

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JULY 31, 2022

WITH SUMMARIZED FINANCIAL INFORMATION

FOR THE FISCAL YEAR ENDED JULY 31, 2021

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INDEPENDENT AUDITORS' REPORT



260 Sheridan Avenue, Suite 216
Palo Alto, CA 94306

To the Board of Directors of
Menlo-Atherton High School Foundation For The Future
Atherton, CA

Opinion

We have audited the accompanying financial statements of Menlo-Atherton High School Foundation for the Future - a nonprofit organization, which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, functional revenue and expense 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 Menlo-Atherton High School Foundation for the Future as of July 31, 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Menlo-Atherton High School Foundation for the Future 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 Menlo-Atherton High School Foundation for the Future's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Menlo-Atherton High School Foundation for the Future'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 Menlo-Atherton High School Foundation for the Future'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.

Report on Summarized Comparative Information

We have previously audited Menlo-Atherton High School Foundation for the Future's statement of activities and changes in net assets financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Morton & Associates, Inc
Certified Public Accountants

February 1, 2023

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

STATEMENT OF FINANCIAL POSITION

AS OF JULY 31, 2022

(With Summarized Financial Information for the Year Ended July 31, 2021)

	<u>Unrestricted</u>	<u>Donor Imposed Restrictions</u>	<u>Total All Funds July 31</u>	
			<u>2022</u>	<u>2021</u>
ASSETS				
Current Assets				
Cash & Equivalents	\$ 1,735,049	\$	\$ 1,735,049	\$ 1,041,171
Investments	<u>730,320</u>	<u>547,600</u>	<u>1,277,920</u>	<u>1,472,928</u>
Total Current Assets	<u>2,465,369</u>	<u>547,600</u>	<u>3,012,969</u>	<u>2,514,099</u>
Total Assets	<u>\$ 2,465,369</u>	<u>\$ 547,600</u>	<u>\$ 3,012,969</u>	<u>\$ 2,514,099</u>
LIABILITIES				
Current Liabilities				
Program Service Payable	\$ <u>29,492</u>	\$	\$ <u>29,492</u>	\$ <u>8,398</u>
Total Current Liabilities	<u>\$ 29,492</u>	<u>\$</u>	<u>\$ 29,492</u>	<u>\$ 8,398</u>
NET ASSETS				
Operating Fund	1,510,549		1,510,549	1,650,583
Board Designated	925,328		925,328	250,000
Temporarily Restricted				57,518
Endowment Funds	<u></u>	<u>547,600</u>	<u>547,600</u>	<u>547,600</u>
Total Net Assets	<u>2,435,877</u>	<u>547,600</u>	<u>2,983,477</u>	<u>2,505,701</u>
Total Liabilities & Net Assets	<u>\$ 2,465,369</u>	<u>\$ 547,600</u>	<u>\$ 3,012,969</u>	<u>\$ 2,514,099</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JULY 31, 2022

(With Summarized Financial Information for the Year Ended July 31, 2021)

	Unrestricted	Donor Imposed Restrictions	Total All Funds July 31	
			2022	2021
SUPPORT				
Contributions	\$ 2,270,221	\$ 175,000	\$ 2,445,221	\$ 2,161,001
Contributions In-Kind	3,500		3,500	4,193
Government Grants				28,218
Total Support	<u>2,273,721</u>	<u>175,000</u>	<u>2,448,721</u>	<u>2,193,412</u>
SPECIAL EVENTS				
Auctions	<u>70,830</u>		<u>70,830</u>	<u>97,225</u>
Total Special Events	70,830		70,830	97,225
OTHER REVENUE				
Interest & Dividends	27,931		27,931	25,634
Gain or Loss	2,423		2,423	15,323
Unrealized Gain or Loss	<u>(163,964)</u>		<u>(163,964)</u>	<u>296,162</u>
Total Other Revenue	<u>(133,610)</u>		<u>(133,610)</u>	<u>337,119</u>
Total Increases in Net Assets	\$ <u>2,210,941</u>	\$ <u>175,000</u>	\$ <u>2,385,941</u>	\$ <u>2,627,756</u>
EXPENSES				
Program Services				
Program Services	\$ <u>1,737,598</u>	\$	\$ <u>1,737,598</u>	\$ <u>1,781,010</u>
Total Program Services	<u>1,737,598</u>		<u>1,737,598</u>	<u>1,781,010</u>
Support Services				
Management & General	54,057		54,057	51,231
Fund Raising	<u>116,510</u>		<u>116,510</u>	<u>98,238</u>
Total Support Services	<u>170,567</u>		<u>170,567</u>	<u>149,469</u>
Total Expenses	<u>1,908,165</u>		<u>1,908,165</u>	<u>1,930,479</u>
Net Increase (Decrease)	302,776	175,000	477,776	697,277
Assets Released From Restriction	232,518	(232,518)		
Net Assets Beginning	<u>1,900,583</u>	<u>605,118</u>	<u>2,505,701</u>	<u>1,808,424</u>
Net Assets Ending	\$ <u>2,435,877</u>	\$ <u>547,600</u>	\$ <u>2,983,477</u>	\$ <u>2,505,701</u>

