

**FOUNDATION
FOR THE FUTURE**
MENLO-ATHERTON HIGH SCHOOL

**Financial Statements
July 31, 2024
(With summarized comparative totals for July 31, 2023)**

**Together with
Independent Auditors' Report**

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
FUTURE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Menlo-Atherton High School Foundation for the Future
Atherton, California

Opinion

We have audited the financial statements of Menlo-Atherton High School Foundation for the Future (the "Foundation"), which comprise the statement of financial position as of July 31, 2024, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year 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 the Foundation as of July 31, 2024, and the changes in its 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 ("GAAS"). 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 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's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of the
Menlo-Atherton High School Foundation for the Future
Atherton, California

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 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 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.
- 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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of the
Menlo-Atherton High School Foundation for the Future
Atherton, California

Report on Summarized Comparative Information and Other matter

The financial statements of the Foundation for the year ended July 31, 2023, before the restatement described in Note 12, were audited by another auditor whose report dated December 1, 2023 expressed an unmodified opinion on those statements. The summarized information presented herein as of and for the year ended July 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.


San Jose, California
December 5, 2024

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
FUTURE

Statements of Financial Position

July 31, 2024

(With summarized comparative totals for July 31, 2023)

	July 31,	
	2024	2023 <i>(Restated)</i>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 19,544	\$ 974,667
Investments	4,465,535	3,677,931
Accrued investment income	9,779	18,195
Pledges receivable, net	38,767	80,426
Prepaid expenses	1,484	522
Total assets, all current	\$ 4,535,109	\$ 4,751,741
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Grants payable and other liabilities	\$ 42,188	\$ 858,545
Total liabilities, all current	42,188	858,545
Net assets:		
Without donor restrictions	2,327,394	2,035,244
With donor restrictions:		
Subject to passage of time	35,000	14,000
Endowment funds	2,130,527	1,843,952
Total net assets	4,492,921	3,893,196
Total liabilities and net assets	\$ 4,535,109	\$ 4,751,741

The accompanying notes are an integral part of these financial statements

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
FUTURE**

Statements of Activities and Changes in Net Assets

For the Year Ended July 31, 2024

(With summarized comparative totals for the year ended July 31, 2023)

	2024			2023 Totals <i>(Restated)</i>
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Contributions	\$ 2,070,769	\$ 103,177	\$ 2,173,946	\$ 2,752,619
In-kind contributions	11,575	-	11,575	51,500
Special events, net	144,018	-	144,018	117,768
Investment income, net	126,020	288,705	414,725	150,080
	2,352,382	391,882	2,744,264	3,071,967
Net assets released from restrictions	84,307	(84,307)	-	-
Total revenue and support	2,436,689	307,575	2,744,264	3,071,967
EXPENSES				
Program services	1,889,329	-	1,889,329	1,917,283
Management and general	178,509	-	178,509	102,601
Fundraising	76,701	-	76,701	141,360
Total expenses	2,144,539	-	2,144,539	2,161,244
Change in net assets	292,150	307,575	599,725	910,723
Net assets, beginning of year	2,035,244	1,857,952	3,893,196	2,982,473
Net assets, end of year	\$ 2,327,394	\$ 2,165,527	\$ 4,492,921	\$ 3,893,196

