

OGDEN SCHOOL FOUNDATION

Financial Statements

June 30, 2022

(With Independent Auditor's Report)

**LITZ &
COMPANY**

*Certified Public Accountants
A Professional Corporation*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors Ogden School Foundation

Opinion

We have audited the accompanying financial statements of Ogden School Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year 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 Ogden School Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Ogden School Foundation 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.

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 Ogden School Foundation'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 Responsibility 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, 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 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 judgement 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 Ogden School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ogden School 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedules of Program Activity are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lutz & Company PC

Roy, Utah

September 7, 2022

OGDEN SCHOOL FOUNDATION
Statement of Financial Position
June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 525,427
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Total current assets	<u>525,427</u>
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Fixed assets; at cost:

Furniture and equipment	10,343
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Less accumulated depreciation	<u>(7,706)</u>
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Net fixed assets	<u>2,637</u>
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Other assets:

Investments	<u>5,400,193</u>
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Total other assets	<u>5,400,193</u>
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Total assets	<u><u>\$ 5,928,257</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Credit cards payable	\$ 1,424
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Total current liabilities	<u>1,424</u>
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Net assets:

Without donor restrictions	1,665,779
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With donor restrictions	<u>4,261,054</u>
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Total net assets	<u>5,926,833</u>
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Total liabilities and net assets	<u><u>\$ 5,928,257</u></u>
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OGDEN SCHOOL FOUNDATION
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions			
Contributions - cash	\$ 14,669	\$ 1,191,518	\$ 1,206,187
Contributions - in kind	463,120	-	463,120
Contributions - special events	671,125	-	671,125
Investment return, net	(199,805)	(445,479)	(645,284)
Net assets released from restrictions	281,949	(281,949)	-
Total support and revenue	1,231,058	464,090	1,695,148
Expenses:			
Costs of direct benefits to donors	150,221	-	150,221
Program expense	1,335,685	-	1,335,685
Supporting activities:			
Management and general	39,124	-	39,124
Fund raising	127,491	-	127,491
Total expenses	1,652,521	-	1,652,521
Change in net assets	(421,463)	464,090	42,627
Net assets, beginning	2,087,242	3,796,964	5,884,206
Net assets, ending	\$ 1,665,779	\$ 4,261,054	\$ 5,926,833

OGDEN SCHOOL FOUNDATION
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Costs of direct Benefits to Donors</u>	<u>Supporting Activities</u>			<u>Total</u>
		<u>Program Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	
Costs of direct benefits to donors	\$ 150,221	\$ -	\$ -	\$ -	\$ 150,221
Advertising and promotion					
Awards - educators	32,242			52	32,294
Bank charges	16,120				16,120
Conferences and training	24		7,304		7,328
Depreciation and amortization	-				-
Fieldtrips and transportation	-		1,172		1,172
Guest lecturer and professional fees	24,712			129	24,841
Meals and entertainment	22,481			65,099	87,580
Other	44,353			1,816	46,169
Postage	51				51
Printing and publications	193				193
Scholarships	6,442				6,442
Supplies, equipment and technology	19,175				19,175
Telephone	881,011		2,341	4,385	887,737
Wages and benefits	288,881		481		481
			27,826	56,010	372,717
Total functional expenses	\$ 150,221	\$ 1,335,685	\$ 39,124	\$ 127,491	\$ 1,652,521

See accompanying notes and auditors' report.

OGDEN SCHOOL FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2022

Cash flows from operating activities:

Change in net assets	\$ 42,627
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	1,172
Unrealized (gain) loss on investments	768,266
Change in accounts payable	-
Change in credit cards payable	<u>(11,650)</u>
Total adjustments	<u>757,788</u>
Net cash provided (used) by operating activities	<u>800,415</u>

Cash flows from investing activities:

Sale of investments	2,350,435
Purchase of investments	<u>(3,088,310)</u>
Net cash provided (used) by investing activities	<u>(737,875)</u>

Net increase (decrease) in cash	<u>62,540</u>
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Cash balance, beginning	<u>462,887</u>
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Cash balance, ending	<u>\$ 525,427</u>
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Non cash transactions:

In-kind contributions and expenses for 2022 were \$463,120

OGDEN SCHOOL FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Organization

The Ogden School Foundation, a not-for-profit organization, was incorporated in Utah in 1980. The Foundation was established to enhance educational opportunities for students in the Ogden City School District. The Foundation solicits contributions and conducts special fund-raising events. Payments approved by the Foundation are made to students and schools in the District in the form of awards, scholarships, grants, and special projects.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified by the Internal Revenue Service as an organization of the type described in Section 170 (b)(1)(A)(vi) of the Internal Revenue Code.

