

SPECIAL EDUCATION FOUNDATION

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2024 AND 2023

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Independent Auditor's Report

To the Board of Directors of
Special Education Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Special Education Foundation, (a not-for-profit organization), which comprise the statements of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of Special Education Foundation, as of June 30, 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 (GAAS). 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 Special Education Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Special Education Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Special Education Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Education Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Holt & Patterson, LLC
Chesterfield, MO

January 16, 2025

**SPECIAL EDUCATION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

| | 2024 | 2023 |
|--|--------------------------|--------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 257,907 | \$ 366,795 |
| Investments, at fair value | 565,605 | 525,898 |
| Pledges receivable | <u>14,740</u> | <u>21,990</u> |
| | | |
| Total Assets | <u><u>\$ 838,252</u></u> | <u><u>\$ 914,683</u></u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 71,200 | \$ 9,102 |
| Deferred revenue | 91,020 | 68,235 |
| Refundable advances | <u>85,659</u> | <u>120,843</u> |
| | | |
| Total Liabilities | 247,879 | 198,180 |
| Net Assets | | |
| With donor restrictions: | | |
| Purpose restricted | <u>89,831</u> | <u>48,925</u> |
| Total net assets with donor restrictions | <u>89,831</u> | <u>48,925</u> |
| | | |
| Without donor restrictions: | | |
| Board-designated | - | 2,519 |
| Undesignated | <u>500,542</u> | <u>665,059</u> |
| Total net assets with donor restrictions | <u>500,542</u> | <u>667,578</u> |
| | | |
| Total Net Assets | <u>590,373</u> | <u>716,503</u> |
| | | |
| Total Liabilities and Net Assets | <u><u>\$ 838,252</u></u> | <u><u>\$ 914,683</u></u> |

SPECIAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| Revenue, Support, and Gains: | | | |
| Fundraising events | \$ 386,296 | \$ - | \$ 386,296 |
| Less: Costs of direct benefits to donors | <u>(60,450)</u> | <u>-</u> | <u>(60,450)</u> |
| Net revenue from fundraising events | 325,846 | - | 325,846 |
| Contributions | 48,754 | - | 48,754 |
| Grants | 21,855 | 91,986 | 113,841 |
| Investment return, net | 65,802 | 1,049 | 66,851 |
| Net assets released from restrictions: | | | |
| Satisfaction of time and usage restrictions | <u>52,129</u> | <u>(52,129)</u> | <u>-</u> |
| Total Revenues, Support, and Gains | 514,386 | 40,906 | 555,292 |
| Expenses: | | | |
| Program Services | 344,857 | - | 344,857 |
| Supporting Activities: | | | |
| Management and general | 130,979 | - | 130,979 |
| Fundraising | <u>205,586</u> | <u>-</u> | <u>205,586</u> |
| Total Supporting Activities | 336,565 | - | 336,565 |
| Total Expenses | 681,422 | - | 681,422 |
| Change in Net Assets | (167,036) | 40,906 | (126,130) |
| Net Assets, Beginning of Year | 667,578 | 48,925 | 716,503 |
| Net Assets, End of Year | \$ 500,542 | \$ 89,831 | \$ 590,373 |

SPECIAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| Revenue, Support, and Gains: | | | |
| Fundraising events | \$ 453,885 | \$ - | \$ 453,885 |
| Less: Costs of direct benefits to donors | <u>(58,200)</u> | <u>-</u> | <u>(58,200)</u> |
| Net revenue from fundraising events | 395,685 | - | 395,685 |
| Contributions | 63,051 | - | 63,051 |
| Grants | 14,729 | 171,388 | 186,117 |
| Investment return, net | 78,862 | 2,506 | 81,368 |
| Net assets released from restrictions: | | | |
| Satisfaction of time and usage restrictions | <u>175,263</u> | <u>(175,263)</u> | <u>-</u> |
| Total Revenues, Support, and Gains | 727,590 | (1,369) | 726,221 |
| Expenses: | | | |
| Program Services | 338,913 | - | 338,913 |
| Supporting Activities: | | | |
| Management and general | 117,756 | - | 117,756 |
| Fundraising | <u>140,434</u> | <u>-</u> | <u>140,434</u> |
| Total Supporting Activities | 258,190 | - | 258,190 |
| Total Expenses | 597,103 | - | 597,103 |
| Change in Net Assets | 130,487 | (1,369) | 129,118 |
| Net Assets, Beginning of Year | 537,091 | 50,294 | 587,385 |
| Net Assets, End of Year | \$ 667,578 | \$ 48,925 | \$ 716,503 |