The accompanying notes are an integral part of these financial statements

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

Statements of Functional Expenses

For the Year Ended July 31, 2024

(With summarized comparative totals for the year ended July 31, 2023)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Totals</u>	<u>2023 Totals (Restated)</u>
Salaries and benefits	\$ -	\$ 92,563	\$ 61,709	\$ 154,272	\$ 151,164
Payroll taxes	-	7,077	4,718	11,795	10,707
Total salaries and related expenses	-	99,640	66,427	166,067	161,871
Awards and grants	1,889,329	-	-	1,889,329	1,858,962
Professional services	-	28,052	-	28,052	29,611
Bank and merchant fees	-	19,785	-	19,785	18,240
Occupancy	-	5,400	3,600	9,000	10,800
Stewardship	-	8,510	-	8,510	24,529
Supplies	-	6,008	1,742	7,750	3,575
Insurance	-	6,153	-	6,153	7,833
Advertising	-	-	2,887	2,887	3,436
Digital service subscriptions	-	2,516	2,045	4,561	4,596
Other miscellaneous expenses	-	2,445	-	2,445	37,791
Total expenses	<u>\$ 1,889,329</u>	<u>\$ 178,509</u>	<u>\$ 76,701</u>	<u>\$ 2,144,539</u>	<u>\$ 2,161,244</u>

The accompanying notes are an integral part of these financial statements

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
FUTURE

Statements of Cash Flows

For the Year Ended July 31, 2024

(With summarized comparative totals for the year ended July 31, 2023)

	July 31,	
	2024	2023 <i>(Restated)</i>
Cash flows from operating activities:		
Change in net assets	\$ 599,725	\$ 910,723
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in present value discount of pledges receivable	(1,728)	1,728
Realized and unrealized gains on investments, net	(301,054)	(104,518)
Changes in operating assets and liabilities:		
Accrued investment income	8,416	(19,930)
Pledges receivable	43,387	(82,154)
Prepaid expenses	(962)	(522)
Grants payable and other liabilities	(816,357)	829,003
Net cash provided (used) by operating activities	(468,573)	1,534,330
Cash flows from investing activities:		
Purchases of investments	(1,982,888)	(1,873,658)
Proceeds from sale of investments	1,496,338	85,810
Net cash used by investing activities	(486,550)	(1,787,848)
Decrease in cash and cash equivalents	(955,123)	(253,518)
Cash, beginning of year	974,667	1,228,185
Cash, end of year	\$ 19,544	\$ 974,667

The accompanying notes are an integral part of these financial statements

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
FUTURE**

Notes to Financial Statements

July 31, 2024

Note 1 - Foundation and operations:

Menlo-Atherton High School Foundation for the Future (the "Foundation") unites current parents, grandparents, parents of graduates, alumni, community members, businesses, and foundations to support excellence in education at Menlo-Atherton High School. Founded in 1992, the Foundation has funded vital academic programs that have steadily improved student performance. Designated a California Distinguished School multiple times, Menlo-Atherton High School is among the top-ranked high schools in the country.

The generous support of its donors advances the Foundation's goal of providing a better educational experience for every Menlo-Atherton High School student by funding smaller class sizes, expanded course offerings, professional development for our teachers, college and career prep, and essential programs and services.

Major programs and descriptions are as follows:

Smaller Class Sizes - The Foundation improves the classroom experience with funding for class-size reduction.

Strong and Broad Curriculum - The Foundation works to preserve and expand Menlo-Atherton High School's diverse curriculum with funding for electives, educational equipment, and other enrichment programs for the classroom.

Excellent Teachers - The Foundation invests in outstanding teaching through professional development and recognition.

College and Career Success - The Foundation provides funding for excellent college and career preparation.

Critical Programs - The Foundation provides vital student support programs to ensure student success.

Partnership for Success - The Foundation provides an on-campus presence for proven programs and community-based organizations delivering services for under resourced, disadvantaged, and at-risk students.

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements are prepared on the accrual basis of accounting, which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
FUTURE**

Notes to Financial Statements

July 31, 2024

Note 2 - Summary of significant accounting policies:

Basis of presentation - The Foundation presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - net assets which are available to support all activities of the Foundation without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. The Foundation has elected to report any restricted revenue received in the current year for which the restrictions have been met in the current year as an increase in without donor restrictions.
- *With donor restrictions* - net assets which are subject to donor-imposed restrictions that will be met rather by actions of the Foundation or the passage of time. Also, included in this category are net assets restricted by the donor for investment in perpetuity, such as endowments. The income from such invested assets is available to support the activities of the Foundation.

