

Financial Statements

The Foundation of Palm Springs
Unified School District

June 30, 2022 and 2021

Maryanov Madsen Gordon & Campbell
CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Foundation of Palm Springs Unified School District

Opinion

We have audited the accompanying financial statements of The Foundation of Palm Springs Unified School District (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of The Foundation of Palm Springs Unified School District 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Foundation of Palm Springs Unified School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 The Foundation of Palm Springs Unified School District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors of
The Foundation of Palm Springs Unified School District

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

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 The Foundation of Palm Springs Unified School District'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 The Foundation of Palm Springs Unified School District'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.

Maryann Mader Gordon & Campbell

Palm Springs, CA
April 28, 2023

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 441,758	\$ 496,524
Investments	<u>2,334,737</u>	<u>2,749,574</u>
TOTAL ASSETS	<u>\$ 2,776,495</u>	<u>\$ 3,246,098</u>
	<u>LIABILITIES AND NET ASSETS</u>	
ACCOUNTS PAYABLE	<u>\$ 5,967</u>	<u>\$ -</u>
NET ASSETS		
Without donor restrictions	(280,045)	204,692
With donor restrictions	<u>3,050,573</u>	<u>3,041,406</u>
Total net assets	<u>2,770,528</u>	<u>3,246,098</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,776,495</u>	<u>\$ 3,246,098</u>

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

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 50,201	\$ 357,288	\$ 407,489
Grants	-	332,047	332,047
In-kind contributions	454,667	-	454,667
Investment earnings, net	(367,944)	-	(367,944)
Special events, net	-	16,944	16,944
Net assets released from restrictions	697,112	(697,112)	-
Total revenues	834,036	9,167	843,203
EXPENSES			
Program services			
Academics	328,131	-	328,131
Arts	190,641	-	190,641
Career/college readiness	378,436	-	378,436
Health and wellness	157,261	-	157,261
Total program services	1,054,469	-	1,054,469
Supporting services			
General and administration	218,944	-	218,944
Development	45,360	-	45,360
Total supporting services	264,304	-	264,304
Total expenses	1,318,773	-	1,318,773
CHANGE IN NET ASSETS	(484,737)	9,167	(475,570)
NET ASSETS, beginning of year	204,692	3,041,406	3,246,098
NET ASSETS, end of year	\$ (280,045)	\$ 3,050,573	\$ 2,770,528

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

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 31,998	\$ 260,267	\$ 292,265
Grants	-	78,150	78,150
In-kind contributions	298,090	50,521	348,611
Investment earnings, net	347,712	181,173	528,885
Special events, net	(2,139)	(1,807)	(3,946)
Net assets released from restrictions	343,698	(343,698)	-
Total revenues	1,019,359	224,606	1,243,965
EXPENSES			
Program services			
Academics	187,701	-	187,701
Arts	143,114	-	143,114
Career/college readiness	219,155	-	219,155
Health and wellness	42,632	-	42,632
Total program services	592,602	-	592,602
Supporting services			
General and administration	81,964	-	81,964
Development	78,495	-	78,495
Total supporting services	160,459	-	160,459
Total expenses	753,061	-	753,061
CHANGE IN NET ASSETS	266,298	224,606	490,904
NET ASSETS, beginning of year	(61,606)	2,816,800	2,755,194
NET ASSETS, end of year	\$ 204,692	\$ 3,041,406	\$ 3,246,098