SPECIAL EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

| | Total Program Services | Supporting Activities | | | Total Expenses |
|---|---------------------------------------|-----------------------------------|--------------------------|--------------------------|---------------------------|
| | | Management and General | Fundraising | Total | |
| Salaries and wages | \$ 77,605 | \$ 61,305 | \$ 99,140 | \$ 160,445 | \$ 238,050 |
| Payroll taxes | 5,937 | 4,542 | 7,584 | 12,126 | 18,063 |
| Employee benefits | <u>12,569</u> | <u>8,260</u> | <u>13,214</u> | <u>21,474</u> | <u>34,043</u> |
| Payroll expenses | 96,111 | 74,107 | 119,938 | 194,045 | 290,156 |
| Adaptive equipment | 20,902 | - | - | - | 20,902 |
| Arts in the Classroom | 2,725 | - | - | - | 2,725 |
| Autism Independence | 4,540 | - | - | - | 4,540 |
| Bank fees | - | 423 | 4,973 | 5,396 | 5,396 |
| Classroom innovation and critical needs | 73,653 | - | - | - | 73,653 |
| Fundraising events expenses | - | - | 70,138 | 70,138 | 70,138 |
| Grant writing | 20,000 | - | - | - | 20,000 |
| Hearing aids | 23,831 | - | - | - | 23,831 |
| Insurance | - | 5,154 | - | 5,154 | 5,154 |
| Leadership academy | 20,774 | - | - | - | 20,774 |
| Lease expenses | 3,600 | 4,800 | 3,600 | 8,400 | 12,000 |
| Market outreach | - | 13,121 | - | 13,121 | 13,121 |
| Meetings and subscriptions | 54 | 2,300 | 41 | 2,341 | 2,395 |
| Office expenses | 76 | 1,814 | 539 | 2,353 | 2,429 |
| Other expenses | - | 50 | - | 50 | 50 |
| Printing | 221 | 2,156 | 1,513 | 3,669 | 3,890 |
| Professional fees | - | 15,145 | - | 15,145 | 15,145 |
| Professional development and training | 113 | 2,871 | 277 | 3,148 | 3,261 |
| Scholarships and camperships | 64,261 | - | - | - | 64,261 |
| Technology | 12,575 | 6,512 | 4,266 | 10,778 | 23,353 |
| Travel | <u>1,421</u> | <u>2,526</u> | <u>301</u> | <u>2,827</u> | <u>4,248</u> |
| Total Expenses | <u>\$ 344,857</u> | <u>\$ 130,979</u> | <u>\$ 205,586</u> | <u>\$ 336,565</u> | <u>\$ 681,422</u> |