It has been the policy of the Foundation that donations are available for unrestricted use unless specifically restricted by the donor. The only beneficiaries of contributions to the Foundation are the Sequoia Union High School District, Menlo-Atherton High School, and affiliates.

Use of estimates - The preparation of financial statements 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 income and expenses during the reporting period. Actual results could differ from these estimates.

Investments - The Foundation's investments are valued in accordance with generally accepted accounting principles ("GAAP"), including Fair Value Measurements. The Foundation's investments include cash and cash equivalents held for investment purpose, marketable securities, and United States Treasury Securities. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Foundation's fiscal year. Contributions of investments are recorded at quoted market prices at the date of donation and are sold as soon as reasonably possible. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur as part of net assets without restrictions or as net assets with restrictions as appropriate. Realized gains or losses resulting from sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned.

The Foundation may have risk associated with its concentration of investments in one geographic region and in certain industries.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 2 - Summary of significant accounting policies:

Pledges receivable - Pledges receivable are either unconditional or conditional. Unconditional pledges are pledges that depend only on the passage of time or the demand by the promisor for performance. A conditional pledge receivable is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges receivables represent the remaining pledges due from the donors who have pledged funds to the Foundation for use in its programs. There were no conditional pledges for the years ended July 31, 2024 and 2023. Promises to give that are expected to be collected after one year are reported at present value based on the collectability of the pledge and the timing of the expected cash flows. For the year ended July 31, 2024, there was no associated present value discount recorded for pledges receivable as all amounts are expected to be collected within one year. For the year ended July 31, 2023, the Foundation recorded a present value discount on pledges receivable of approximately \$2,000 for amounts expected to be collected in greater than one year from the pledge date. An allowance for credit losses for uncollectible pledges has been established based on management's best estimates. As of July 31, 2024 and 2023, the Foundation did not record an allowance for credit losses as all pledges receivable are expected to be collected.

Prepaid expenses - Prepaid expenses include payments for insurance, software, and other program related activities.

Grants payable and other liabilities - Grants are made in accordance with the Foundation's mission. Unconditional grants that are expected to be paid after one year are evaluated at a discount rate as determined by the federal interest free rate valid for the year the grant was pledged and are stated at their net present value. Such present value reserves are recorded only if material to the financial statements. All grants payable are expected to be paid within one year and therefore no present value discount has been applied. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants as of July 31, 2024 and 2023.

Revenue recognition - Revenue from exchange transactions: In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, the Foundation recognizes revenue upon the transfer of goods or services to a customer at an amount that reflects the expected consideration to be received in exchange for those goods or services. The principles in ASC 606 are applied using the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Foundation satisfies its performance obligation(s). The Foundation recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 2 - Summary of significant accounting policies:

Revenue recognition (continued) -

Special events - The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Foundation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is delivery of the event. The event fee is set by the Foundation. FASB ASC 606 requires allocation of the transaction price to the performance obligation(s). The Foundation's special event expenses are presented in net terms. For the years ended July 31, 2024 and 2023, management determined that special event expenses with direct donor benefits were immaterial.

Contribution revenue - The Foundation recognizes contributions when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal year. When the restriction is met on a contribution received in a prior fiscal year, the amount is shown as a reclassification of net assets with restrictions to net assets without donor restrictions. These contributions are generally expected to be collected in one year.

In-kind contributions - Significant donated facilities and materials are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The facilities and materials are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal markets considering their condition and utility for use at the time the facilities and materials are contributed by the donor. Materials are not sold and are only distributed for program use. Unless otherwise noted, contributed materials did not have donor restrictions.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated, principally on a direct cost basis, among the classifications. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and benefits, which are allocated on the estimated basis of time spend annually for the employee. Expenses that are truly shared by all supporting functions of the Foundation, including occupancy and payroll taxes services are allocated based in accordance with the salaries and benefits allocation.

