

SPECIAL EDUCATION FOUNDATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

To the Board of Directors of
Special Education Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Special Education Foundation, (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Special Education Foundation, as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Education Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in blue ink, appearing to read "Holt & Patterson, LLC", is written over a light blue horizontal line.

Holt & Patterson, LLC
Chesterfield, MO

January 6, 2023

**SPECIAL EDUCATION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 150,338	\$ 163,596
Investments, at fair value	534,846	651,303
Prepaid expenses	3,000	7,276
Total Current Assets	688,184	822,175
Total Assets	\$ 688,184	\$ 822,175
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 2,464	\$ 1,450
Refundable advances	98,335	79,507
Total Liabilities	100,799	80,957
Net Assets		
With donor restrictions:		
Purpose restricted	50,294	114,572
Total net assets with donor restrictions	50,294	114,572
Without donor restrictions:		
Board-designated	2,519	16,154
Undesignated	534,572	610,492
Total net assets with donor restrictions	537,091	626,646
Total Net Assets	587,385	741,218
Total Liabilities and Net Assets	\$ 688,184	\$ 822,175

**SPECIAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Fundraising events	\$ 361,129	\$ 10,000	\$ 371,129
Less: Costs of direct benefits to donors	<u>(56,857)</u>	<u>-</u>	<u>(56,857)</u>
Net revenue from fundraising events	304,272	10,000	314,272
Contributions	14,913	-	14,913
Grants	26,500	28,560	55,060
Grants - forgiveness of PPP loan	26,497	-	26,497
Investment return, net	(116,924)	(4,898)	(121,822)
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	97,940	(97,940)	-
Total Revenues, Support, and Gains	<u>353,198</u>	<u>(64,278)</u>	<u>288,920</u>
Expenses:			
Program Services	<u>201,505</u>	<u>-</u>	<u>201,505</u>
Supporting Activities:			
Management and general	133,224	-	133,224
Fundraising	<u>108,024</u>	<u>-</u>	<u>108,024</u>
Total Supporting Activities	<u>241,248</u>	<u>-</u>	<u>241,248</u>
Total Expenses	<u>442,753</u>	<u>-</u>	<u>442,753</u>
Change in Net Assets	<u>(89,555)</u>	<u>(64,278)</u>	<u>(153,833)</u>
Net Assets, Beginning of Year	<u>626,646</u>	<u>114,572</u>	<u>741,218</u>
Net Assets, End of Year	<u>\$ 537,091</u>	<u>\$ 50,294</u>	<u>\$ 587,385</u>

**SPECIAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Fundraising events	\$ 255,797	\$ 25,000	\$ 280,797
Less: Costs of direct benefits to donors	<u>(28,819)</u>	-	<u>(28,819)</u>
Net revenue from fundraising events	226,978	25,000	251,978
Contributions	13,908	-	13,908
Grants	38,750	174,384	213,134
Grants - forgiveness of PPP loan	29,208	-	29,208
Investment return, net	145,655	1,232	146,887
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>128,987</u>	<u>(128,987)</u>	<u>-</u>
Total Revenues, Support, and Gains	<u>583,486</u>	<u>71,629</u>	<u>655,115</u>
Expenses:			
Program Services	<u>319,335</u>	-	<u>319,335</u>
Supporting Activities:			
Management and general	54,298	-	54,298
Fundraising	<u>62,671</u>	-	<u>62,671</u>
Total Supporting Activities	<u>116,969</u>	-	<u>116,969</u>
Total Expenses	<u>436,304</u>	-	<u>436,304</u>
Change in Net Assets	<u>147,182</u>	<u>71,629</u>	<u>218,811</u>
Net Assets, Beginning of Year	<u>479,464</u>	<u>42,943</u>	<u>522,407</u>
Net Assets, End of Year	<u>\$ 626,646</u>	<u>\$ 114,572</u>	<u>\$ 741,218</u>

