

JUDSON ISD EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

JUDSON ISD EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2022

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Schuh|Browne

CERTIFIED PUBLIC
ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Judson ISD Education Foundation, Inc.
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Judson ISD Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements 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 Judson ISD Education Foundation, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year ended December 31, 2022 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 Judson ISD Education Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Judson ISD Education Foundation, Inc. as of December 31, 2021, were audited by other auditors whose report dated November 4, 2022, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Judson ISD Education Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Judson ISD Education Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Judson ISD Education Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Schul Browne, P. C.

San Antonio, Texas
August 22, 2023

JUDSON ISD EDUCATION FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022 and 2021

| ASSETS | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 126,175 | \$ 125,541 |
| Accounts receivable | - | 5,500 |
| Prepaid expenses | <u>2,723</u> | <u>18,260</u> |
| Total current assets | <u>128,898</u> | <u>149,301</u> |
| Assets whose use is limited: | | |
| Restricted cash | 23,265 | 24,114 |
| Investments | <u>1,107,259</u> | <u>1,302,075</u> |
| Total assets whose use is limited | <u>1,130,524</u> | <u>1,326,189</u> |
| Total assets | <u>\$ 1,259,422</u> | <u>\$ 1,475,490</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 685 | \$ 7,355 |
| Deferred revenue | <u>16,650</u> | <u>1,000</u> |
| Total current liabilities | <u>17,335</u> | <u>8,355</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 108,732 | 138,446 |
| Board designated | <u>1,041,166</u> | <u>1,226,927</u> |
| Total net assets without donor restrictions | <u>1,149,898</u> | <u>1,365,373</u> |
| With donor restrictions: | | |
| Purpose-restricted | 61,434 | 71,007 |
| Time-restricted | <u>30,755</u> | <u>30,755</u> |
| Total net assets with donor restrictions | <u>92,189</u> | <u>101,762</u> |
| Total net assets | <u>1,242,087</u> | <u>1,467,135</u> |
| Total liabilities and net assets | <u>\$ 1,259,422</u> | <u>\$ 1,475,490</u> |

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

JUDSON ISD EDUCATION FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> | |
|---|---------------------------------------|------------------------------------|---------------------|---------------------|
| | | | <u>2022</u> | <u>2021</u> |
| Public support and revenue: | | | | |
| Special events: | | | | |
| Gross revenue | \$ 159,822 | \$ - | \$ 159,822 | \$ 166,515 |
| Less direct expenses | <u>(62,428)</u> | <u>-</u> | <u>(62,428)</u> | <u>(22,882)</u> |
| Net special events support | 97,394 | - | 97,394 | 143,633 |
| Contributions | 46,983 | 15,000 | 61,983 | 34,901 |
| In-kind contributions | 45,462 | - | 45,462 | 44,736 |
| Miscellaneous income | 2,376 | - | 2,376 | 9,445 |
| Investment income, net | <u>53,755</u> | <u>2,878</u> | <u>56,633</u> | <u>95,925</u> |
| Total public support | <u>245,970</u> | <u>17,878</u> | <u>263,848</u> | <u>328,640</u> |
| Net assets released from restrictions | <u>16,000</u> | <u>(16,000)</u> | <u>-</u> | <u>-</u> |
| Total public support and revenue | <u>261,970</u> | <u>1,878</u> | <u>263,848</u> | <u>328,640</u> |
| Expenses: | | | | |
| Program services | 166,308 | - | 166,308 | 139,574 |
| Supporting services: | | | | |
| Management and general | 54,417 | - | 54,417 | 27,249 |
| Fundraising | <u>17,053</u> | <u>-</u> | <u>17,053</u> | <u>18,798</u> |
| Total expenses | <u>237,778</u> | <u>-</u> | <u>237,778</u> | <u>185,621</u> |
| Change in net assets before unrealized gains (losses) on investments | 24,192 | 1,878 | 26,070 | 143,019 |
| Unrealized gains (losses) on investments | <u>(239,667)</u> | <u>(11,451)</u> | <u>(251,118)</u> | <u>74,487</u> |
| Change in net assets | (215,475) | (9,573) | (225,048) | 217,506 |
| Net assets at beginning of year | <u>1,365,373</u> | <u>101,762</u> | <u>1,467,135</u> | <u>1,249,629</u> |
| Net assets at end of year | <u>\$ 1,149,898</u> | <u>\$ 92,189</u> | <u>\$ 1,242,087</u> | <u>\$ 1,467,135</u> |

