

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

FINANCIAL STATEMENTS

For the years ended
June 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

January 15, 2025

To the Board of Directors
Grand Rapids Public Schools Foundation
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of Grand Rapids Public Schools Foundation (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of Grand Rapids Public Schools Foundation as of June 30, 2024 and 2023, and the changes in 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 Grand Rapids Public Schools 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 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 Grand Rapids Public Schools 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 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 auditing standards generally accepted in the United States of America 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, including omissions, 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 auditing standards generally accepted in the United States of America, 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 Grand Rapids Public Schools 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 Grand Rapids Public Schools 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.



Certified Public Accountants
Holland, Michigan

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

June 30, 2024 and 2023

ASSETS

	2024	2023
Current assets		
Cash and cash equivalents	\$ 816,976	\$ 1,324,286
Restricted cash	129,326	482,308
Contributions receivable, current portion	244,648	457,601
Accounts receivable	193,562	193,562
Prepaid expenses	5,304	9,500
Total Current Assets	1,389,816	2,467,257
Property and equipment, net	13,006	15,232
Right-of-use asset - operating leases	16,786	42,790
Investments	786,890	674,279
Contributions receivable, net of current portion and discounts	1,145,800	1,312,000
Investments- endowment	650,000	600,000
Total Assets	\$ 4,002,298	\$ 5,111,558

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 22,497	\$ 416,104
Accrued wages and related expenses	19,917	16,243
Current portion of lease liability - operating leases	14,310	25,952
Total Current Liabilities	56,724	458,299
Lease liability, net of current portion - operating leases	2,661	16,970
Total Liabilities	59,385	475,269
Net Assets		
Without donor restrictions:		
Undesignated	229,639	249,859
Board designated	786,890	674,279
With donor restrictions:		
Program restrictions	2,276,384	3,112,151
Endowment assets	650,000	600,000
Total Net Assets	3,942,913	4,636,289
Total Liabilities and Net Assets	\$ 4,002,298	\$ 5,111,558

STATEMENTS OF ACTIVITIES

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	\$ 110,658	\$ 230,004	\$ 340,662
Special fundraising events, net of direct expenses of \$59,340	287,197	-	287,197
Program service fees	6,623	-	6,623
Investment gain, net of expense of \$9,860	120,585	-	120,585
Net assets released from restrictions	1,015,771	(1,015,771)	-
Total Public Support and Revenues	1,540,834	(785,767)	755,067
Expenses			
Program services	1,119,762	-	1,119,762
Management and general	159,367	-	159,367
Fundraising	169,314	-	169,314
Total Expenses	1,448,443	-	1,448,443
Change in Net Assets	92,391	(785,767)	(693,376)
Net Assets- Beginning of Year	924,138	3,712,151	4,636,289
Net Assets- End of Year	\$ 1,016,529	\$ 2,926,384	\$ 3,942,913

STATEMENTS OF ACTIVITIES (Continued)**GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION**

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	\$ 5,880	\$ 485,811	\$ 491,691
Special fundraising events, net of direct expenses of \$74,048	294,830	-	294,830
Program service fees	42,182	-	42,182
Investment gain, net of expense of \$8,444	94,559	-	94,559
Net assets released from restrictions	1,884,832	(1,884,832)	-
Total Public Support and Revenue	2,322,283	(1,399,021)	923,262
Expenses			
Program services	1,803,893	-	1,803,893
Management and general	238,993	-	238,993
Fundraising	192,195	-	192,195
Total Expenses	2,235,081	-	2,235,081
Change in Net Assets	87,202	(1,399,021)	(1,311,819)
Net Assets- Beginning of Year	836,936	5,111,172	5,948,108
Net Assets- End of Year	\$ 924,138	\$ 3,712,151	\$ 4,636,289

STATEMENTS OF FUNCTIONAL EXPENSES

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the year ended June 30, 2024