**SPECIAL EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Total Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Salaries and wages	\$ 43,670	\$ 47,890	\$ 43,440	\$ 91,330	\$ 135,000
Payroll taxes	2,385	3,574	3,179	6,753	9,138
Adaptive equipment	63,502	-	-	-	63,502
Bank fees	-	532	-	532	532
Fundraising events expenses	9,007	-	61,405	61,405	70,412
Hearing aids	16,005	-	-	-	16,005
Insurance	-	5,923	-	5,923	5,923
Market outreach	-	21,995	-	21,995	21,995
Meetings and subscriptions	-	959	-	959	959
Mini-grants and critical needs	13,168	-	-	-	13,168
Office expenses	-	3,548	-	3,548	3,548
Other expenses	-	624	-	624	624
Other program expenses	6,187	-	-	-	6,187
Printing	-	1,036	-	1,036	1,036
Professional fees	321	13,327	-	13,327	13,648
Rent	-	15,500	-	15,500	15,500
Scholarships and camperships	47,260	-	-	-	47,260
Technology	-	11,816	-	11,816	11,816
Temporary help	-	6,500	-	6,500	6,500
Total Expenses	\$ 201,505	\$ 133,224	\$ 108,024	\$ 241,248	\$ 442,753

**SPECIAL EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Total Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Salaries and wages	\$ 135,925	\$ 3,288	\$ 3,287	\$ 6,575	\$ 142,500
Payroll taxes	9,186	242	241	483	9,669
Adaptive equipment	39,936	-	-	-	39,936
Bank fees	-	723	-	723	723
Fundraising events expenses	-	-	58,843	58,843	58,843
Hearing aids	14,579	-	-	-	14,579
Insurance	-	5,616	-	5,616	5,616
Market outreach	-	19,730	-	19,730	19,730
Meetings and subscriptions	-	240	-	240	240
Mini-grants and critical needs	59,753	-	-	-	59,753
Office expenses	-	1,727	-	1,727	1,727
Other program expenses	66	-	-	-	66
Printing	-	1,135	-	1,135	1,135
Professional fees	79	14,081	-	14,081	14,160
Rent	11,400	300	300	600	12,000
Scholarships and camperships	41,411	-	-	-	41,411
Technology	-	7,216	-	7,216	7,216
Temporary help	7,000	-	-	-	7,000
Total Expenses	\$ 319,335	\$ 54,298	\$ 62,671	\$ 116,969	\$ 436,304

SPECIAL EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (153,833)	\$ 218,811
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Realized (gain) loss from investments	1,315	(73,060)
Unrealized (gain) loss from investments	129,284	(62,882)
(Increase) decrease in operating assets:		
Prepaid expenses	4,276	(1,276)
Accrued expenses	1,014	1,450
Refundable advances	18,828	50,459
Net cash provided by operating activities	884	133,502
 Cash Flows From Investing Activities		
Purchase of investments	(691,238)	(666,642)
Sales of investments	677,096	621,817
Net cash used in investing activities	(14,142)	(44,825)
 Net increase/decrease in cash and cash equivalents	(13,258)	88,677
 Cash and cash equivalents, beginning of year	163,596	74,919
 Cash and cash equivalents, end of year	\$ 150,338	\$ 163,596

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Organization

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

Basis of Presentation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash and cash equivalents.

Investments

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

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Fair Value Measurements

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

Carrying amounts of certain financial instruments such as cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable approximate fair value due to their short maturities or because the terms are similar to market terms. There have been no changes in the methodologies used at June 30, 2022.

Property and Equipment

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

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

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

<u>Classification</u>	<u>Years</u>
Office Equipment	5 - 7

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022.

Refundable Advances

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

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Support and Revenue

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

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. There was not donated equipment for the year ended June 30, 2022.

Donated Services

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

Functional Expense Allocation

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

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and payroll taxes	Time and effort
Fundraising costs	Time and effort
Professional fees	Time and effort

Revenue Recognition

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

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

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

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Fundraising events

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

Contributions / Grants

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

Income Taxes

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

The Foundation follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Foundation's returns for tax years 2019 and later remain subject to examination by taxing authorities.

Recent Accounting Pronouncement

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*, to improve the quality and comparability of financial reporting by providing greater transparency about leverage, the assets an entity uses in its operations, and the risks to which it is exposed from entering into leasing transactions. This ASU requires a lessee to recognize assets and liabilities for leases with lease terms of more than 12 months. A lessee will recognize a "right-of-use" (ROU) asset, representing its right to use the leased asset for the lease term, and lease liability, representing its obligation to make lease payments, in the balance sheet.