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

JUDSON ISD EDUCATION FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> | |
|-------------------------------------|-------------------|-----------------------------------|--------------------|-------------------|-------------------|
| | | | | <u>2022</u> | <u>2021</u> |
| Salaries and wages - in-kind | \$ 10,103 | \$ 10,102 | \$ 10,103 | \$ 30,308 | \$ 29,824 |
| Payroll taxes - in-kind | <u>5,051</u> | <u>5,052</u> | <u>5,051</u> | <u>15,154</u> | <u>14,912</u> |
| Total salaries and related expenses | <u>15,154</u> | <u>15,154</u> | <u>15,154</u> | <u>45,462</u> | <u>44,736</u> |
| Bank charges | - | 2,445 | - | 2,445 | 2,768 |
| Charitable contributions | 18,791 | - | - | 18,791 | - |
| Events | 13,824 | - | - | 13,824 | 2,666 |
| Fundraising | - | - | 1,899 | 1,899 | 3,886 |
| Insurance | - | 2,606 | - | 2,606 | - |
| Professional fees | - | 19,700 | - | 19,700 | 5,850 |
| Scholarships | 66,854 | - | - | 66,854 | 46,018 |
| Teaching grants | 47,594 | - | - | 47,594 | 43,795 |
| Office supplies | - | 6,012 | - | 6,012 | 3,719 |
| Bad debts | - | 8,500 | - | 8,500 | - |
| Other | <u>4,091</u> | <u>-</u> | <u>-</u> | <u>4,091</u> | <u>32,183</u> |
| Total expenses | <u>\$ 166,308</u> | <u>\$ 54,417</u> | <u>\$ 17,053</u> | <u>\$ 237,778</u> | <u>\$ 185,621</u> |

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

JUDSON ISD EDUCATION FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Years Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (225,048) | \$ 217,506 |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Realized and unrealized (gains) losses on investments | 222,896 | (148,521) |
| Changes in: | | |
| Accounts receivable | 5,500 | (3,200) |
| Prepaid expenses | 15,537 | (12,897) |
| Accounts payable | (6,670) | (7,710) |
| Deferred revenues | 15,650 | 1,000 |
| Net cash provided by operating activities | <u>27,865</u> | <u>46,178</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 1,468,891 | - |
| Purchase of investments | <u>(1,496,971)</u> | <u>(21,891)</u> |
| Net cash used by investing activities | <u>(28,080)</u> | <u>(21,891)</u> |
| | | |
| Net increase (decrease) in cash and cash equivalents | (215) | 24,287 |
| | | |
| Cash and cash equivalents at beginning of year | <u>149,655</u> | <u>125,368</u> |
| | | |
| Cash and cash equivalents at end of year | <u>\$ 149,440</u> | <u>\$ 149,655</u> |
| | | |
| Schedule of supplemental cash flow information: | | |
| Reconciliation of cash, cash equivalents, and restricted cash to statement of financial position: | | |
| Cash and cash equivalents | \$ 126,175 | \$ 125,541 |
| Restricted cash | <u>23,265</u> | <u>24,114</u> |
| Total cash, cash equivalents, and restricted cash | <u>\$ 149,440</u> | <u>\$ 149,655</u> |
| | | |
| Non-cash contributions: | | |
| Other contributions of non-financial assets and services (see Note 9) | <u>\$ 45,462</u> | <u>\$ 44,736</u> |

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

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1 NATURE OF ORGANIZATION

Judson ISD Education Foundation, Inc. (hereinafter referred to as the "Foundation") is a Texas not-for-profit foundation whose primary purpose is to encourage and foster community support for academic advancement of Judson ISD through scholarships, teacher grants and special projects and to perpetuate the academic advancement of all students of the Judson Independent School District located in Bexar County, Texas.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Comparative Financial Information

The financial information for the year ended December 31, 2021, presented for comparative purposes, is not intended to be a complete financial statement presentation. It is included to provide a basis for comparison with the year ended December 31, 2022.

Donated Services and Facilities

Noncash donations of services and facilities are recorded as contributed at their estimated fair values at the date of donation.

Expense Allocation

Expenses are charged to program services based on costs that can be directly identified as those costs associated with the program of the agency. Any expenses not directly chargeable are allocated to programs and supporting service classifications on the basis of management estimates.

Federal Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Revenue and Revenue Recognition

The Foundation recognizes revenue when earned. Program services fees and payments under cost-reimbursable contracts and grants received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

(Continued)

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue With and Without Donor Restrictions

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

The Foundation reports gifts of cash and other assets as restricted support 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 with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held to meet restrictions for purchase of property and equipment or payment of long-term debt. Cash that is restricted or designated in some manner is classified separately.