SPECIAL EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | Total Program Services | Supporting Activities | | | Total Expenses |
|---|---------------------------------------|-----------------------------------|--------------------|-------------------|---------------------------|
| | | Management and General | Fundraising | Total | |
| Salaries and wages | \$ 61,975 | \$ 51,481 | \$ 56,959 | \$ 108,440 | \$ 170,415 |
| Payroll taxes | 3,475 | 3,825 | 4,359 | 8,184 | 11,659 |
| Employee benefits | <u>5,835</u> | <u>3,805</u> | <u>5,189</u> | <u>8,994</u> | <u>14,829</u> |
| Payroll expenses | 71,285 | 59,111 | 66,507 | 125,618 | 196,903 |
| Adaptive equipment | 50,046 | - | - | - | 50,046 |
| Arts in the classroom | 475 | - | - | - | 475 |
| Bank fees | 9 | 231 | 6,108 | 6,339 | 6,348 |
| Classroom innovation and critical needs | 72,483 | - | - | - | 72,483 |
| Fundraising events expenses | - | - | 49,738 | 49,738 | 49,738 |
| Grant writing | 20,000 | - | - | - | 20,000 |
| Hearing aids | 22,033 | - | - | - | 22,033 |
| Insurance | - | 5,346 | - | 5,346 | 5,346 |
| Leadership program | 10,091 | - | - | - | 10,091 |
| Lease expenses | 4,650 | 6,200 | 4,650 | 10,850 | 15,500 |
| Market outreach | 9,732 | 12,641 | 7,406 | 20,047 | 29,779 |
| Meetings and subscriptions | - | 1,886 | 688 | 2,574 | 2,574 |
| Office expenses | 155 | 821 | 339 | 1,160 | 1,315 |
| Other expenses | - | 374 | - | 374 | 374 |
| Printing | 2,102 | 688 | 797 | 1,485 | 3,587 |
| Professional fees | - | 17,838 | - | 17,838 | 17,838 |
| Scholarships and camperships | 67,876 | - | - | - | 67,876 |
| Technology | - | 4,174 | 4,020 | 8,194 | 8,194 |
| Temporary help | 7,500 | 7,500 | - | 7,500 | 15,000 |
| Travel | 476 | 946 | 181 | 1,127 | 1,603 |
| Total Expenses | \$ 338,913 | \$ 117,756 | \$ 140,434 | \$ 258,190 | \$ 597,103 |

See Independent Auditor's Report and Notes to Financial Statements

SPECIAL EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|--|--------------------------|--------------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (126,130) | \$ 129,118 |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | |
| Realized (gain) loss from investments | (35,314) | 31,129 |
| Unrealized (gain) loss from investments | (30,183) | (104,057) |
| (AIncrease) decrease in operating assets: | | |
| Pledges receivable | (7,250) | 21,990 |
| Prepaid expenses | - | 3,000 |
| (Decrease) increase in operating liabilities: | | |
| Accounts payable | 62,098 | 6,638 |
| Deferred revenue | 22,785 | (30,100) |
| Refundable advances | (35,184) | 120,843 |
| Net cash flows from operating activities | <u>(149,178)</u> | <u>178,561</u> |
| Cash Flows From Investing Activities | | |
| Purchase of investments | (388,277) | (631,806) |
| Sales of investments | <u>428,567</u> | <u>669,702</u> |
| Net cash flows from investing activities | <u>40,290</u> | <u>37,896</u> |
| Net change in cash and cash equivalents | (108,888) | 216,457 |
| Cash and cash equivalents, beginning of year | <u>366,795</u> | <u>150,338</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 257,907</u></u> | <u><u>\$ 366,795</u></u> |

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Organization

Special Education Foundation (the "Foundation") is a not-for-profit organization whose mission is to assist students with disabilities to achieve success in their endeavors beyond the classroom. The Foundation's primary activities consist primarily of scholarships, camperships, mini grants for special education teachers, specialized assistive devices, and leadership programs.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent unrestricted net assets that have been set aside for various purposes.

Net asset with donor restrictions – Net assets subject to donor-imposed stipulations that may be met by actions of the Foundation and/or the passage of time, and/or net assets subject to donor-imposed stipulations required to be maintained permanently by the Foundation. The income earned on any related investments may be subject to donor-imposed stipulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates 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 short-term investments with an original maturity of three months or less at the time of purchase to be cash and cash equivalents.

Investments

The Foundation carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Dividend and interest income are recognized when earned.

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

Fair Value Measurements

The Foundation follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Carrying amounts of certain financial instruments such as cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable approximate fair value due to their short maturity or because the terms are similar to market terms. There have been no changes in the methodologies used at June 30, 2024.

Pledges Receivable

Pledges receivable consist of commitments by individuals of contributions and sponsorships for special events.

Allowance for Credit Losses

In June 2016, the FASB issued guidance (ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in ASC 326 are pledges receivable. The Foundation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements as a whole and primarily resulted in new / enhanced disclosures only.

Property and Equipment

Property and equipment acquisitions with a life of three years or greater and a cost in excess of \$1,000 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. Donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or period of time. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the related asset or the term of the lease.

