

MAPLETON EDUCATION FOUNDATION

Financial Statements
As Of June 30, 2020

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mapleton Education Foundation:

Report on the Financial Statements

We have audited the accompanying financial statement of Mapleton Education Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mapleton Education Foundation as of June 30, 2020, 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.

JDS Professional Group

September 16, 2021

MAPLETON EDUCATION FOUNDATION

Statement of Financial Position
As Of The Year Ended June 30, 2020

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ASSETS

Cash and cash equivalents	\$ 599,373
Promise to give	27,550
Prepaid expenses	<u>2,600</u>

TOTAL ASSETS \$ 629,523

LIABILITIES AND NET ASSETS

Liabilities:

Scholarships payable	\$ 536,502
Accounts payable	<u>4,000</u>
Total Liabilities	<u>540,502</u>

Net Assets:

Without donor restrictions	(74,962)
With donor restrictions	<u>163,983</u>
Total Net Assets	<u>89,021</u>

TOTAL LIABILITIES AND NET ASSETS \$ 629,523

The accompanying notes are an integral part of the financial statements.

MAPLETON EDUCATION FOUNDATION

Statement of Activities
For The Year Ended June 30, 2020

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	Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenue:			
Contributions	\$ 9,703	\$ 221,873	\$ 231,576
Special events, net of direct benefit to donor of \$61,047	93,663		93,663
In-kind contributions	158,941		158,941
Interest income	916		916
Net assets released from restriction: satisfaction of program restrictions	219,113	(219,113)	
Total Support And Revenue	<u>482,336</u>	<u>2,760</u>	<u>485,096</u>
Expenses:			
Program services	<u>405,414</u>		<u>405,414</u>
Supporting Services-			
General and administrative	63,238		63,238
Fundraising	60,093		60,093
Total Supporting Services	<u>123,331</u>		<u>123,331</u>
Total Expenses	<u>528,745</u>		<u>528,745</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(46,409)	2,760	(43,649)
Net Assets, Beginning Of Year	<u>(28,553)</u>	<u>161,223</u>	<u>132,670</u>
NET ASSETS, END OF YEAR	<u>\$ (74,962)</u>	<u>\$ 163,983</u>	<u>\$ 89,021</u>

The accompanying notes are an integral part of the financial statements.

MAPLETON EDUCATION FOUNDATION

Statement Of Functional Expenses
For The Year Ended June 30, 2020

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	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 40,961	\$ 40,950	\$ 40,950	\$ 122,861
Payroll taxes	3,132	3,133	3,133	9,398
Benefits	8,896	8,893	8,893	26,682
Scholarship expenses	336,113			336,113
Teacher and school initiatives	16,312	9,367		25,679
Supplies			7,117	7,117
Bank fees		895		895
Total expenses	<u>\$ 405,414</u>	<u>\$ 63,238</u>	<u>\$ 60,093</u>	<u>\$ 528,745</u>

The accompanying notes are an integral part of the financial statements.

MAPLETON EDUCATION FOUNDATION

Statement of Cash Flows
For The Year Ended June 30, 2020

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Cash flows from operating activities:	
Changes in net assets from operations	\$ (43,649)
Adjustments to reconcile changes in net assets from operations to net cash provided by operating activities:	
Changes in assets and liabilities -	
Decrease in prepaid expenses	2,400
Decrease in accounts receivable	1,400
(Increase) in promise to give	(27,550)
Increase in scholarships payable	109,919
(Decrease) in accounts payable	<u>(18,878)</u>
Net Increase In Cash And Cash Equivalents	23,642
Cash And Cash Equivalents, Beginning Of Year	<u>575,731</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 599,373</u>

The accompanying notes are an integral part of the financial statements.

MAPLETON EDUCATION FOUNDATION

Notes To Financial Statements
For The Year Ended June 30, 2020

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(1) Nature Of Organization

The Mapleton Education Foundation (the “Foundation”), a Colorado not-for-profit corporation, mission is to nurture the greatness in every student by affording opportunities and supplying necessary resources to turn dreams into reality.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Foundations*. Under this standard, the Foundation is required to report information regarding 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 Foundation. These net assets may be used at the discretion of the Foundation’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 actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Fair Value Measurements

The carrying amount reported in the statement of assets, liabilities, and net assets for cash and cash equivalents approximate fair value because of the immediate availability of these financial instruments.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Risks and Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Foundation's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Foundation may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Foundation cannot reasonably estimate the impact at this time.