Investments

Investments are carried at market value for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or market value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Market risk could occur and is dependent on the future changes in the market price of the various investments held.

Assets Whose Use is Limited

Assets designated by the Board of Directors and assets limited as to use under term of the donor are classified as assets whose use is limited.

Change in Accounting Principle

Adoption of FASB ASC 842 (Leases)

Effective January 1, 2022, the Foundation adopted FASB ASC 842, *Leases*. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 did not have a material impact on the Foundation's financial statements.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

(Continued)

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Foundation's management has evaluated subsequent events through August 22, 2023, which is the date the financial statements were available to be issued.

3 ASSETS WHOSE USE IS LIMITED

Cash and investments, whose use is limited at December 31, 2022 and 2021, are summarized as follows:

| | 2022 | 2021 |
|---|--------------|--------------|
| By the Board of Directors: | | |
| Operations (Board-Designated Endowment) | \$ 1,041,166 | \$ 1,226,927 |
| By Donor: | | |
| JLA/GED Scholarships | 23,265 | 24,114 |
| William Paschell Endowment | 49,898 | 14,229 |
| Other Endowments | 16,195 | 60,919 |
| Total investments | \$ 1,130,524 | \$ 1,326,189 |

4 INVESTMENTS

The Foundation's investments consisted of the following at December 31, 2022 and 2021:

| | 2022 | | 2021 | |
|------------------------|--------------|--------------|--------------|--------------|
| | Market Value | Cost | Market Value | Cost |
| Money market funds | \$ 23,661 | \$ 23,661 | \$ 26,455 | \$ 26,455 |
| Exchange-traded funds: | | | | |
| Bond funds | 204,578 | 209,248 | 52,600 | 52,610 |
| Common equity funds | 124,253 | 123,354 | 721,488 | 545,049 |
| Mixed funds | - | - | 12,836 | 12,888 |
| Mutual funds: | | | | |
| Bond funds | 293,462 | 301,436 | 163,820 | 242,072 |
| Equity funds | 461,305 | 464,821 | 296,432 | 166,304 |
| Mixed funds | - | - | 28,444 | 22,519 |
| Total investments | \$ 1,107,259 | \$ 1,122,520 | \$ 1,302,075 | \$ 1,067,897 |

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes 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 prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At December 31, 2022 and 2021, the Foundation's investments consisted of publicly-traded mutual funds, exchange-traded funds, and money-market funds, which are reported at fair value using a Level 1 measure. Level 1 fair value estimates are based on quoted prices in active markets for identical assets or liabilities.

Mixed exchanged traded funds and mixed mutual funds invest in a variety of equity, debt, and derivative securities.

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

5 RECEIVABLES AND CREDIT RISK CONCENTRATION

Management analyzes aging of accounts receivable on a monthly basis. Accounts receivable are considered delinquent when they are over 30 days old. Payment trends by delinquent accounts are considered by management when estimating the allowance for doubtful accounts. At December 31, 2022 and 2021, management estimated the allowance for doubtful accounts to be \$-0-. Accounts determined to be uncollectible by management are initially charged to the allowance for doubtful accounts.

The Foundation maintains its cash balances in one financial institution located in San Antonio, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Foundation's cash balance was fully insured with federal depository insurance.

6 ENDOWMENT

Donations with donor restrictions to the endowment are to be held in perpetuity, and any earnings from this fund are to support the Foundation at management's discretion.

Interpretation of Relevant Law

The Foundation is subject to the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

Underwater Endowment Funds

From time to time, the fair value of investments associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA required the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2022 and 2021.

(Continued)

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment investments that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in a manner that is intended to produce results that equal or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Endowment funds over time are expected to provide a positive rate of return. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

There were no distributions of the invested funds made during the years ended December 31, 2022 and 2021.

Endowment net asset composition by type of fund as of December 31, 2022 and 2021 is as follows:

| | 2022 | | | |
|----------------------------------|----------------------------------|-------------------------|-----------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | | Total Endowment Net Assets |
| | | Purpose- Restricted | Corpus | |
| Board designated endowment funds | \$ 1,041,166 | \$ - | \$ - | \$ 1,041,166 |
| Donor-restricted endowment funds | - | 35,669 | 30,755 | 66,424 |
| | \$ 1,041,166 | \$ 35,669 | \$ 30,755 | \$ 1,107,590 |
| | 2021 | | | |
| | Without Donor Restrictions | With Donor Restrictions | | Total Endowment Net Assets |
| | | Purpose- Restricted | Corpus | |
| Board designated endowment funds | \$ 1,226,927 | \$ - | \$ - | \$ 1,226,927 |
| Donor-restricted endowment funds | - | 44,393 | 30,755 | 75,148 |
| | \$ 1,226,927 | \$ 44,393 | \$ 30,755 | \$ 1,302,075 |

