

SCHOOL DISTRICT 27J CAPITAL
FACILITY FEE FOUNDATION

Financial Statements As Of
June 30, 2023

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
School District 27J Capital Facility Fee Foundation:

Opinion

We have audited the accompanying financial statements of School District 27J Capital Facility Fee Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2023, 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 the Foundation as of June 30, 2023, and the changes in net assets and its cash flows for the year 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 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.

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Independent Auditors' Report (Continued)

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's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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'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.

Independent Auditors' Report (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

JDS Professional Group

October 4, 2023

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Statement Of Financial Position
As Of June 30, 2023

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ASSETS	
Cash and cash equivalents	\$ 125,348
Other receivables	5,880
Investments	<u>4,438,900</u>
TOTAL ASSETS	<u><u>\$ 4,570,128</u></u>
LIABILITIES AND NET ASSETS	
Net Assets:	
Net assets without donor restrictions	<u>4,570,128</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,570,128</u></u>

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

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Statement Of Activities
For The Year Ended June 30, 2023

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	<u>Without Donor Restrictions</u>
Revenue And Support:	
Contributions	\$ 750,962
Contributions of nonfinancial assets	36,167
Investment earnings	<u>24,049</u>
Total Revenue And Support	<u>811,178</u>
Expenses:	
Program services	200,000
Supporting services - General administration	<u>45,736</u>
Total Expenses	<u>245,736</u>
CHANGE IN NET ASSETS FROM OPERATIONS	565,442
Net Assets, Beginning Of Year	<u>4,004,686</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,570,128</u></u>

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

SCHOOL DISTRICT 27J CAPITAL FACILITIES FEE FOUNDATION

Statement Of Functional Expenses
For The Year Ended June 30,2023

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	<u>Program Services</u>	<u>General Administration</u>	<u>Total</u>
School construction	\$ 200,000	\$	\$ 200,000
Professional services		8,763	8,763
Other expenses		806	806
Salaries and related expenses		36,167	36,167
	<u>\$ 200,000</u>	<u>\$ 45,736</u>	<u>\$ 245,736</u>

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

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Statement Of Cash Flows
For The Year Ended June 30, 2023

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Cash flows from operating activities:	
Change in net assets from operations	\$ 565,442
Changes in operating assets and liabilities -	
Net gain on investments	31,699
Decrease in other receivables	1,040
Net cash provided by operating activities	<u>598,181</u>
Cash flows from investing activities:	
Purchases of investment	<u>(590,847)</u>
	<u>(590,847)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,334
Cash And Cash Equivalents, Beginning Of Year	<u>118,014</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 125,348</u>
Supplemental Cash Flow Information:	
Gift in-kind	<u>\$ 36,167</u>

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

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Notes To Financial Statements
For The Year Ended June 30, 2023

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(1) Nature Of Foundation

The School District 27J Capital Facility Fee Foundation (the “Foundation”) is a nonprofit organization whose purpose is to assist in the development, financing, and acquisition of educational facilities and expansion in School District 27J (“the District”), located in Brighton, Colorado.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

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

Basis Of Presentation

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 with donor restrictions as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consist of those items attributable to the Foundation’s ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Estimates

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

Cash And Cash Equivalents

The Foundation considers cash and cash equivalents to be cash on hand, and demand deposits with maturities of 90 days or less.

Fair Value Measurements

The Foundation follows *Fair Value Measurements* which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides 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). The three levels of the fair value hierarchy under the standard are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 to the valuation methodology are unobservable and significant to

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Notes To Financial Statements (Continued)

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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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

U.S. Treasuries: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of Deposit: Valued at cost plus accrued interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

The carrying amount reported in the statement of financial position for other receivables approximate fair value because of the immediate or short-term maturities of these financial instruments.

Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets; or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. The Foundation had no conditional promises to give as of June 30, 2023.

Donated services, goods and facilities which meet the criteria for recognition are

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Notes To Financial Statements (Continued)

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recorded in the accompanying financial statements at fair market value as of the date of donation.

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

Methods Used For Allocation Of Expenses From Management And General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. During the year ended June 30, 2023, all expenses were direct to the program or supporting services benefitted.

Evaluation Of Subsequent Events

The Foundation has performed an evaluation of subsequent events through October 4, 2023, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

The Foundation has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code except for amounts representing unrelated business income. The Foundation did not incur any unrelated business income during the year ended June 30, 2023.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Foundation is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2019. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Foundation believes no issues would arise.

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Notes To Financial Statements (Continued)

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(4) **Concentrations Of Credit Risk**

The Foundation's cash deposits are held at financial institutions at which deposits are insured up to \$250,000 per institution by the FDIC. As of June 30, 2023, no amounts were over the FDIC limit.

(5) **Investments**

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Fixed Income:				
Certificates of deposit	\$ 3,857,275	\$	\$	\$ 3,857,275
U.S. Treasuries	581,625			581,625
Total	<u>\$ 4,438,900</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,438,900</u>

(6) **Contributed Nonfinancial Assets**

Gifts-In-Kind

The Foundation received gifts-in-kind for the year ended June 30, 2023 consisted of salaries and related expenses in the amount of \$36,167.

During the year ended June 30, 2023, all gifts-in-kind were utilized to carry out the mission of School District 27J. The salaries and related expenses were valued and reported at the actual salaries, payroll taxes and benefits incurred by School District 27J for the portion of the applicable employees that provide services to the Foundation (Note 8).

SCHOOL DISTRICT 27J CAPITAL FACILITY FEE FOUNDATION

Notes To Financial Statements (Continued)

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(7) **Liquidity And Availability Of Financial Assets**

The following represents the Foundation's financial assets as of June 30, 2023:

Financial assets, at year end	
Cash and cash equivalents	\$ 125,438
Other receivables	5,880
Investments	<u>4,438,900</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,570,218</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.

(8) **Related Party Transactions**

The Foundation is affiliated with School District 27J. During the year ended June 30, 2023, the Foundation received an in-kind contribution from School District 27J in the amount of \$36,167 for salaries and related expenses during the year end June 30, 2023 (Note 6). Additionally, \$200,000 was incurred relative to the construction and development of facilities and expansion in School District 27J.