

**LOWELL AREA SCHOOLS EDUCATION FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**



Vredeveld Haefner LLC  
CPAs and Consultants

# LOWELL AREA SCHOOLS EDUCATION FOUNDATION

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### Independent Accountants' Review Report

December 5, 2024

Board of Directors  
Lowell Area Schools Education Foundation  
Lowell, Michigan

We have reviewed the accompanying financial statements of the Lowell Area Schools Education Foundation (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### Management's Responsibility for the Financial Statements

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

#### Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Lowell Area Schools Education Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

#### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Vredeveld Haefner LLC*

# LOWELL AREA SCHOOLS EDUCATION FOUNDATION

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

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<b>Assets</b>	
Cash and cash equivalents	\$ 58,751
Mutual fund	171,912
Beneficial interest in assets held by others (spendable)	89,863
Beneficial interest in assets held by others	124,217
Cash held for others	21,799
Land	<u>1</u>
<b>Total assets</b>	<b><u><u>\$ 466,543</u></u></b>
<b>Liabilities and net assets</b>	
<b>Liabilities</b>	
Scholarships payable	<u>21,799</u>
<b>Net assets</b>	
Without donor restrictions:	
Undesignated	<u>317,667</u>
With donor restrictions:	
Perpetual in nature	124,217
Purpose restrictions	<u>2,860</u>
	<u>127,077</u>
<b>Total net assets</b>	<b><u>444,744</u></b>
<b>Total liabilities and net assets</b>	<b><u><u>\$ 466,543</u></u></b>

See accompanying notes and accountants' review report.

# LOWELL AREA SCHOOLS EDUCATION FOUNDATION

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Grants	\$ 25,000	\$ -	\$ 25,000
Contributions	10,642	1,260	11,902
Change in market value of investments	21,788	23,126	44,914
Interest earnings on investments	98	-	98
Net assets released from restrictions	7,315	(7,315)	-
	<b>64,843</b>	<b>17,071</b>	<b>81,914</b>
<b>Expenses</b>			
Program services	24,827	-	24,827
Management and general	5,017	-	5,017
Fundraising	-	-	-
	<b>29,844</b>	<b>-</b>	<b>29,844</b>
<b>Change in net assets</b>	<b>34,999</b>	<b>17,071</b>	<b>52,070</b>
Net assets, beginning of year	282,668	110,006	392,674
<b>Net assets, end of year</b>	<b>\$ 317,667</b>	<b>\$ 127,077</b>	<b>\$ 444,744</b>

See accompanying notes and accountants' review report.

**LOWELL AREA SCHOOLS EDUCATION FOUNDATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2024**

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**Cash flows from operating activities**

Cash collected from donors and fundraisers	\$ 36,902
Cash paid for program services	(25,772)
Cash paid for management expenses	(5,017)
Dividend and interest income	98

**Net cash provided by (used in) operating activities** 6,211

**Net increase (decrease) in cash and cash equivalents** 6,211

Cash and cash equivalents, beginning of year 74,339

**Cash and cash equivalents, end of year** \$ 80,550

**Cash and cash equivalents are included in the following captions on the statement of financial position:**

Cash and cash equivalents	\$ 58,751
Cash held for others	21,799
	<u><u>\$ 80,550</u></u>

See accompanying notes and accountants' review report.

# LOWELL AREA SCHOOLS EDUCATION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### ***Nature of Organization and Mission***

The mission of the Lowell Area Schools Foundation (the "Foundation") is to provide financial support for learning and programs for students at Lowell Area Schools. The Foundation provides opportunity for supporters to give gifts during and beyond their lifetimes, and organizes activities to promote and aid the Lowell Area Schools in continuing to provide quality education.

#### ***Donated Services***

No amounts for donated services have been reflected in the financial statements as they do not meet the criteria for recording under generally accepted accounting principles. A substantial number of volunteers have made significant contributions of their time to develop and implement the Foundation's program.

#### ***Use of Estimates***

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

#### ***Basis of Presentation***

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to two classes of net assets depending on the existence or absence of donor-imposed restrictions: without donor restrictions and with donor restrictions.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits in banks, certificates of deposit, and money market accounts. The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Foundation maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes that the Foundation is not exposed to any significant interest rate or other risk on these deposits.