	<u>Program Services</u>		<u>Supporting Services</u>	
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Wages	\$ 108,199	\$ 57,897	\$ 118,712	\$ 284,808
Payroll taxes	7,952	4,255	8,725	20,932
Fringe benefits	7,353	3,934	8,067	19,354
Total Wages and Related Expenses	123,504	66,086	135,504	325,094
Advertising and promotion	-	31,980	2,700	34,680
Bank and credit card fees	26	3,768	563	4,357
Contract labor	-	5,196	-	5,196
Dues and subscriptions	-	7,032	9,000	16,032
Insurance	1,128	307	1,025	2,460
License and fees	-	20	493	513
Miscellaneous	310	5,701	45	6,056
Occupancy expense	9,162	2,499	8,329	19,990
Office supplies	6,898	1,883	6,281	15,062
Professional fees	-	22,988	-	22,988
Grants to others	971,040	-	-	971,040
Supplies	1,800	4,729	8	6,537
Technology	5,894	1,608	5,366	12,868
Travel	-	3,344	-	3,344
Total Expenses Before Depreciation	1,119,762	157,141	169,314	1,446,217
Depreciation	-	2,226	-	2,226
Total Expenses	\$ 1,119,762	\$ 159,367	\$ 169,314	\$ 1,448,443

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the year ended June 30, 2023

	Program Services	Supporting Services		
	Program	Management and General	Fundraising	Total Expenses
Wages	\$ 61,458	\$ 69,897	\$ 139,795	\$ 271,150
Payroll taxes	4,790	5,447	10,895	21,132
Fringe benefits	6,174	7,022	14,043	27,239
Total Wages and Related Expenses	72,422	82,366	164,733	319,521
Advertising and promotion	1,392	37,195	120	38,707
Bad debt	25,021	309	400	25,730
Bank and credit card fees	-	5,254	1,135	6,389
Contract labor	37,315	26,875	1,500	65,690
Dues and subscriptions	-	3,087	21,750	24,837
Insurance	-	3,789	-	3,789
License and fees	25	70	25	120
Miscellaneous	6,203	4,342	72	10,617
Occupancy expense	-	22,105	-	22,105
Office supplies	733	6,983	2,121	9,837
Professional fees	-	22,260	-	22,260
Grants to others	1,650,312	3,763	250	1,654,325
Supplies	8,013	4,829	89	12,931
Technology	-	14,000	-	14,000
Travel	2,457	107	-	2,564
Total Expenses Before Depreciation	1,803,893	237,334	192,195	2,233,422
Depreciation	-	1,659	-	1,659
Total Expenses	\$ 1,803,893	\$ 238,993	\$ 192,195	\$ 2,235,081

STATEMENTS OF CASH FLOWS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (693,376)	\$ (1,311,819)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	2,226	1,659
Unrealized gain on investment	(73,194)	(54,541)
Realized loss on investment	-	70,353
Change in operating assets and liabilities:		
Contribution receivable	379,153	475,576
Accounts receivable	-	(42,182)
Prepaid expenses	4,196	20,745
Accounts payable	(393,607)	(805,231)
Accrued expenses	3,674	39
Lease activity	53	132
Net Cash Used for Operating Activities	(770,875)	(1,645,269)
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(12,828)
Purchase of investments	(99,587)	(116,931)
Proceeds from sale of investments	10,170	-
Net Cash Used for Investing Activities	(89,417)	(129,759)
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(860,292)	(1,775,028)
Cash and Cash Equivalents and Restricted Cash- Beginning of Year	1,806,594	3,581,622
Cash and Cash Equivalents and Restricted Cash- End of Year	\$ 946,302	\$ 1,806,594
Cash and cash equivalents	\$ 816,976	\$ 1,324,286
Restricted cash	129,326	482,308
Total cash and cash equivalents and restricted cash	<u>\$ 946,302</u>	<u>\$ 1,806,594</u>
Supplemental Disclosure of Cash Flow Information		
ROU asset obtained in exchange for lease obligations upon the implementation of ASC 842	\$ -	\$ 16,238
ROU asset obtained in exchange for lease obligations subsequent to the implementation of ASC 842	\$ -	\$ 41,444

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The accompanying financial statements present the financial position, results of operations and cash flows of Grand Rapids Public Schools Foundation (the "Organization"). The Organization is a nonprofit organization serving as a strategic fundraising partner of the Grand Rapids Public Schools. The purpose is to raise, grow, and steward funds and other community resources to support the Grand Rapids Public Schools for the benefit of its students.

The Organization will provide resources needed for the students of the Grand Rapids Public Schools to learn, develop, and thrive and for the Grand Rapids Public Schools to meet its own goals of educational excellence.

