraising	43,689	-	43,689
<b>Total Expenses</b>	<b>192,846</b>	<b>-</b>	<b>192,846</b>
Change in Net Assets	42,122	172,750	214,872
Net Assets, Beginning of Period	470,405	1,102,928	1,573,333
Net Assets, End of Period	<b>\$ 512,527</b>	<b>\$ 1,275,678</b>	<b>\$ 1,788,205</b>

See accompanying notes to the financial statements.

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**2022**

Without Donor Restrictions	With Donor Restrictions	Total
\$ 96,444	\$ 36,144	\$ 132,588
2,370	-	2,370
28,607	-	28,607
20,254	-	20,254
7,500	-	7,500
8,839	17,033	25,872
(66,690)	(125,480)	(192,170)
<u>97,324</u>	<u>(72,303)</u>	<u>25,021</u>
<u>66,289</u>	<u>(66,289)</u>	<u>-</u>
98,822	-	98,822
42,558	-	42,558
45,529	-	45,529
<u>186,909</u>	<u>-</u>	<u>186,909</u>
(23,296)	(138,592)	(161,888)
<u>493,701</u>	<u>1,241,520</u>	<u>1,735,221</u>
<u>\$ 470,405</u>	<u>\$ 1,102,928</u>	<u>\$ 1,573,333</u>

**SANGER EDUCATION FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<b>2023</b>			
	<u>Total</u>	<u>Program Services Grant Programs and CTE Programs</u>	<u>Supporting Services</u>	
			<u>Management and General</u>	<u>Fundraising</u>
Instructional & district grants	\$ 43,853	\$ 43,853	\$ -	\$ -
Student scholarships	15,650	15,650	-	-
CTE Pathway funding	3,500	3,500	-	-
CTE and other grant awards	31,120	31,120	-	-
Printing and postage	6,341	-	629	5,712
Insurance	2,067	-	2,067	-
Miscellaneous	365	-	365	-
Office rent and expense	13,950	-	13,950	-
Payroll expense	38,748	5,812	19,374	13,562
Software and website	7,247	-	1,767	5,480
Telephone	1,120	-	1,120	-
Fundraising supplies	6,352	-	-	6,352
Event expenses	12,583	-	-	12,583
Bank and credit card charges	2,900	-	2,900	-
Professional fees	7,050	-	7,050	-
	<u>7,050</u>	<u>-</u>	<u>7,050</u>	<u>-</u>
Total expenses	<u>\$ 192,846</u>	<u>\$ 99,935</u>	<u>\$ 49,222</u>	<u>\$ 43,689</u>

See accompanying notes to the financial statements and Accountants' Review Report.



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**2022**

<u>Total</u>	<u>Program Services</u>		<u>Supporting Services</u>	
	<u>Grant Programs and CTE Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
\$ 37,807	\$ 37,807	\$ -	\$ -	
11,400	11,400	-	-	
3,300	3,300	-	-	
40,502	40,502	-	-	
4,538	-	-	4,538	
2,036	-	2,036	-	
300	-	300	-	
8,963	-	8,963	-	
38,754	5,813	19,378	13,563	
10,926	-	1,607	9,319	
1,261	-	1,261	-	
7,410	-	-	7,410	
10,699	-	-	10,699	
2,513	-	2,513	-	
6,500	-	6,500	-	
<u>\$ 186,909</u>	<u>\$ 98,822</u>	<u>\$ 42,558</u>	<u>\$ 45,529</u>	

**SANGER EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 214,872	\$ (161,888)
Adjustments to reconcile change in net assets to cash from operating activities:		
(Increase) decrease in contributions receivable	(22,022)	8,515
Realized and unrealized (gains)/losses on investments	(91,578)	192,070
Increase (decrease) in grants and scholarships payable	(2,709)	42,644
Increase (decrease) in payroll taxes payable	(25)	(9)
Net adjustments	<u>(116,334)</u>	<u>243,220</u>
Net cash flows from operating activities	<u>98,538</u>	<u>81,332</u>
<b>Cash flows from investing activities:</b>		
Sales of investments	170,044	154,722
Purchases of investments	<u>(148,972)</u>	<u>(254,076)</u>
Net cash flows from investing activities	<u>21,072</u>	<u>(99,354)</u>
<b>Cash flows from financing activities:</b>		
Forgiveness of Payroll Protection Program loan	-	(7,500)
Net cash flows from financing activities	<u>-</u>	<u>(7,500)</u>
Net increase / (decrease) in cash and cash equivalents	<u>119,610</u>	<u>(25,522)</u>
Cash and cash equivalents, beginning of period	<u>189,233</u>	<u>214,755</u>
Cash and cash equivalents, end of period	<u>\$ 308,843</u>	<u>\$ 189,233</u>
<b>Supplemental Information:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**SANGER EDUCATION FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

The Sanger Education Foundation, Inc. (the “Foundation”) is a nonprofit organization with the purpose of providing financial support to Sanger Independent School District teachers and students. This purpose is accomplished by the Foundation receiving and managing cash donations from individuals and organizations, and awarding grants and scholarships. The Foundation was incorporated as a Texas nonprofit corporation in October 2005.

