

SANGER EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

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

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

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, 2024 and 2023, 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, 2024 and 2023, 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 14, 2025

SANGER EDUCATION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 391,537	\$ 308,843
Investments	1,625,537	1,441,378
Contributions receivable	88,262	104,302
Total Assets	<u>\$ 2,105,336</u>	<u>\$ 1,854,523</u>
LIABILITIES AND NET ASSETS		
Grants and scholarships payable	\$ 80,271	\$ 65,682
Payroll taxes payable	738	636
Total Liabilities	<u>81,009</u>	<u>66,318</u>
NET ASSETS		
Without donor restrictions	<u>708,584</u>	<u>512,527</u>
With donor restrictions:		
Purpose restrictions	423,320	376,529
Perpetual in nature	892,423	899,149
Total with donor restrictions	<u>1,315,743</u>	<u>1,275,678</u>
Total Net Assets	<u>2,024,327</u>	<u>1,788,205</u>
Total Liabilities and Net Assets	<u>\$ 2,105,336</u>	<u>\$ 1,854,523</u>

See accompanying notes to the financial statements.

SANGER EDUCATION FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Revenue:			
Contributions	\$ 160,909	\$ 52,663	\$ 213,572
Event ticket sales	15,422	-	15,422
Event donation	42,104	-	42,104
Fundraising revenue	62,939	-	62,939
Interest and dividend income	13,932	24,388	38,320
Net realized and unrealized gains (losses)	38,849	69,202	108,051
Total Support and Other Revenue	<u>334,155</u>	<u>146,253</u>	<u>480,408</u>
Net Assets Released From Restrictions:			
Satisfaction of program restrictions	<u>106,188</u>	<u>(106,188)</u>	<u>-</u>
Expenses:			
Grant programs and CTE program	128,654	-	128,654
Management and general	58,891	-	58,891
Fundraising	56,741	-	56,741
Total Expenses	<u>244,286</u>	<u>-</u>	<u>244,286</u>
Change in Net Assets	196,057	40,065	236,122
Net Assets, Beginning of Period	<u>512,527</u>	<u>1,275,678</u>	<u>1,788,205</u>
Net Assets, End of Period	<u>\$ 708,584</u>	<u>\$ 1,315,743</u>	<u>\$ 2,024,327</u>

See accompanying notes to the financial statements.

2023

Without Donor Restrictions	With Donor Restrictions	Total
\$ 77,011	\$ 126,573	\$ 203,584
8,184	-	8,184
36,992	-	36,992
42,577	-	42,577
8,870	15,934	24,804
32,784	58,793	91,577
<u>206,418</u>	<u>201,300</u>	<u>407,718</u>
<u>28,550</u>	<u>(28,550)</u>	<u>-</u>
99,935	-	99,935
49,222	-	49,222
43,689	-	43,689
<u>192,846</u>	<u>-</u>	<u>192,846</u>
42,122	172,750	214,872
<u>470,405</u>	<u>1,102,928</u>	<u>1,573,333</u>
<u>\$ 512,527</u>	<u>\$ 1,275,678</u>	<u>\$ 1,788,205</u>

SANGER EDUCATION FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024			
		Program Services	Supporting Services	
	Total	Grant Programs and CTE Programs	Management and General	Fundraising
Instructional & district grants	\$ 51,286	\$ 51,286	\$ -	\$ -
Student scholarships	19,600	19,600	-	-
CTE Pathway funding	3,600	3,600	-	-
CTE and other grant awards	45,771	45,771	-	-
Printing and postage	5,971	-	-	5,971
Insurance	2,110	-	2,110	-
Miscellaneous	700	-	700	-
Office rent and expense	14,368	-	14,368	-
Payroll expense	55,978	8,397	27,990	19,591
Software and website	7,547	-	1,650	5,897
Telephone	1,114	-	1,114	-
Fundraising supplies	8,639	-	-	8,639
Event expenses	16,643	-	-	16,643
Bank and credit card charges	3,959	-	3,959	-
Professional fees	7,000	-	7,000	-
Total expenses	<u>\$ 244,286</u>	<u>\$ 128,654</u>	<u>\$ 58,891</u>	<u>\$ 56,741</u>

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

2023

<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>
\$ 43,853	\$ 43,853	\$ -	\$ -
15,650	15,650	-	-
3,500	3,500	-	-
31,120	31,120	-	-
6,341	-	629	5,712
2,067	-	2,067	-
365	-	365	-
13,950	-	13,950	-
38,748	5,812	19,374	13,562
7,247	-	1,767	5,480
1,120	-	1,120	-
6,352	-	-	6,352
12,583	-	-	12,583
2,900	-	2,900	-
7,050	-	7,050	-
<u>\$ 192,846</u>	<u>\$ 99,935</u>	<u>\$ 49,222</u>	<u>\$ 43,689</u>

SANGER EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 236,122	\$ 214,872
Adjustments to reconcile change in net assets to cash from operating activities:		
(Increase) decrease in contributions receivable	16,040	(22,022)
Realized and unrealized (gains)/losses on investments	(108,051)	(91,578)
Increase (decrease) in grants and scholarships payable	14,589	(2,709)
Increase (decrease) in payroll taxes payable	102	(25)
Net adjustments	(77,320)	(116,334)
Net cash flows from operating activities	158,802	98,538
Cash flows from investing activities:		
Sales of investments	72,556	170,044
Purchases of investments	(148,664)	(148,972)
Net cash flows from investing activities	(76,108)	21,072
Net increase / (decrease) in cash and cash equivalents	82,694	119,610
Cash and cash equivalents, beginning of period	308,843	189,233
Cash and cash equivalents, end of period	\$ 391,537	\$ 308,843
Supplemental Information:		
Interest paid	\$ -	\$ -

See accompanying notes to the financial statements.

SANGER EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

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, 2024 and 2023 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, 2024 and 2023 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, 2024

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, 2024

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 14, 2025, 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, 2024

NOTE 2 – INVESTMENTS (Continued)

Investments as of August 31, 2024 and 2023 were composed of the following:

August 31, 2024:

Description	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds and exchange-traded funds	\$ 1,447,509	\$ 1,578,211	\$ 130,702
REIT	55,945	77,326	21,381
Total	<u>\$ 1,503,454</u>	<u>\$ 1,655,537</u>	<u>\$ 152,083</u>

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>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended August 31, 2024 and 2023.

August 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 13,932	\$ 24,388	\$ 38,320
Net realized and Unrealized gains/(losses)	38,849	69,202	108,051
Total investment return	<u>\$ 52,781</u>	<u>\$ 93,590</u>	<u>\$ 146,371</u>

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>

SANGER EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

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	\$ 391,537
Investments without donor restrictions	<u>317,047</u>
	<u>\$ 708,584</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 and one credit union in the North Texas area. Foundation bank 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, 2023 or 2024.

SANGER EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 7 – OPERATING LEASE

The Foundation leases office space under a lease that began March 1, 2024. Rent pursuant to the lease is \$1,700 per month. The lease term expires February 28, 2026; 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, 2025	\$ 20,400
August 31, 2026	10,200
Thereafter	<u>-</u>
	<u><u>\$ 30,600</u></u>