The significant accounting policies of the Organization are described below.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

Fiscal Sponsor

The Organization is the recipient of the XQ Super School grant that is for the benefit of the Grand Rapids Public Museum High School. The Grand Rapids Public Schools Foundation acts as an intermediary for these funds and has no variance power or discretion on these payments. Using the guidance in FASB ASC 958-605-25, the Organization recognizes revenue when the grant is received and expenses as the Organization makes payments to Grand Rapids Public Museum High School. The total amount of revenue recognized for year ended June 30, 2023 was \$100,000. No revenue was recognized for the year ended June 30, 2024. This is a multi-year grant, but as noted in the grant document, no receivable has been recorded for any outstanding amounts remaining on the grant. The grant has been completely paid in June 30, 2024.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of demand deposits in banks and cash on hand. For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except that such assets held in endowment are generally classified as noncurrent. The Organization maintains cash balances in checking and savings accounts. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking or savings account in excess of the federally insured limit. The Organization is required to maintain separate bank accounts for two grants. These accounts are used to deposit the grant funds and release funds as the grants are spent.

Restricted cash for the years ended:

	2024	2023
XQ grant	\$ 75,603	\$ 169,048
Build Together Campaign	53,723	313,260
Total restricted cash	\$ 129,326	\$ 482,308

Investments

Investments held by the Organization consist of cash and cash equivalents, mutual funds, government agency obligations and US Treasury notes. Such investments are carried at fair value, based on quoted market prices. Investments received as donations are initially recorded at fair value on the date of receipt. Thereafter, the carrying value of such investments are adjusted to fair value, which is determined by published market quotations. Realized gains and losses on the sale of investments are determined based on the first-in, first-out method. Unrealized gains and losses are included in investment gain on the statements of activities.

Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). For a further discussion on Fair Value Measurement, refer to Note E of the financial statements.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributions Receivable

Contributions receivable represent unconditional promises to give. The pledges are payable over a donor-specified period and have been discounted to a present value using a risk-free interest rate applicable for the periods in which the pledge was received. The Organization evaluates pledges receivable for uncollectible pledges based upon historical loss experience and current economic conditions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Bad debt expense for the year ended June 30, 2023 was \$25,730. There was no bad debt expense for the year ended June 30, 2024. The bad debt expense in fiscal year 2023 is because donors pledged funds for a specific purpose that the Organization would no longer be able to fulfill. This is unlikely to occur in the future, no allowance for uncollectible accounts was deemed to be necessary as of June 30, 2024 and 2023.

Net Assets

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted support is 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 statements of activities as net assets released from restrictions. Contributions with donor-imposed stipulations that are met in the same year as received or earned are reported as unrestricted revenue.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, such as gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributions of donated noncash assets are recorded at their fair values in the period received.

The Organization provides administrative services to Grand Rapids Public Schools and records the income as program services fees. Revenue from these services is recognized as the services are performed.

The Organization receives revenue from various sources and uses FASB ASU 2018-08 Not-for-Profit entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made* to determine when to recognize revenue. The timing of the revenue recognition does not always match the expenditures. In a prior fiscal year, the Organization recognized \$2,100,000 of contribution revenue that will be paid out over 10-20 years for various purposes. Also, as noted earlier, the Organization is a fiscal sponsor for the XQ Super School Grant, \$10,000,000 was recognized in prior years as the funds were received, but not all of the funds were transferred. In the current year, less revenue was recognized due to the payment schedule, but remaining funds from prior years were expensed. Due to these factors, the change in net assets reported on statements of activities can vary significantly from year to year. The decrease in net assets due to these projects for years ended June 30, 2024 and 2023 was \$504,354 and \$1,520,846, respectively.

Donated Services and Goods

Volunteers have donated time to the Organization's operations during the year; however, these donated services are not reflected in the financial statements to the extent that the services do not require specialized skills.

Donated goods are recorded as revenue on the date of the receipt at estimated fair market value. The Organization did not receive any donated goods for the years ended June 30, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Functional Expense Allocation

The cost of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services. Such allocations are determined by management on an equitable basis.

Wages and related expenses are allocated based on activity reports generated by the Organization's management. Advertising and promotion, contract labor, professional fees, office supplies, technology, and other expenses are based on the time and effort allocated to each function. Occupancy and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Program expenses are expenses that have been determined to be related specifically to program functions.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Advertising

The Organization expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2024 and 2023 were \$34,680 and \$38,707, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criterion. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

New Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in the standard is a shift from the incurred loss model to the expected loss model. The standard's required disclosures are intended 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 Organization that are subject to the guidance in FASB 326 were accounts receivables.

The Organization adopted the standard effective July 1, 2023 utilizing the modified retrospective transition method. The impact of the adoption was not material to the financial statement and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through January 15, 2025, which is the date the financial statements were available to be issued.