(Continued)

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 ENDOWMENT (Continued)

Endowment investments had the following activity for the years ended December 31, 2022 and 2021:

| | 2022 | | | Total Endowment Net Assets |
|---|----------------------------------|---|------------------|----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions Purpose- Restricted | Corpus | |
| <i>Year Ended December 31, 2022:</i> | | | | |
| Endowment net assets, beginning of year | \$ 1,226,927 | \$ 44,393 | \$ 30,755 | 1,302,075 |
| Investment income, net of fees | 53,906 | 2,727 | - | 56,633 |
| Net appreciation (depreciation) | (239,667) | (11,451) | - | (251,118) |
| Amounts appropriated for expenditure | - | - | - | - |
| | <u>\$ 1,041,166</u> | <u>\$ 35,669</u> | <u>\$ 30,755</u> | <u>\$ 1,107,590</u> |
| | | | | |
| | 2021 | | | Total Endowment Net Assets |
| | Without Donor Restrictions | With Donor Restrictions Purpose- Restricted | Corpus | |
| <i>Year Ended December 31, 2021:</i> | | | | |
| Endowment net assets, beginning of year | \$ 1,066,350 | \$ 34,558 | \$ 30,755 | \$ 1,131,663 |
| Investment income, net of fees | 90,389 | 5,536 | - | 95,925 |
| Net appreciation (depreciation) | 70,188 | 4,299 | - | 74,487 |
| Amounts appropriated for expenditure | - | - | - | - |
| | <u>\$ 1,226,927</u> | <u>\$ 44,393</u> | <u>\$ 30,755</u> | <u>\$ 1,302,075</u> |

7 REVENUE AND SUPPORT CONCENTRATIONS

Revenue from special events totaled \$97,394 and \$143,633 for the years ended December 31, 2022 and 2021, respectively, which represents 37% and 44% of total revenue and support for each of those periods, respectively.

8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods:

| | 2022 | 2021 |
|--|------------------|-------------------|
| Subject to expenditure for specified purpose: | | |
| GED Graduation | \$ 100 | \$ 100 |
| JLA/GED Scholarship Fund | 23,165 | 24,014 |
| Superintendent Scholarship Fund | 2,500 | 2,500 |
| William Paschell Endowment | 35,669 | 44,393 |
| Original endowment gift amounts required by donor to be retained in perpetuity: | | |
| William Paschell Endowment | 14,229 | 14,229 |
| Other endowments | 16,526 | 16,526 |
| Net assets with donor restrictions | <u>\$ 92,189</u> | <u>\$ 101,762</u> |

(Continued)

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

8 NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors:

| | 2022 | 2021 |
|---|-----------|----------|
| Satisfaction of purpose restrictions: | | |
| JLA/GED scholarships | \$ 1,000 | \$ 1,000 |
| JISD Career & Technical Education | 10,000 | - |
| Veterans Memorial High School | 5,000 | - |
| Net assets released from donor restrictions | \$ 16,000 | \$ 1,000 |

9 DONATED SERVICES AND FACILITIES

The salary of the Executive Director for the Foundation is paid by Judson Independent School District, which is included as an in-kind unrestricted contribution and expense for the years ended December 31, 2022 and 2021, as follows:

| | 2022 | 2021 |
|--|-----------|-----------|
| In-kind salaries and benefits contribution | \$ 45,462 | \$ 44,736 |

The Foundation's policy related to gifts in-kind is to utilize the assets given to carry out the organization's mission where possible, and to monetize any assets given that do not relate directly to the organization's mission. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold as its fair market value as determined by appraisal or specialist depending on the type of asset.

10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for promises to give that are due in future years. The Foundation plans to keep cash and cash equivalents on hand that are adequate to cover two months of regular operating expenses and invests any surplus in a variety of investments that include mutual funds and corporate bonds.

| | |
|---|-------------|
| Cash and cash equivalents | \$ 126,175 |
| Investments | 1,107,259 |
| Financial assets at year end | 1,233,434 |
| Less those unavailable for general expenditure within one year, due to: | |
| Board-designated | (1,041,166) |
| Purpose restrictions | (61,434) |
| Restricted in perpetuity | (30,755) |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 100,079 |

(Continued)

JUDSON ISD EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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. At December 31, 2022, the Foundation has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 154 days of average operating expenses.

(Continued)