Basis of Accounting

The Foundation's financial statements are presented using the accrual method of accounting. Under this method revenues are recognized when earned and expenses when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts and short-term highly liquid investments which are readily convertible into cash with a maturity of three months or less.

Liquidity

All cash and cash equivalent balances are available to meet cash needs for general expenditures. Investment balances can be readily converted to cash to meet cash needs for general expenditures.

Financial Statement Presentation

The Foundation has adopted ASU 2016-14 and as a result classifies its net assets into two categories, net assets without donor restrictions and net assets with donor restrictions instead of the 3 categories previously reported. Donor restricted net assets include endowment funds.

Support that is restricted by a donor for a specific purpose or for a specified time period is reported as an increase in net assets with donor restrictions. When the funds have been expended according to the donor's wishes or the specified time period has expired, donor restricted net assets are reclassified to net assets without donor restrictions in the statement of activities as "net assets released from restrictions."

Investments

Investments are carried at market value. Realized and unrealized gains and losses are reflected in the statement of activities.

OGDEN SCHOOL FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies – Continued

Fixed Assets

The Foundation follows the practice of capitalizing purchased items at cost and donated items at fair value for all fixed assets in excess of \$3,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Furniture and equipment	5 years
Vehicles	5 years

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(1) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The last 3 years tax returns are subject to review by tax authorities.

Allocation of Costs

Labor costs associated with program services, management and general expenses, and fund-raising expenses have been allocated based on estimates of actual activity.

Accounting Estimates

The preparation of financial statements in conformity with the basis of accounting used by the Foundation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates in the financial statements are depreciation expense, and the allocation of personnel costs among program, management, and fundraising.

Contributed Materials, Services, and Facilities

Donated materials, services, and facilities are recorded as contributions at their estimated fair market values at the time they are received. Donated materials are not recorded if the value cannot reasonably be determined.

Contributed services that meet one of the following criteria are recorded as support received:

1. Contributed services that create or enhance non-financial assets of the organization.
2. Contributed services that require specialized skill (i.e., services provided by professionals such as attorneys, accountants, nurses, etc., or provided by craftsmen such as plumbers, electricians, etc.) that the organization would otherwise need to purchase.

OGDEN SCHOOL FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies – Continued

Contributed Materials, Services, and Facilities – Continued

Services contributed by members of the Board of Directors to attend meetings are not recognized in the financial statements. Also, the Foundation does not recognize in the financial statements contributed services such as fund-raising clerical assistance, or other volunteer efforts that do not require a specialized skill.

Donated materials, services, and facilities for the twelve months ended June 30, 2022 amounted to \$463,120. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of long-lived assets received without stipulations about how long the donated asset must be used are reported as support without donor restriction.

Date of Management's Review

Management has evaluated subsequent events through the date of the auditor's report which is the date the financial statements were available to be issued.

Note 2 - Concentration of Credit Risk for Cash

The Foundation maintains cash accounts in banks, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, the Foundation's uninsured cash balances totaled \$243,828.

Note 3 - Deposits and Investments

Deposits and investments for Ogden School Foundation are directed by an investment committee. The committee uses third party trustees and investment advisors to manage and make recommendations about investment decisions. The current portfolio consists of a diversified mix of cash accounts, money market accounts, equity securities, bonds, and mutual funds. Following are discussions of the Foundation's exposure to various risks related to its cash and investment activities.

A. Custodial Credit Risk

Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be recovered. The Foundation's policy for managing custodial credit risk is to diversify its cash holdings among several banks and attempt to keep the account balances in any one financial institution under the federal deposit insurance corporation's insurance level. The Foundation also invests excess cash in the Utah State Treasurers Public Investment Fund, (PTIF). The Foundation's deposits in the bank in excess of the insured amount are uninsured and are not collateralized. The Foundation's bank balances at June 30, 2022 were \$493,828 of which \$243,828 was uninsured and uncollateralized.