Reclassification

Certain prior period financial statement amounts have been reclassified to conform with the current year's presentation.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note B – Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2024 and 2023:

Financial assets:	2024	2023
Cash and cash equivalents and restricted cash	\$ 946,302	\$ 1,806,594
Contributions receivable, current	244,648	457,601
Accounts receivable	193,562	193,562
Investments	786,890	674,279
Contributions receivable, long term	1,145,800	1,312,000
Endowment	650,000	600,000
Total financial assets	3,967,202	5,044,036
Less amounts not available to be used within one year:		
Purpose restricted assets	(2,276,384)	(3,112,151)
Board designated investment	(756,618)	(644,172)
Endowment	(650,000)	(600,000)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 284,200</u>	<u>\$ 687,713</u>

Certain donor-restricted net assets are available for general expenditures within one year of the applicable year-end because the restrictions on the net assets are expected to be met by conducting the normal activities related to programs of the Organization in the coming year. Accordingly, the related resources have been included in the financial assets available to meet general expenditures within one year.

The above table reflects the Organization's financial assets as of June 30, 2024 and 2023 reduced by amounts not available for general use because of contractual, donor-imposed or time restrictions within one year. The investment statement policy allows the Organization to withdraw 5% of a three-year rolling average of the three most recent June 30 fund balances from the investment account.

Note C – Unconditional Promises to Give

The following is a schedule of unconditional promises to give as of June 30:

	2024	2023
Receivable in less than one year	\$ 244,648	\$ 457,601
Receivable in one to five years	1,280,000	1,485,000
Discounted to present value on a discount rate of 3%	(134,200)	(173,000)
Net unconditional promises to give	<u>\$ 1,390,448</u>	<u>\$ 1,769,601</u>

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note D – Property and Equipment

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 7 years. The Organization follows a capitalization policy of \$2,500 in determining assets to be depreciated.

The capitalized value of property and equipment, and related accumulated depreciation, at June 30 are as follows:

	2024	2023
Office equipment	\$ 8,765	\$ 8,765
Software	8,126	8,126
Accumulated depreciation	(3,885)	(1,659)
Property and equipment, net	<u>\$ 13,006</u>	<u>\$ 15,232</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$2,226 and \$1,659, respectively.

Note E – Fair Value Measurement

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices in markets that are not considered active or financial instruments for which significant inputs include quoted prices for similar assets or liabilities, interest rates, credit risk, etc.

Level 3 – Significant unobservable inputs, which may include the Organization's own assumption in determining fair value.

The asset's or liability's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Governmental agency and US treasury securities: Valued based on quoted market prices in active markets that are held by the Organization on the last business day of the year.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note E – Fair Value Measurement (Continued)

Mutual funds and money market funds: Valued based on quoted net asset values of the shares held by the Organization on the last business day of the year.

	Fair Value Measurements Using:			
	Fair Value	Quoted Prices (Level 1)	Significant (Level 2)	Significant (Level 3)
June 30, 2024				
Cash & cash equivalents	\$ 110,106	\$ 110,106	\$ -	\$ -
Governmental agencies and US Treasury Securities	443,761	443,761	-	-
Mutual Funds, fixed income	295,214	295,214	-	-
Mutual funds, domestic equity	587,809	587,809	-	-
Total	\$ 1,436,890	\$ 1,436,890	\$ -	\$ -
June 30, 2023				
Cash & cash equivalents	\$ 38,521	\$ 38,521	\$ -	\$ -
Governmental agencies and US Treasury Securities	417,844	417,844	-	-
Mutual Funds, fixed income	295,244	295,244	-	-
Mutual funds, domestic equity	522,670	522,670	-	-
Total	\$ 1,274,279	\$ 1,274,279	\$ -	\$ -

Note F – Concentrations

The contributions receivable balance includes contributions from two donors in 2024 and three donors in 2023 that totals 97% and 92% of the contribution receivable balance for years ended June 30, 2024 and 2023, respectively. The Organization believes these are collectable and no allowance has been recorded for contribution receivable.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note G – Endowment Fund

The Organization has adopted the accounting and disclosure guidance provided by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Michigan's version of UPMIFA became effective on September 10, 2009. As such, the Organization has adopted the required provisions of the Act.

The management of the Organization has interpreted current law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment. From time to time, the fair value of the assets associated with the endowment funds fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations that occur occasionally. There was no deficiency as of June 30, 2024 or 2023.