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

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			Total
	Academics	Arts	Career/College Readiness	Health and Wellness	Total Program Services	General and Administration	Development	Total Supporting Services	
Advertising	\$ 392	\$ 98	\$ -	\$ 1,750	\$ 2,240	\$ 19,637	\$ -	\$ 19,637	\$ 21,877
Bank charges	-	-	-	113	113	24,430	-	24,430	24,543
Conferences	-	-	-	-	-	4,569	-	4,569	4,569
Consultants	402	59,070	840	2,323	62,635	1,200	-	1,200	63,835
Dues and subscriptions	-	-	-	-	-	13,607	-	13,607	13,607
Education and training	25,526	250	130,933	3,896	160,605	4,825	-	4,825	165,430
Equipment rental	-	8,040	25,935	172	34,147	215	-	215	34,362
Information technology	1,330	998	1,538	291	4,157	520	520	1,040	5,196
Installation and assembly	840	147	-	12,249	13,236	-	-	-	13,236
Materials and supplies	168,471	28,882	79,727	101,966	379,046	89,947	-	89,947	468,993
Meals and entertainment	5,661	2,783	893	896	10,233	6,299	-	6,299	16,532
Miscellaneous	-	-	-	-	-	473	-	473	473
Occupancy	8,960	6,720	10,360	1,960	28,000	3,500	3,500	7,000	35,000
Postage	-	-	-	-	-	12	-	12	12
Printing	1,265	715	1,397	724	4,101	3,322	-	3,322	7,423
Program expenses	-	201	2,661	7,770	10,632	88	-	88	10,720
Salaries, payroll expenses, and employee benefits	91,007	68,255	105,227	19,908	284,398	35,550	35,550	71,100	355,497
Taxes, licenses, and permits	-	-	-	-	-	200	-	200	200
Travel	9,453	2,987	1,785	-	14,225	223	-	223	14,448
Utilities	14,824	11,118	17,140	3,243	46,325	5,791	5,791	11,582	57,906
Website	-	377	-	-	377	4,536	-	4,536	4,913
Total expenses	<u>\$ 328,131</u>	<u>\$ 190,641</u>	<u>\$ 378,436</u>	<u>\$ 157,261</u>	<u>\$ 1,054,469</u>	<u>\$ 218,944</u>	<u>\$ 45,360</u>	<u>\$ 264,304</u>	<u>\$ 1,318,773</u>

DRAFT

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

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Supporting Services			
	Academics	Arts	Career/College Readiness	Health and Wellness	Total Program Services	General and Administration	Development	Total Supporting Services	Total
Advertising	\$ 196	\$ -	\$ 24	\$ -	\$ 220	\$ -	\$ 10,425	\$ 10,425	\$ 10,645
Bank charges	-	-	-	-	-	14,218	-	14,218	14,218
Conferences	-	-	-	-	-	-	228	228	228
Consultants	2,321	36,838	-	-	39,159	-	14,025	14,025	53,184
Dues and subscriptions	-	-	-	-	-	-	15,838	15,838	15,838
Education and training	7,055	2,520	139,578	-	149,153	22,723	-	22,723	171,876
Equipment rental	200	-	-	-	200	80	-	80	280
Materials and supplies	53,192	31,788	12,502	38,425	135,907	7,524	-	7,524	143,431
Meals and entertainment	2,986	-	-	-	2,986	477	3,283	3,760	6,746
Miscellaneous	-	-	-	-	-	2,602	-	2,602	2,602
Postage	-	-	-	-	-	109	-	109	109
Printing	-	133	1,271	-	1,404	4,318	-	4,318	5,722
Program expenses	460	2,413	-	71	2,944	-	-	-	2,944
Salaries, payroll expenses, and employee benefits	111,329	69,422	65,482	4,136	250,369	29,913	29,914	59,827	310,196
Travel	9,962	-	298	-	10,260	-	-	-	10,260
Website	-	-	-	-	-	-	4,782	4,782	4,782
Total expenses	<u>\$ 187,701</u>	<u>\$ 143,114</u>	<u>\$ 219,155</u>	<u>\$ 42,632</u>	<u>\$ 592,602</u>	<u>\$ 81,964</u>	<u>\$ 78,495</u>	<u>\$ 160,459</u>	<u>\$ 753,061</u>