Fair value of financial instruments - Unless indicated otherwise, the fair values of all reported assets and liabilities approximate the carrying values of such amounts.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 2 - Summary of significant accounting policies (continued):

Tax-exempt status - The Foundation is exempt from taxes on income under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Board code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Management is not aware of any unrelated business income that would subject the Foundation to Federal or State income tax.

Accounting for uncertainty in income taxes - The Foundation evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of July 31, 2024, management did not identify any uncertain tax positions.

Concentration of credit risk - Financial instruments that potentially subject the Foundation to credit risk consist primarily of uninsured cash and cash equivalents, investments, and accounts receivable. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts may exceed Federal Deposit Insurance Corporation (“FDIC”) limits.

The Foundation manages this risk by maintaining deposits in high quality institutions. Additionally, any receivables that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. It is the Foundation’s opinion that it is not exposed to any significant credit risks.

Pledges receivable concentrations - The Foundation’s pledges receivable due from donors at July 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Donor A	79%	40%
Donor B	21%	20%
Donor C	Less than 10%	40%

Contribution revenue concentration - For the years ended July 31, 2024 and 2023, there were no donors who comprised greater than 10% of the Foundation’s contribution revenues.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 2 - Summary of significant accounting policies (continued):

Advertising - Advertising costs are expensed as incurred. Advertising expense for the years ended July 31, 2024 and 2023 was approximately \$3,000 in both years.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. These reclassifications have no effect on the previously reported change in net assets.

Endowment accounting and interpretation of relevant law - The Foundation has an established endowment, whereby only the income earned from its investments was to be used for its philanthropic endeavors, with the principal to be left to accumulate in perpetuity. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Comparative totals - The statements of activities and changes in net assets include certain prior year summarized comparative information in total but not by net asset class and fund as presented for the current year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended July 31, 2023, from which the summarized information was derived.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued and it has been determined that no material subsequent events require an estimate to be recorded as of July 31, 2024.

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 3 - Liquidity and availability of financial assets:

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows, as of July 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash	\$ 19,544	\$ 974,667
Investments	4,465,535	3,677,931
Accrued investment income	9,779	18,195
Pledges receivable, net	<u>38,767</u>	<u>80,426</u>
Total financial assets	4,533,625	4,751,219
Less amounts unavailable for general expenditures within one year, due to:		
Subject to passage of time	(35,000)	(14,000)
Endowment funds	<u>(2,130,527)</u>	<u>(1,843,952)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,368,098</u>	<u>\$ 2,893,267</u>

The Foundation is substantially supported by contributions. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations as they become due.

Note 4 - Investments:

The Foundation follows the provisions of the Fair Value Measurements and Disclosure Topic of the FASB ASC. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, The Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 4 - Investments (continued):

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

At July 31, 2024 and 2023, the Foundation was invested in Level 1 investments and had no investment in Level 2 and Level 3 inputs. The Foundation's investments at July 31 were as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 37,217	\$ 344,997
Fixed income	1,891,715	995,196
Exchange traded funds	2,068,983	1,588,923
Mutual funds	467,620	748,815
Total investments	<u>\$ 4,465,535</u>	<u>\$ 3,677,931</u>

The following schedule summarizes total investment returns as of July 31:

	<u>2024</u>	<u>2023</u>
Unrealized gains	\$ 283,503	\$ 104,797
Realized gains (losses)	17,551	(279)
Dividends and interest income	118,763	46,161
Less investment fee	(5,092)	(599)
Total investment income, net	<u>\$ 414,725</u>	<u>\$ 150,080</u>

Note 5 - Grants payable and other liabilities:

Grants payable and other liabilities consisted of the following as of July 31:

	<u>2024</u>	<u>2023</u>
Grants payable	\$ 42,038	\$ 858,405
Accrued expenses	150	140
Total accounts payable and other liabilities	<u>\$ 42,188</u>	<u>\$ 858,545</u>

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 6 - Net assets with donor restrictions:

Net assets with donor restrictions and amounts released from restriction were as follows for the year ended July 31, 2024:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
<i>Subject to expenditure through</i>				
<i>Passage of time:</i>				
Future year donor pledges	\$ 14,000	\$ 35,000	\$ (14,000)	\$ 35,000
<i>Endowment funds:</i>				
Perpetual in nature	1,323,471	68,177	-	1,391,648
Subject to expenditure	520,481	288,705	(70,307)	738,879
Total endowment funds	<u>\$ 1,843,952</u>	<u>\$ 356,882</u>	<u>\$ (70,307)</u>	<u>\$ 2,130,527</u>

Net assets with donor restrictions and amounts released from restriction were as follows for the year ended July 31, 2023:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
<i>Subject to expenditure through</i>				
<i>Passage of time:</i>				
Future year donor pledges	\$ -	\$ 14,000	\$ -	\$ 14,000
<i>Endowment funds:</i>				
Perpetual in nature	807,721	515,750	-	1,323,471
Subject to expenditure	470,199	110,153	(59,871)	520,481
Total endowment funds	<u>\$ 1,277,920</u>	<u>\$ 625,903</u>	<u>\$ (59,871)</u>	<u>\$ 1,843,952</u>

Net assets with donor restrictions in perpetuity consist of endowment fund investments that represent the principal amounts of gifts accepted with donor stipulation that the principal be maintained intact in perpetuity, with only the income to be utilized for operations.

**MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE
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Notes to Financial Statements

July 31, 2024

Note 7 - Endowments:

The Foundation's endowment was established in 2012; additional contributions have been made since the fund was established. The Board of Directors of the Foundation has interpreted the 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. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (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 the 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 fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

The Endowment fund contains restricted net assets held in perpetuity, which represent funds received from resources in which the principal must be maintained intact in perpetuity. Interest income, dividends and net realized and unrealized gains on the invested principal can be used in accordance with the endowment trust documents or donor restrictions. Certain costs of raising contributions and of maintaining the endowment assets are to be paid out of cumulative gains on investment earnings, which are included in net assets with restrictions.

Endowment net assets and changes in endowment net assets consisted of the following at July 31, 2024:

	<u>Subject to Expenditure</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning	\$ 520,481	\$ 1,323,471	\$ 1,843,952
Endowment investments return	288,705	-	288,705
Donor contributions	-	68,177	68,177
Less: appropriations	<u>(70,307)</u>	<u>-</u>	<u>(70,307)</u>
Endowment net assets, ending	<u>\$ 738,879</u>	<u>\$ 1,391,648</u>	<u>\$ 2,130,527</u>

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Note 7 - Endowments (continued):

Endowment net assets and changes in endowment net assets consisted of the following at July 31, 2023:

	Subject to Expenditure	Perpetual in Nature	Total
Endowment net assets, beginning	\$ 470,199	\$ 807,721	\$ 1,277,920
Endowment investments return	110,153	-	110,153
Donor contributions	-	515,750	515,750
Less: appropriations	(59,871)	-	(59,871)
Endowment net assets, ending	\$ 520,481	\$ 1,323,471	\$ 1,843,952

Return objectives and risk parameters: The primary objective for the management of Endowment funds is to provide annual revenues to the Foundation to support the Foundation’s mission and to preserve and enhance the purchasing power of the endowment fund assets. The long-term investment objectives for the management of the endowment funds are to attain an inflation adjusted total return at least equal to the spending rate, measured over ten years, and to earn returns in excess of benchmarks established by the Investment Committee. The Foundation’s endowment charter defines risk as the probability of not meeting the endowment funds investment objectives and mitigates this risk through the employment of fund asset allocation minimum and maximum thresholds.