Cash And Cash Equivalents

The Foundation considers cash and cash equivalents to be cash on hand and demand deposits.

Revenue And Revenue Recognition

Special event revenue is recognized in the period the event is held.

The Foundation recognizes revenue from contributions when cash, securities, other assets, or unconditional promises to give are received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of June 30, 2020, the Foundation had no advances or conditional promises to give.

Donated services and goods which meet the criteria for recognition are recorded in the accompanying financial statements at fair market value as of the date of donation.

The Foundation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Scholarships Payable

Scholarships payable are recorded as a liability and expense in the year in which authorized by the Foundation's Board of Directors.

Methods Used For Allocation Of Expenses From Management And General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such expenses included are salaries, and payroll taxes and benefits. These expenses are allocated on the basis of estimates of time and effort.

Adoption Of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supercede nearly all existing revenue recognition guidance relative to exchange transactions under U.S. GAAP. The Foundation adopted the provisions of this guidance on July 1, 2019, using the modified retrospective approach and applied the standard to contracts as of the date of adoption. The adoption did not have a material impact on the Foundation's revenue recognition.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities determine whether to account for a transfer of assets as an exchange transaction or contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities -Revenue Recognition*, which exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarified how entities determine whether a contribution is conditional or unconditional. The Foundation adopted the provisions of this guidance on July 1, 2019, using the prospective approach. The adoption did not have a material impact on the Foundation's revenue recognition.

Evaluation of Subsequent Events

The Foundation has performed an evaluation of subsequent events through September 16, 2021, which is the date the financial statements were available to be issued, and has considered any

relevant matters in the preparation of the financial statements and footnotes.

(3) **Tax Exempt Status**

The Foundation is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as a public charity that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Foundation.

The Foundation follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Foundation to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended June 30, 2020, the Foundation's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Foundation is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to June 30, 2017. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Foundation believes no issues would arise.

(4) **Concentration Of Credit Risk**

The Foundation's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of June 30, 2020, the Foundation's cash demand deposits were in excess of the FDIC's insurance limit by \$351,373.

(5) **Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for specific use scholarships which amounted to \$163,983 as of June 30, 2020.

MAPLETON EDUCATION FOUNDATION

Notes To Financial Statements (Continued)

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(6) Expenses

	Total Expenses	Less Direct Cost	Total Expenses Reported By Function
Program services	\$ 405,414	\$	\$ 405,414
Direct benefit to donors	61,047	(61,047)	
Fundraising	60,093		60,093
General administration	63,238		63,238
	<u>\$ 589,792</u>	<u>\$ (61,047)</u>	<u>\$ 528,745</u>

(7) Related Party

The Foundation is affiliated with Mapleton Public Schools (MPS). During the year ended June 30, 2020, MPS contributed certain administrative services to the Foundation. For the year ended June 30, 2020, the Foundation has recorded \$158,941 of payroll expenses which was donated from MPS, and are recorded as a contribution in the accompanying financial statements. The Foundation also paid \$14,462 in scholarships and other school program expenses to MPS.

(8) Liquidity And Availability Of Financial Assets

The Foundation has \$626,923 of financial assets available within one year of the statement of financial position. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(9) Accumulated Deficit And Management Plan

As of June 30, 2020, the Organization had an accumulated net assets without donor restrictions deficit of \$74,962. The Foundation's assets are sufficient to pay scholarship liabilities excluding those funded by Adams County. Adams County scholarships are funded by the Colorado State Government and are awarded by cohort. The 2021 Mapleton cohort, for example, has funding from the State through Adams County for \$32,500 per year for each of the four years students of that cohort are eligible for awards. When the State discontinues funding at some future date, it will affect future cohorts but not students in continuing cohorts as those funds are committed. In the future, the Foundation will communicate to students who receive an Adams County Scholarship award that it is dependent and conditional on Adams County funding.