DRAFT

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

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (475,570)	\$ 490,904
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Realized gain on investments	(27,660)	(69,552)
Unrealized (gain) loss on investments	423,639	(435,166)
In-kind revenue	(454,667)	(348,611)
In-kind expense	442,108	298,090
Changes in operating liabilities:		
Accounts payable	5,967	(8,426)
Total adjustments	<u>389,387</u>	<u>(563,665)</u>
Net cash used by operating activities	<u>(86,183)</u>	<u>(72,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(218,280)	(422,785)
Proceeds from investments	<u>249,697</u>	<u>515,656</u>
Net cash provided by investing activities	<u>31,417</u>	<u>92,871</u>
Net increase (decrease) in cash and cash equivalents	(54,766)	20,110
Cash and cash equivalents, beginning of year	<u>496,524</u>	<u>476,414</u>
Cash and cash equivalents, end of year	<u>\$ 441,758</u>	<u>\$ 496,524</u>

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

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Foundation of Palm Springs Unified School District (the Foundation) was formed on November 19, 2007. Charged as a 501(c)3 with providing a stream of external funds to schools within the District, The Foundation represents a public-private partnership dedicated to supplementing federal and state support of education. Working in collaboration with the Board of Education and Superintendent, the Foundation (1) helps to underwrite existing initiatives and pilot new initiatives that are unfunded or underfunded; (2) builds visibility of the District's needs among community stakeholders and potential donors, and (3) functions as the fiscal agent for external funds that come to the District, stewarding and providing fiduciary administration of such resources.

Basis of Accounting

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

Tax Exempt Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 23701(d) of the California Revenue and Taxation Code. As such, no provision has been made in the financial statements for income taxes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into cash and have original maturities of three months or less when purchased.

Concentration of Credit Risk

The Foundation maintains accounts at Wells Fargo, which at June 30, 2022 and 2021, and periodically throughout each year, were in excess of federally insured limits of \$250,000.

Continued

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk (Continued)

The Foundation also maintains investment accounts with Wells Fargo. The accounts contain cash and securities and sometimes exceed the amount guaranteed by the Securities Investor Protection Corporation (SIPC), which is \$500,000 for securities and cash (including a limit of \$250,000 for cash only). Accounts held in the same capacity are combined for purposes of the SIPC protection limits. The investment company maintains insurance to guarantee the Foundation's balances in excess of the amounts on deposit or invested.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Donated Assets

Donated investments, inventory, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated investments for the years ending June 30, 2022 and 2021 consisted of various stocks with a value of \$12,559 and \$50,521, respectively.

Net Asset Classification

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Continued

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification (Continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Foundation's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due.

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.

Donor-Imposed Restrictions

Contributions are generally available without donor restrictions in the year received unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the same reporting period in which they are received. Donor-imposed restrictions are considered to be satisfied when a stipulated time restriction ends, or a purpose restriction is accomplished.

Contributions with donor-imposed restrictions that are not satisfied within the reporting period received are reported as increases in net assets with donor restrictions. When a restriction is satisfied, 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. 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.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Foundation's programs, operations, and fundraising activities. The value of donated volunteer services is not reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

Continued

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include materials and supplies, printing, salaries, and others, which are allocated on the basis of estimates of time and effort.

Date of Management Evaluation

Management has evaluated subsequent events through April 28, 2023, the date on which the financial statements were issued, see Note 8.

NOTE 1: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 441,758	\$ 496,524
Investments	<u>2,334,737</u>	<u>2,749,574</u>
Total financial assets	2,776,495	3,246,098
Less those unavailable for general expenditures within one year:		
Investments restricted for endowment	<u>1,500,000</u>	<u>1,500,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,276,495</u>	<u>\$ 1,746,098</u>

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.

Investments include funds consisting of endowments with donor restrictions to be held in perpetuity.

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2: FAIR VALUE MEASUREMENTS

The Foundation determines the fair value of investments and other assets using a framework for measuring fair value, established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy inputs are described below:

- Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 inputs are unobservable and significant to the fair value measurement.

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.