Public Support and Revenue

Certain contributions to the Foundation are temporarily or permanently restricted by the donor to support specific programs of the Foundation. Contributions with no such restrictions are recorded as unrestricted gifts. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. Substantially all of the Foundation’s contributions receivable as of August 31, 2023 and 2022 were due within one year.

Foundation management evaluates the collectability of contributions on an ongoing basis and writes off any contributions receivable considered uncollectible. There were no contributions as of August 31, 2023 and 2022 that were considered uncollectible based on management’s review. Accordingly, no allowance for uncollectible contributions receivable has been recorded.

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions are reported as perpetual in nature if the donor directs that the donation be held in perpetuity.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. Under this basis, revenues and related assets are recognized when earned and expenses are recognized when incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed 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. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and board-designated endowments.

**SANGER EDUCATION FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Assets - continued

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain 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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been reported on a functional basis in the statements of activities in order to present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, primarily checking and money market accounts, to be cash equivalents.

Investments

Investments are presented in the financial statements at fair value. Investments consist solely of mutual funds, exchange-traded funds, and real estate investment trusts whose fair values are based on quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses on investments are reflected in the statement of activities. Purchases and sales of investments are recorded on the trade date. Investment income is recorded in the period when earned.

Revenue Recognition

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

**SANGER EDUCATION FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition - continued

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants and Scholarships

Grants and scholarships are recognized as an expense when the award is made. The Foundation records a liability at the time the award is approved and the liability is relieved when the Foundation funds the grant or scholarship. The Foundation distributes all grant funds to the Sanger Independent School District and the District distributes the funds in accordance with the terms of the grant.

Date of Management's Review

Subsequent events were evaluated through July 15, 2024, which is the date the financial statements were available to be issued.

**NOTE 2 – INVESTMENTS**

Investments are presented in the financial statements at fair value. Investments are held in an investment brokerage account in the name of the Foundation.

**SANGER EDUCATION FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

**NOTE 2 – INVESTMENTS (Continued)**

Investments as of August 31, 2023 and 2022 were composed of the following:

August 31, 2023:			
Description	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds and exchange-traded funds	\$ 1,364,193	\$ 1,367,327	\$ 3,134
REIT	47,896	74,051	26,155
Total	<u>\$ 1,412,089</u>	<u>\$ 1,441,378</u>	<u>\$ 29,289</u>
August 31, 2022:			
Description	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds and exchange-traded funds	\$ 1,344,707	\$ 1,304,735	\$ (39,972)
REIT	38,290	66,137	27,847
Total	<u>\$ 1,382,997</u>	<u>\$ 1,370,872</u>	<u>\$ (12,125)</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended August 31, 2023 and 2022.

August 31, 2023:			
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 8,870	\$ 15,934	\$ 24,804
Net realized and Unrealized gains/(losses)	32,784	58,793	91,577
Total investment return	<u>\$ 41,654</u>	<u>\$ 74,727</u>	<u>\$ 116,381</u>
August 31, 2022:			
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 8,839	\$ 17,033	\$ 25,872
Net realized and Unrealized gains/(losses)	(66,690)	(125,480)	(192,170)
Total investment return	<u>\$ (57,851)</u>	<u>\$ (108,447)</u>	<u>\$ (166,298)</u>

**SANGER EDUCATION FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

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**NOTE 3 – LIQUIDITY AND AVAILABILITY**

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

Cash and cash equivalents	\$ 308,843
Investments without donor restrictions	<u>165,700</u>
	<u>\$ 474,543</u>

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds.

**NOTE 4 – DONATED SERVICES**

The Foundation receives donated services from employees of the Sanger Independent School District and from volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such services under generally accepted accounting principles have not been satisfied.

**NOTE 5 – INCOME TAX STATUS**

The Foundation is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually 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 Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Tax Return (Form 990-T) with the IRS.

**NOTE 6 – CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances at two banks in the North Texas area. Foundation deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. There were no balances in excess of the insured limit at either bank as of August 31, 2022 or 2023.

**SANGER EDUCATION FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

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**NOTE 7 – OPERATING LEASE**

The Foundation leases office space under a lease that began March 1, 2023. Rent pursuant to the lease is \$1,000 per month. The initial lease term expires February 28, 2024; but the Foundation can renew the lease for subsequent two-year periods through February 28, 2034 by giving notice to the lessor 60 days prior to any expiration period. Future rent payments due during the non-cancellable period of the lease are as follows:

<u>Year Ended</u>	
August 31, 2024	\$ 6,000
Thereafter	<u>-</u>
	<u>\$ 6,000</u>

**NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN**

On March 9, 2021 the Foundation was approved for a second \$7,500 loan under the Paycheck Protection Program (PPP) created as a part of the relief efforts related to Covid-19 and administered by the Small Business Administration. The loan accrues interest at 1.00%, but payments are not required to begin immediately. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal Government. If all or part of the loan is not forgiven, the lender is responsible for notifying the Foundation of the date on which the first payment is due. The loan and accrued interest were forgiven on January 7, 2022. The PPP loan received in May 2020 was forgiven on December 16, 2020.