

SANGER EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Sanger Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021 and 2020, 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.

Hankins, Eastup, Deaton, Tonn & Seay, P.C.

Hankins, Eastup, Deaton, Tonn & Seay, P.C.
Denton, Texas

July 13, 2022

SANGER EDUCATION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 214,755	\$ 97,186
Investments	1,463,588	1,203,194
Contributions receivable	90,795	87,832
Total Assets	\$ 1,769,138	\$ 1,388,212
LIABILITIES AND NET ASSETS		
Grants and scholarships payable	\$ 25,747	\$ 71,840
Payroll taxes payable	670	691
Payroll Protection Program loan payable	7,500	7,500
Total Liabilities	33,917	80,031
NET ASSETS		
Without donor restrictions	493,701	361,975
With donor restrictions:		
Purpose restrictions	461,125	217,355
Perpetual in nature	780,395	728,851
Total with donor restrictions	1,241,520	946,206
Total Net Assets	1,735,221	1,308,181
Total Liabilities and Net Assets	\$ 1,769,138	\$ 1,388,212

See accompanying notes to the financial statements.

SANGER EDUCATION FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Revenue:			
Contributions	\$ 127,958	\$ 60,364	\$ 188,322
Event ticket sales	580	-	580
Event donation	12,818	-	12,818
Fundraising revenue	16,270	-	16,270
Program revenue	500	139,300	139,800
Paycheck protection program loan forgiveness	7,500	-	7,500
Interest and dividend income	5,567	10,754	16,321
Net realized and unrealized gains (losses)	65,243	129,390	194,633
Total Support and Other Revenue	<u>236,436</u>	<u>339,808</u>	<u>576,244</u>
Net Assets Released From Restrictions:			
Satisfaction of program restrictions	<u>44,494</u>	<u>(44,494)</u>	<u>-</u>
Expenses:			
Grant programs and CTE program	73,761	-	73,761
Management and general	39,296	-	39,296
Fundraising	36,147	-	36,147
Total Expenses	<u>149,204</u>	<u>-</u>	<u>149,204</u>
Change in Net Assets	131,726	295,314	427,040
Net Assets, Beginning of Period	<u>361,975</u>	<u>946,206</u>	<u>1,308,181</u>
Net Assets, End of Period	<u>\$ 493,701</u>	<u>\$ 1,241,520</u>	<u>\$ 1,735,221</u>

See accompanying notes to the financial statements.

2020

Without Donor Restrictions	With Donor Restrictions	Total
\$ 15,525	\$ 49,975	\$ 65,500
1,040	-	1,040
2,250	-	2,250
45,070	-	45,070
-	-	-
-	-	-
6,657	12,967	19,624
31,272	57,872	89,144
<u>101,814</u>	<u>120,814</u>	<u>222,628</u>
<u>30,153</u>	<u>(30,153)</u>	<u>-</u>
90,996	-	90,996
28,762	-	28,762
30,762	-	30,762
<u>150,520</u>	<u>-</u>	<u>150,520</u>
(18,553)	90,661	72,108
<u>380,528</u>	<u>855,545</u>	<u>1,236,073</u>
<u>\$ 361,975</u>	<u>\$ 946,206</u>	<u>\$ 1,308,181</u>

SANGER EDUCATION FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021			
	<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	\$ 30,351	\$ 30,351	\$ -	\$ -
Student scholarships	9,100	9,100	-	-
CTE Pathway funding	3,100	3,100	-	-
CTE and other grant awards	25,401	25,401	-	-
Advertising	-	-	-	-
Printing and postage	5,153	-	-	5,153
Insurance	1,889	-	1,889	-
Miscellaneous	926	-	775	151
Office expense	142	-	142	-
Payroll expense	38,730	5,809	19,366	13,555
Software	6,014	-	3,317	2,697
Telephone	1,509	-	1,509	-
Fundraising supplies	5,791	-	-	5,791
Event expenses	8,800	-	-	8,800
Bank and credit card charges	1,498	-	1,498	-
Professional fees	10,800	-	10,800	-
	<u>10,800</u>	<u>-</u>	<u>10,800</u>	<u>-</u>
Total expenses	<u>\$ 149,204</u>	<u>\$ 73,761</u>	<u>\$ 39,296</u>	<u>\$ 36,147</u>

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

2020

<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>
\$ 63,211	\$ 63,211	\$ -	\$ -
9,650	9,650	-	-
3,350	3,350	-	-
9,453	9,453	-	-
420	-	-	420
3,804	-	-	3,804
1,856	-	1,856	-
555	-	247	308
1,116	-	1,116	-
35,549	5,332	17,775	12,442
7,349	-	4,867	2,482
1,556	-	1,556	-
7,225	-	-	7,225
4,081	-	-	4,081
1,345	-	1,345	-
-	-	-	-
<u>\$ 150,520</u>	<u>\$ 90,996</u>	<u>\$ 28,762</u>	<u>\$ 30,762</u>

SANGER EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 427,040	\$ 72,108
Adjustments to reconcile change in net assets to cash from operating activities:		
(Increase) decrease in contributions receivable	(2,963)	13,739
Unrealized (gains)/losses on investments	(194,633)	(64,436)
Increase (decrease) in grants and scholarships payable	(46,093)	(16,229)
Increase (decrease) in payroll taxes payable	(21)	691
Net adjustments	(243,710)	(66,235)
Net cash flows from operating activities	183,330	5,873
Cash flows from investing activities:		
Sales of investments	116,440	69,606
Purchases of investments	(189,701)	(226,662)
Net cash flows from investing activities	(73,261)	(157,056)
Cash flows from financing activities:		
Proceeds from Payroll Protection Program loan	7,500	7,500
Net cash flows from financing activities	7,500	7,500
Net increase / (decrease) in cash and cash equivalents	117,569	(143,683)
Cash and cash equivalents, beginning of period	97,186	240,869
Cash and cash equivalents, end of period	\$ 214,755	\$ 97,186
Supplemental Information:		
Interest paid	\$ -	\$ -

See accompanying notes to the financial statements.

SANGER EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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, 2021 and 2020 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, 2021 and 2020 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, 2021

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, 2021

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 13, 2022, 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, 2021

NOTE 2 – INVESTMENTS (Continued)

Investments as of August 31, 2021 and 2020 were composed of the following:

August 31, 2021:

Description	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds and exchange-traded funds	\$ 1,219,678	\$ 1,386,688	\$ 167,010
REIT	42,997	76,900	33,903
Total	<u>\$ 1,262,675</u>	<u>\$ 1,463,588</u>	<u>\$ 200,913</u>

August 31, 2020:

Description	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds and exchange-traded funds	\$ 1,084,610	\$ 1,112,989	\$ 28,379
REIT	60,395	90,205	29,810
Total	<u>\$ 1,145,005</u>	<u>\$ 1,203,194</u>	<u>\$ 58,189</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended August 31, 2021 and 2020.

August 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 5,567	\$ 10,754	\$ 16,321
Net realized and Unrealized gains/(losses)	65,243	129,390	194,633
Total investment return	<u>\$ 70,810</u>	<u>\$ 140,144</u>	<u>\$ 210,954</u>

August 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 6,657	\$ 12,967	\$ 19,624
Net realized and Unrealized gains/(losses)	31,272	57,872	89,144
Total investment return	<u>\$ 37,929</u>	<u>\$ 70,839</u>	<u>\$ 108,768</u>

SANGER EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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	\$ 214,755
Investments without donor restrictions	<u>446,079</u>
	<u><u>\$ 660,834</u></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, 2020 or 2021.

SANGER EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 7 – 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.