At June 30, 2022 and 2021, all investments were measured at fair value on a recurring basis and were valued at Level 1 inputs (quoted prices in active markets for identical assets). Fair value for investments as of June 30, 2022 and 2021, was \$2,334,737 and \$2,749,574 respectively.

NOTE 3: INVESTMENTS

Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Fixed income	\$ 640,978	\$ 813,005
Equities	1,077,830	1,382,795
Alternatives	259,104	271,187
Real estate	<u>356,825</u>	<u>282,587</u>
	<u>\$ 2,334,737</u>	<u>\$ 2,749,574</u>

Continued

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3: INVESTMENTS (Continued)

Investment earnings consisted of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest	\$ 3,726	\$ 3,671
Dividends	64,103	49,176
Realized gain	27,660	69,552
Unrealized gain (loss)	(433,111)	435,166
Foreign tax	(580)	(333)
Investment expense	<u>(29,742)</u>	<u>(28,347)</u>
	<u>\$ (367,944)</u>	<u>\$ 528,885</u>

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted as follows at June 30:

	<u>2022</u>	<u>2021</u>
Academics	\$ 375,235	\$ 395,946
Arts	92,585	81,070
Career/college readiness	786,870	826,775
Health and wellness	<u>295,883</u>	<u>237,615</u>
	1,550,573	1,541,406
Endowment	<u>1,500,000</u>	<u>1,500,000</u>
	<u>\$ 3,050,573</u>	<u>\$ 3,041,406</u>

NOTE 5: ENDOWMENT FUNDS

The Foundation's endowment also includes donor-restricted funds to be held in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has a donor-restricted endowment of \$1,500,000 from the Galen Family Foundation for the purpose of supporting performing arts programs at Rancho Mirage High School as of June 30, 2022 and 2021.

Continued

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 5: ENDOWMENT FUNDS (Continued)

The Foundation has interpreted the state enacted Uniform Prudent Management of Institutional Fund Act (UPMIFA) 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. The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, 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 various funds, (2) the purpose of the donor-restricted endowment funds, (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, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted an investment policy, approved by the board of directors, for endowment assets that attempts to maintain the principle of the endowment while incurring the lowest possible risk. Therefore, the Foundation expects its endowment assets, over time, to exceed the rate of inflation. Actual returns in any given year may vary from this expectation. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to avoid exposing the fund to unacceptable levels of risk.

NOTE 6: CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Salaries, payroll expenses	\$ 231,643	\$ 247,569
Employee benefits	112,363	-
Information technology	5,196	-
Rent	35,000	-
Utilities	<u>57,906</u>	<u>-</u>
Total contributions of nonfinancial assets	<u>\$ 442,108</u>	<u>\$ 247,569</u>

Continued

DRAFT

THE FOUNDATION OF PALM SPRINGS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6: CONTRIBUTIONS OF NONFINANCIAL ASSETS (Continued)

The Organization recognized contributions of nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions, and the fair value is estimated on the basis of estimates of fair market values for purchasing similar products in the United States.

NOTE 7: RELATED PARTY TRANSACTIONS

The Foundation's purpose is to provide grants to programs within the Palm Springs Unified School District (the District) to enhance and expand the District's technology and fine arts programs. As a result of this affiliation, the District provides office space for the use of the Foundation. No value is recorded on the financial statements for the value of the office space provided. During the years ended June 30, 2022 and 2021, the Foundation provided grants to the District totaling \$697,112 and \$343,698, respectively.

The District provides support to the Foundation by covering certain operating expenses and costs incurred by the Foundation. During the years ended June 30, 2022 and 2021, the Foundation received in-kind support from the District totaling \$442,108 and \$247,561, respectively.

NOTE 8: UNCERTAINTIES

The ongoing COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity across the nation. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Foundation's operations and financial position. The Foundation was unable to continue performances or host fundraising events during the year ended June 30, 2021, however, they resumed performances and events in accordance with state and county mandates, to the extent possible, for the year ending June 30, 2022. The financial impact to the Foundation cannot be reasonably estimated at this time.

DRAFT