OGDEN SCHOOL FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2022

Note 3 - Deposits and Investments – Continued

Investments: Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments that are in the possession of an outside party. The Foundation's policy for managing custodial credit risk of investments is to use third party trustees to help mitigate this risk. The Foundation's investments are exposed to custodial credit risk.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The Foundation's policy for limiting the credit risk of investments is to have a diversified portfolio of debt and equity securities. The risk of default of all investments at the same time is reduced through diversification of the investments. The Foundation also uses a third-party trustees and investment advisors to assist in mitigating this risk.

The Foundation also invests in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Money Management Act and Council Requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF, are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the Foundation's investments at June 30, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 51,848	54 days*	not rated
Total	\$ 51,848		

* Weighted-average maturity

C. Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Foundation manages its exposure to declines in fair value by investing in the PTIF for its short-term investments and having a diversified portfolio of debt securities and money market accounts. The Foundation also uses third party trustees and investment advisors to change investments when warranted to mitigate this risk.

Note 4 - Investments

The foundation measures and records its investments using fair value measurement guidelines established by general accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

OGDEN SCHOOL FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2022

Note 4 – Investments - Continued

- Level 1: Quoted prices for identical investments in active markets:
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

At June 30, 2022, the Foundation had Level 1 and Level 2 fair value measurements. Debt and equity securities classified in level 1 are valued using prices quoted in active markets for those securities. As with all marketable securities, the investments in stocks and bonds are subject to market fluctuations and bear a risk of a substantial decline in value. Fair market value exceeds cost by \$596,775 for 2022. Level 2 investments are comprised of funds held with the Utah Public Treasurers' Investment Fund (PTIF). Valuation of PTIF funds can be found in Note 3.

At June 30, 2022 the Foundation had the following fair value measurements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Utah Public Treasurers' Investment Fund	\$ -	\$ 51,848	\$ -
Cash & cash equivalents	2,648,079	-	-
Fixed income securities - municipal & corporate obligations	580,123	-	-
Common Equities	2,171,991	-	-
Total	<u>5,400,193</u>	<u>51,848</u>	<u>-</u>
Long-term investments	<u>\$ 5,400,193</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2022 the Foundation's investment returns are as follows:

Interest & dividend income	\$ 89,483
Realized gains (losses)	52,552
Unrealized gains (losses)	(768,266)
Custodial fees	(19,053)
Net investment returns	<u>\$ (645,284)</u>

Note 5 – Net Assets with Donor Restrictions

All net assets with donor restrictions are restricted by the donors to support specific programs in the Ogden City School District. For the year ended June 30, 2022, net assets of \$281,949 were released from restrictions by the Foundation providing the necessary support for these programs.

OGDEN SCHOOL FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2022

Note 5 - Net Assets with Donor Restrictions – Continued

Net assets with donor restrictions also consist of donor restricted endowment funds. Donors contribute the funds so that they will provide a permanent source of program income. The income is used to support specific programs within the Ogden City School District.

The Foundation allocates 5% of the endowment fund balance to be available for expenditure in support of the school district programs. Investment returns greater or less than 5% are posted to endowment principal.

Note 6 – Related Party Transactions

Ogden City School District is a related party to the Foundation. The Foundation's major activity is to provide funding for educational activities within Ogden City School District. Projects are often jointly sponsored with Ogden City School District. In addition, Ogden City School District provided the Foundation with personnel and office space valued at \$374,184 for the year ended June 30, 2022. The District also provided cash and matching contributions for year ended June 30, 2022.

Note 7 - Concentrations

Significant portions of the donations received by the Foundation are received from individual contributors. During the year ended June 30, 2022, approximately 33% of the total contributions were received from two donors.

Note 8 - Pledges Receivable

The Foundation records as a current asset the pledges to be received within a year. The pledges to be received within one year were \$0 for 2022. The allowance for doubtful accounts is \$0 for 2022.

Note 9 - Fund-raising and Joint Costs

The Foundation sponsors two major events during the year to raise funds, the Fall Author Lecture with its associated dinner and the Golf Classic event. The direct costs of the dinner and golf activity are recorded as cost of direct benefits to donors, without donor restrictions. The associated revenues are recorded as contributions-special events, without donor restrictions. The other costs of providing these activities along with the proportional share of employee costs to prepare and administer these and all other solicitation activities were reported as fund-raising expenses. During 2022, fund-raising costs of \$127,491 were incurred. The two major events brought in contributions totaling \$579,834.

Note 10 – COVID-19 Pandemic

Due to the COVID-19 Pandemic, the Foundation is unsure whether they will receive the same funding as in previous years and if donors will request refunds if events are cancelled.