The estimated lives for computing depreciation and amortization on property and equipment are:

| Classification | Years |
|------------------|-------|
| Office Equipment | 5 - 7 |

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2024.

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

Refundable Advances

Refundable advances are contributions received which include conditions which, at year-end, have not been met.

Support and Revenue

Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. When a restriction expires, 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donor restricted contributions in which the restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. There was no donated equipment for the year ended June 30, 2024.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Expense Allocation

The Foundation allocates expenses on a functional basis among various programs and supporting activities. Expenses that can be identified with a specific program and supporting activity are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by various statistical bases. The expenses that are common to several functions include the following allocation methods:

| Expense | Method of Allocation |
|----------------------------|----------------------|
| Salaries and payroll taxes | Time and effort |
| Fundraising costs | Time and effort |
| Professional fees | Time and effort |

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. When a restriction expires, the net assets with donor restriction is reclassified to a net asset without donor restriction and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

Revenues are generally recognized when earned and realized or realizable, when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the price is fixed and determinable, and collectability is reasonably assured. The core principle of ASU 2014-09, *Revenue from Contracts with Customers (ASC 606)*, is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 prescribes a five-step process to accomplish this core principle, including:

- (1) Identification of the contract with the customer;
- (2) Identification of the performance obligation(s) under the contract;
- (3) Determination of transaction price;
- (4) Allocation of the transaction price to the identified performance obligation(s); and
- (5) Recognition of revenue as (or when) an entity satisfied the identified performance obligation(s).

Fundraising events

Revenues are recognized on the gross amount received. The event occurs in the year in which the revenue is recognized. Therefore, any performance obligation associated with the event (event occurrence) has occurred prior to or as of year-end and the revenue is recognizable.

Contributions / Grants

Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Foundation files as a tax-exempt organization and no provision for income taxes has been included in the accompanying financial statements.

The Foundation follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Foundation's returns for tax years 2021 and later remain subject to examination by taxing authorities.

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets available within one year of the balance sheet date for general expenditure as of June 30, is as follows:

| | 2024 | 2023 |
|--|-------------------------------|-------------------|
| Cash and cash equivalents | \$ 257,907 | \$ 366,795 |
| Investments | 565,605 | 525,898 |
| Pledges receivable | 14,740 | 21,990 |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>Total financial assets</u> | <u>\$ 838,252</u> |
| | <u>\$ 838,252</u> | <u>\$ 914,683</u> |

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$175,000). As part of its liquidity plan, excess cash is held in the Foundation's checking account as needed. If cash on hand is not able to meet current obligations, the Foundation's investments, which are in mutual funds and are available for sale at any time, will be sold to cover any shortfall.

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.
- Level 2 Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instruments' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value:

- Level 1 Instruments consist of equity stocks, mutual funds / exchange traded funds (ETFs), and U.S. Treasury bills. These securities are valued at the closing price reported on the active market where the individual securities are traded.

SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

The following table presents the fair value measurements of instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized as of June 30, are as follows:

| 2024 | | | | |
|---------------------|-------------------------|-------------------|-------------|-------------|
| | Fair Value Measurements | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Investments | | | | |
| Equity Stocks | \$ 265,288 | \$ 265,288 | \$ - | \$ - |
| Mutual Funds / ETFs | 181,464 | 181,464 | - | - |
| U.S. Treasury bills | 118,853 | 118,853 | - | - |
| Total | <u>\$ 565,605</u> | <u>\$ 565,605</u> | <u>\$ -</u> | <u>\$ -</u> |

| 2023 | | | | |
|---------------------|-------------------------|-------------------|-------------|-------------|
| | Fair Value Measurements | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Investments | | | | |
| Equity Stocks | \$ 403,361 | \$ 403,361 | \$ - | \$ - |
| Mutual Funds / ETFs | 122,537 | 122,537 | - | - |
| Total | <u>\$ 525,898</u> | <u>\$ 525,898</u> | <u>\$ -</u> | <u>\$ -</u> |