When determining a lease term, an entity should consider all relevant factors that create a significant economic incentive to exercise an option to extend, or not to terminate, the lease. An entity should include such an option in the calculation of the lease term only if it is reasonably certain that the lessee will exercise the option or will not terminate the lease. When measuring the lease asset and lease liabilities, the optional payments to purchase the underlying asset should be included if the lessee is reasonably certain to exercise that option. In addition, this ASU requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements as well as additional information about the amounts recorded in the financial statements. This ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2021. Based on preliminary analysis, the Foundation has not yet determined what impact, if any, the new guidance will have on its financial statements.

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2022	2021
Cash and cash equivalents	\$ 150,338	\$ 163,596
Investments	534,846	651,303
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year Total financial assets	\$ 685,184	\$ 814,899

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$130,000). As part of its liquidity plan, excess cash is held in the Foundation's checking account as needed. If cash on hand is not able to meet current obligations, the Foundation's investments, which are in mutual funds and are available for sale at any time, will be sold to cover any shortfall.

4. FAIR VALUE MEASUREMENTS

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

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.

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

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

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

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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

2022				
Fair Value Measurements				
	Total	Level 1	Level 2	Level 3
Investments				
Equity Stocks	\$ 318,072	\$ 318,072	\$ -	\$ -
Mutual Funds / ETFs	216,774	216,774	-	-
Total	<u>\$ 534,846</u>	<u>\$ 534,846</u>	<u>\$ -</u>	<u>\$ -</u>
2021				
Fair Value Measurements				
	Total	Level 1	Level 2	Level 3
Investments				
Equity Stocks	\$ 400,974	\$ 400,974	\$ -	\$ -
Mutual Funds / ETFs	250,329	250,329	-	-
Total	<u>\$ 651,303</u>	<u>\$ 651,303</u>	<u>\$ -</u>	<u>\$ -</u>

5. INVESTMENTS

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

2022			
	Amortized Cost	Unrealized Gains	Fair Value
Equity Stocks	\$ 342,071	\$ (23,999)	\$ 318,072
Mutual Funds	231,957	(15,183)	216,774
	<u>\$ 574,028</u>	<u>\$ (39,182)</u>	<u>\$ 534,846</u>
2021			
	Amortized Cost	Unrealized Gains	Fair Value
Equity Stocks	\$ 317,295	\$ 83,679	\$ 400,974
Mutual Funds	235,134	15,195	250,329
	<u>\$ 552,429</u>	<u>\$ 98,874</u>	<u>\$ 651,303</u>

6. PPP LOAN

On July 7, 2021, the Foundation was notified its PPP loan dated February 13, 2021 had been forgiven in full (including accrued interest) by the SBA. The total amount of principal and interest, \$26,400 and \$97, respectively, or \$26,497 in total, has been recognized as grant revenue in the accompanying statement of activities for the year ended June 30, 2022.

**SPECIAL EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	2022	2021
Adaptive equipment	\$ 11,204	\$ 74,706
Critical needs	7,096	12,974
Hearing aids	-	-
Program	31,334	26,232
Other	660	660
	\$ 50,294	\$ 114,572

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

	For the Year Ended June 30, 2022			Balance June 30, 2022
	Balance June 30, 2021	Additions	Deletions	
Subject to expenditure for specific purpose:				
Adaptive equipment	\$ 74,706	\$ -	\$ 63,502	\$ 11,204
Critical needs	12,974	5,222	11,100	7,096
Hearing aids	-	8,338	8,338	-
Program	26,232	20,102	15,000	31,334
Other	660	-	-	660
Total	\$ 114,572	\$ 33,662	\$ 97,940	\$ 50,294

	For the Year Ended June 30, 2021			Balance June 30, 2021
	Balance June 30, 2020	Additions	Deletions	
Subject to expenditure for specific purpose:				
Adaptive equipment	\$ 38,196	\$ 62,500	\$ 25,990	\$ 74,706
Critical needs	2,350	22,590	11,966	12,974
Hearing aids	1,737	12,500	14,237	-
Program	-	103,026	76,794	26,232
Other	660	-	-	660
Total	\$ 42,943	\$ 200,616	\$ 128,987	\$ 114,572

8. RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Bank Accounts

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

**SPECIAL EDUCATION FOUNDATION
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Investments

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

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

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2023, the date the financial statements were issued. No subsequent events necessitating financial statement recognition or disclosure was noted.