Spending policies and how the investment objectives relate to spending policy: The Foundation has an investment portfolio that is managed based on the Foundation’s investment policy, which attempts to maximize return while maintaining an appropriate level of risk. Exposure is limited by prudent diversification, guided by a strategic asset allocation model. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow each fiscal year. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Endowment Charter stipulates an annual distribution range of 2.5% to 4.5% but can exceed this threshold in certain situations stipulated in the endowment charter.

A distribution from the Endowment is considered each year to provide program support. During the years ended July 31, 2024 and 2023 the Board of Directors approved appropriations of approximately \$70,000 and \$60,000, respectively. Total accumulated appropriations from the Endowment was approximately \$216,000 for the year ended July 31, 2024.

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Note 8 - Related-party transactions:

The Foundation's volunteer members of the Board of Directors are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board of Directors was approximately \$216,000 and \$386,000 for the years ended July 31, 2024 and 2023, respectively.

Note 9 - In-kind contributions:

In-kind contributions consisted of the following on July 31:

	<u>2024</u>	<u>2023</u>	<u>Utilization in Program / Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Donated facilities	\$ 9,000	\$ 10,800	General and Administrative	No associated donor restrictions	Estimated fair market value of rent
Donated materials and services	<u>2,575</u>	<u>40,700</u>	General and Administrative	No associated donor restrictions	Estimated fair market value of materials and services
Total in-kind contributions	<u>\$ 11,575</u>	<u>\$ 51,500</u>			

Note 10 - Awards and grants:

During the year ended July 31, 2024, the Foundation provided grants to the Sequoia Union High School District, Menlo-Atherton High School, and multiple various recipients in the amounts of approximately \$1,852,000, \$15,000 and \$22,000, respectively. During the year ended July 31, 2023, the Foundation provided grants to the Sequoia Union High School District, Menlo-Atherton High School, and multiple various recipients in the amounts of approximately \$1,827,000, \$15,000 and \$17,000, respectively.

Note 11 - Employment benefit plan:

The Foundation is enrolled in a 401(k) plan for the benefit of the employee. Employer matching contributions totaled approximately \$2,000 and \$3,000 for the years ended July 31, 2024 and 2023, respectively.

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July 31, 2024

Note 12 - Prior period restatement for correction of errors:

During the current reporting period, the Foundation identified certain errors in the financial statements for the prior period, necessitating a restatement. The following adjustments were made:

- Long-term pledges receivable: The Foundation did not previously record long-term pledges receivable, which has now been recognized in pledges receivable, net in accordance with accounting standards.
- Accrual of grants payable: An accrual for grants payable to the Sequoia Union High School District was not recorded in the prior period. This liability has been properly recognized in grants payable and other liabilities in accordance with accounting standards.
- Accrual of investment income: The Foundation did not accrue investment income earned but not yet received as receivable in the prior period. This has now been recognized in accrued investment income in accordance with accounting standards.
- Other immaterial errors: The Foundation made other immaterial adjustments impacting prior period prepaid expenses, grants payable and other liabilities, pledges receivable, net, contributions, program services, and management and general expenses.

Accordingly, the following line items were restated on the statement of financial position and the statement of activities and changes in net assets for the year ended July 31, 2023.

	Previously Presented	Adjustments	As Restated
Statement of financial position:			
Accrued investment income	\$ -	\$ 18,195	\$ 18,195
Pledges receivable, net	\$ -	\$ 80,426	\$ 80,426
Prepaid expenses	\$ -	\$ 522	\$ 522
Grants payable and other liabilities	\$ 809,392	\$ 49,153	\$ 858,545
Statement of activities and changes in net assets:			
Contributions	\$ 2,673,343	\$ 79,276	\$ 2,752,619
Investment income, net	\$ 135,540	\$ 14,540	\$ 150,080
Program services	\$ 1,877,361	\$ 39,922	\$ 1,917,283
Management and general	\$ 102,984	\$ (383)	\$ 102,601

The cumulative effect of these adjustments on the prior period financial statements resulted in an increase of the change in assets of \$46,795. Net assets with donor restrictions increased by \$82,154 due to these adjustments.