#### ***Beneficial Interest in Assets Held by Others***

The Foundation established a fund with the Grand Rapids Community Foundation that is composed of amounts designated as endowment assets by the Foundation's governing board. Variance power remains with the administrator of the Grand Rapids Community Foundation. Distributions of unrestricted amounts will be made as the Grand Rapids Community Foundation deems appropriate.

In addition, the Foundation maintains a separate account with the Grand Rapids Community Foundation to allow for direct contributions on the Foundation's behalf, valued at \$30,672 as of June 30, 2024. While such contributions are earmarked for the Foundation, they do not meet criteria for recognition in the accompanying financial statements in accordance with Generally Accepted Accounting Principles.

#### ***Cash Held for Others and Scholarships Payable***

Cash held for others and scholarships payable consist of unspent cash that the Foundation is holding on behalf of other organizations for scholarships. This cash is used at the direction of the sending organization.

# LOWELL AREA SCHOOLS EDUCATION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### **Land**

Land consists of 34.9 acres of unimproved real estate in Vergennes Twp., MI, which was donated to the foundation in 2001 with a covenant restricting any future improvements for development purposes or uses, other than what existed at the date of donation. It is encumbered by a walking trail easement and is land locked, therefore, it has no readily available market value and is reported on the balance sheet at \$1 and is considered permanently restricted.

### **Promises to Give and Public Support**

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a 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.

### **Income Taxes**

Lowell Area Schools Education Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from similar state and local taxes. As of June 30, 2024, the years 2021 through 2024 remain subject to examination by major tax jurisdictions. The Foundation has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements.

### **Subsequent Events**

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to June 30, 2024 and through the accountants' report date, the date the financial statements were available to be issued. No such events or transactions were identified.

## **2. FAIR VALUE MEASUREMENTS**

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value at June 30, 2024.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest asset	\$ -	\$ -	\$214,080	\$214,080
Mutual funds	171,912	-	-	171,912
Total	<u>\$171,912</u>	<u>\$ -</u>	<u>\$214,080</u>	<u>\$385,992</u>

Fair value is defined by generally accepted accounting principles as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.



# LOWELL AREA SCHOOLS EDUCATION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2024**

Changes in Level 3 assets and liabilities measured at fair value on a recurring basis were as follows:

	<b>Level 3</b>
Balance as of July 1, 2023	\$191,353
Total realized and unrealized gains	22,727
Balance as of June 30, 2024	<b>\$214,080</b>

Realized and unrealized gains noted in the above schedule are included in the total change in market value of investments reported in the statement of activities.

In addition to defining fair value, accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - inputs are unadjusted quoted market prices in active markets for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - inputs to the valuation methodology include:

- a. quoted prices for similar assets and liabilities in active markets
- b. quoted prices for identical or similar assets and liabilities in markets that are not active
- c. other inputs that are observable or can be corroborated by observable market data
- d. inputs that are derived 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 are generally unobservable and significant to the fair value measurement. Such inputs typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

### 3. LIQUIDITY AND AVAILABILITY

The Foundation has a policy to target a year-end balance of reserves from net assets without donor restrictions to meet at least one year of expected expenditures. During the year ended June 30, 2024, the level of liquidity and reserves was managed within the policy requirements.

The Foundation has financial assets available within one year of the statement available for general expenditures for the year ended June 30, as follows:

	<b>2024</b>
Current financial assets	\$ 466,543
Less those unavailable for general expenditure due to donor specified purpose restrictions	(127,077)
Less scholarships payable	(21,799)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 317,667</b>

**LOWELL AREA SCHOOLS EDUCATION FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED JUNE 30, 2024***

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**4. SCHOLARSHIPS PAYABLE**

The Foundation acts as fiduciary and administrator of a fund designated for scholarships, and does not have grant making authority from this fund. The cash balance and liability of \$21,799 have been recognized in the Foundation's financial statements.

**5. EXPENSES BY FUNCTION AND NATURE**

The table below presents expenses by both their nature and function for the year ended June 30.

	<b><u>Program Services</u></b>	<b><u>Management &amp; General</u></b>
Grants	\$24,827	\$ -
Dues and subscriptions	-	2,288
Legal and accounting	-	2,000
Insurance	-	175
Postage	-	280
Meeting expenses	-	83
Printing and copying	-	117
Miscellaneous	-	74
	<b><u>\$24,827</u></b>	<b><u>\$5,017</u></b>