5. INVESTMENTS

A summary of the cost and fair value of the Foundation's investments as of June 30, are as follows:

| 2024 | | | | |
|---------------------|-------------------|------------------|-------------------|--|
| | Amortized Cost | Unrealized Gains | Fair Value | |
| Equity Stocks | \$ 194,076 | \$ 71,212 | \$ 265,288 | |
| Mutual Funds / ETFs | 166,868 | 14,596 | 181,464 | |
| U.S. Treasury bills | 114,231 | 4,622 | 118,853 | |
| | <u>\$ 475,175</u> | <u>\$ 90,430</u> | <u>\$ 565,605</u> | |

| 2023 | | | | |
|---------------------|-------------------|------------------|-------------------|--|
| | Amortized Cost | Unrealized Gains | Fair Value | |
| Equity Stocks | \$ 346,091 | \$ 57,270 | \$ 403,361 | |
| Mutual Funds / ETFs | 119,560 | 2,977 | 122,537 | |
| | <u>\$ 465,651</u> | <u>\$ 60,247</u> | <u>\$ 525,898</u> | |

**SPECIAL EDUCATION FOUNDATION
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6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

| | June 30, 2024 and 2023 | |
|-----------------------------|------------------------|------------------|
| | 2024 | 2023 |
| Adaptive equipment | \$ - | \$ 2,131 |
| Arts in the classroom | 3,471 | - |
| Autism independence | 11,078 | - |
| Classroom innovation grants | 39,733 | - |
| Critical needs | - | 2,770 |
| Leadership academy | - | 9,525 |
| Program | 34,889 | 33,839 |
| Other | 660 | 660 |
| | <u>\$ 89,831</u> | <u>\$ 48,925</u> |

Changes in net assets with donor restrictions consist of the following:

| | For the Year Ended June 30, 2024 | | | |
|---|----------------------------------|------------------|------------------|--------------------------|
| | Balance June 30, 2023 | Additions | Releases | Balance June 30, 2024 |
| Subject to expenditure for specific purpose: | | | | |
| Adaptive equipment | \$ 2,131 | \$ 155 | \$ 2,286 | \$ - |
| Arts in the classroom | - | 6,196 | 2,725 | 3,471 |
| Autism independence | - | 15,618 | 4,540 | 11,078 |
| Classroom innovation grants | - | 39,733 | - | 39,733 |
| Critical needs | 2,770 | 11,132 | 13,902 | - |
| Leadership academy | - | 52 | 9,576 | - |
| Program | 33,839 | 1,049 | - | 34,889 |
| Scholarships | - | 19,100 | 19,100 | - |
| Other | 660 | - | - | 660 |
| Total | \$ 48,925 | \$ 93,035 | \$ 52,129 | \$ 89,831 |

| | For the Year Ended June 30, 2023 | | | |
|---|----------------------------------|-------------------|-------------------|--------------------------|
| | Balance June 30, 2022 | Additions | Releases | Balance June 30, 2023 |
| Subject to expenditure for specific purpose: | | | | |
| Adaptive equipment | \$ 11,204 | \$ 63,021 | \$ 72,094 | \$ 2,131 |
| Classroom innovation grants | - | 46,949 | 46,949 | - |
| Critical needs | 7,096 | 13,172 | 17,498 | 2,770 |
| Leadership academy | - | 25,747 | 16,222 | 9,525 |
| Program | 31,334 | 2,505 | - | 33,839 |
| Scholarships | - | 22,500 | 22,500 | - |
| Other | 660 | - | - | 660 |
| Total | \$ 50,294 | \$ 173,894 | \$ 175,263 | \$ 48,925 |

See Independent Auditor's Report

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**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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7. RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Bank Accounts

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Foundation maintains its cash primarily with one financial institution. Deposits at this bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times during the year, the Foundation may have had deposits in excess of FDIC insurance limits. The Foundation incurred no losses during the year on balances held in excess of the limit.

Investments

The Foundation maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At times during the year, the Foundation may have had deposits in excess of SIPC insurance limits. The Foundation incurred no losses during the year on balances held in excess of the limit.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 16, 2025, the date the financial statements were issued. No subsequent events necessitating financial statement recognition or disclosure was noted.