Changes in the endowment net assets were as follows for the years ended June 30, 2024 and 2023:

	Changes in Endowment Net Assets		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowed net assets, July 1, 2022	\$ -	\$ 550,000	\$ 550,000
Contributions	-	50,000	50,000
Appropriations of net assets	-	-	-
Endowed net assets, June 30, 2023	-	600,000	600,000
Contributions	-	50,000	50,000
Appropriations of net assets	-	-	-
Endowed net assets, June 30, 2024	\$ -	\$ 650,000	\$ 650,000

Note H – Operating Leases

The Organization leased laptops under a five-year lease that commenced on May 6, 2019. The lease required payments of \$409 per month and ended March 2024.

The Organization leases a printer under a five-year lease that commenced in February 2022. The lease requires payments of \$160 per month.

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note H – Operating Leases (Continued)

The Organization conducts a portion of its operations with leased facilities. The leases are accounted for as operating leases and have expiration dates through February 2025. The Organization leases from unrelated parties for approximately \$1,700 per month. Net rental expense on operating leases was \$19,990 and \$10,837 for the years ended June 30, 2024 and 2023, respectively.

The right-of-use asset and corresponding liability associated with future payments at June 30, 2024 and 2023 are shown as follows:

	2024	2023
Right-of-use assets	\$ 16,786	\$ 42,790
Lease liability	\$ 16,971	\$ 42,922
Weighted average:		
Discount rate	3.00%	3.00%
Remaining lease term (years)	2 years	3 years

For the year ended June 30, 2024, total operating lease cost was \$27,334 and is classified as a portion of occupancy expense and a portion of equipment maintenance. As of June 30, 2024, the weighted average remaining lease term was 2 years.

Future minimum lease payments under operating leases are as follows:

Years ending June 30, 2025	\$ 16,348
2026	1,920
2027	960
	<hr/>
Total lease payments	19,228
Less: present value discount	(2,257)
	<hr/>
Present value of lease liabilities	<u>\$ 16,971</u>

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note H – Operating Leases (Continued)

The following table summarizes the lease amounts included in the statements of financial position as of June 30, 2024 and 2023:

	Statement of Financial Position Classification	2024	2023
Assets			
Operating	Operating lease right-of-use assets	\$ 16,786	\$ 42,790
Total Lease Assets		\$ 16,786	\$ 42,790
Liabilities			
Current			
Operating	Current portion of operating lease liabilities	\$ 14,310	\$ 25,952
Long-term			
Operating	Operating lease liabilities, net of current portion	2,661	16,970
Total Lease Liabilities		\$ 16,971	\$ 42,922

Note I – Employee Retirement Plan

The Organization adopted a Simple IRA retirement plan for all employees. The Organization's retirement plan requires a match of up to 3% of an eligible employee's salary. Total retirement plan expense was \$9,254 and \$16,159 for the years ended June 30, 2024 and 2023.

Note J – Net Assets Unrestricted, Board Designated

At June 30, net assets without donor restriction are designated for the following purpose:

Net Assets Unrestricted, Board Designated

	2024	2023
Endowment earnings	\$ 174,691	\$ 93,613
Long-term investments for future operating reserves	612,199	580,666
Total Board Designated	\$ 786,890	\$ 674,279

NOTES TO FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC SCHOOLS FOUNDATION

For the years ended June 30, 2024 and 2023

Note K – Net Assets With Donor Restrictions

At June 30, net assets with donor restrictions are available for the following purposes or periods:

	2024	2023
Time restrictions:		
Endowment, perpetual in nature	\$ 650,000	\$ 600,000
Purpose restrictions:		
Endowment receivable	320,800	361,500
Employee bonuses (over 20 years)	67,500	71,000
GR8 Sports Great Kids	428,279	838,447
Building Together Campaign	1,149,282	1,384,580
XQ Grant	54,046	147,801
Entrepreneurial partnership	8,821	8,821
Principal's student support	-	150,683
Coit/Civic	20,730	20,730
GO Campaign	65,565	56,361
Return to Learning Campaign	-	10,000
Violins & strings fund	32,168	33,368
High school and middle school PTSA	14,586	14,586
Back to school	-	5,294
Library refresh	3,742	-
Teacher of the year award	45,525	-
Teacher innovation fund	20,822	-
OHS BCC	7,780	8,980
UHS BC	36,738	-
Total Net Assets with Purpose Restrictions	2,276,384	3,112,151
Total Net Assets with Donor Restrictions	\$ 2,926,384	\$ 3,712,151