The Accompanying Independent Auditors' Report and the Attached Notes
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MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE
FOR THE YEAR ENDED JULY 31, 2022
(With Summarized Financial Information for the Year Ended July 31, 2021)

	Program Services	Management & General	Fund Raising	Total Support	Total 2022	Total 2021
SUPPORT & REVENUE						
SUPPORT						
Contributions	\$ 2,445,221	\$	\$	\$	\$ 2,445,221	\$ 2,161,001
Contributions In-Kind		3,500		3,500	3,500	4,193
Government Grants						28,218
Total Support	<u>2,445,221</u>	<u>3,500</u>		<u>3,500</u>	<u>2,448,721</u>	<u>2,193,412</u>
SPECIAL EVENTS						
Auctions			70,830	70,830	70,830	97,225
Total Special Events			<u>70,830</u>	<u>70,830</u>	<u>70,830</u>	<u>97,225</u>
OTHER REVENUE						
Interest & Dividends		27,931		27,931	27,931	25,634
Gain or Loss		2,423		2,423	2,423	15,323
Unrealized Gain or Loss		(163,964)		(163,964)	(163,964)	296,162
Total Other Revenue		<u>(133,610)</u>		<u>(133,610)</u>	<u>(133,610)</u>	<u>337,119</u>
Total Support & Revenue	2,445,221	(130,110)	70,830	(59,280)	2,385,941	2,627,756
EXPENSES						
Salaries	42,304	28,203	70,507	98,710	141,014	135,338
Benefits	1,495	997	2,492	3,489	4,984	1,438
Payroll Taxes	<u>2,972</u>	<u>1,981</u>	<u>4,953</u>	<u>6,934</u>	<u>9,906</u>	<u>10,466</u>
Total Salaries & Benefits	46,771	31,181	77,952	109,133	155,904	147,242
Professional Fees		17,891		17,891	17,891	18,216
Outside Services	6,611				6,611	6,472
Contributed Services		3,500		3,500	3,500	4,193
Supplies	898				898	525
License & Fees	994				994	794
Postage & Shipping			834	834	834	889
Printing & Publications			6,979	6,979	6,979	1,799
Event Expenses			14,600	14,600	14,600	4,268
Insurance	7,363				7,363	4,416
Miscellaneous		1,485		1,485	1,485	
Program Costs	1,674,961				1,674,961	1,724,631
Bank & Merchant Fees			16,145	16,145	16,145	17,034
Total Expense	<u>1,737,598</u>	<u>54,057</u>	<u>116,510</u>	<u>170,567</u>	<u>1,908,165</u>	<u>1,930,479</u>
Increase (Decrease) Assets	<u>\$ 707,623</u>	<u>\$ (184,167)</u>	<u>\$ (45,680)</u>	<u>\$ (229,847)</u>	<u>\$ 477,776</u>	<u>\$ 697,277</u>

The Accompanying Independent Auditors' Report and the Attached Notes
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MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	TOTAL CURRENT YEAR	TOTAL PRIOR YEAR
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 477,776	\$ 697,277
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized (Gain)/Loss On Investments	(2,422)	(1,346)
Net unrealized (Gain)/Loss On Investments	163,964	(296,162)
Net Investment Earnings	(27,835)	(25,527)
(Increase) Decrease in Assets:		
Prepaid Expenses		322
Increase (Decrease) in Liabilities:		
Program Service Payable	<u>21,094</u>	<u>(43,906)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	632,577	330,658
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	<u>61,301</u>	<u>29,028</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	61,301	29,028
PPP Loan		<u>(28,218)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		<u>(28,218)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>693,878</u>	<u>331,468</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>1,041,171</u>	<u>709,703</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 1,735,049</u>	<u>\$ 1,041,171</u>
Contributed Goods & Services	<u>\$ 3,500</u>	<u>\$ 4,193</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

NOTE 1: ORGANIZATION

Menlo-Atherton High School Foundation for the Future ("Organization") 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 Organization has funded vital academic programs for the past 30 years that have steadily improved student performance. Designated a California Distinguished School multiple times (most recently in 2013), Menlo-Atherton High School is among the top-ranked high schools in the country today.

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

During the fiscal year ended July 31, 2022, the Organization served approximately 2,226 individuals.

Program Services:

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

Strong and Broad Curriculum - The Organization 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 Organization invests in outstanding teaching through professional development and recognition.

College and Career Success and Critical Programs - The Organization provides funding for excellent college and career preparation.

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

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

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with FASB ASC subtopic 958-205-05-6, the Organization reports its financial position and operating activities in two classes of net assets: unrestricted net assets, and donor imposed restricted net assets.

- Unrestricted Net Assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an Operating Fund. Any net assets designated by the Board for specific purposes would also be categorized as unrestricted net assets. The Organization has elected to report as an increase in unrestricted net assets any restricted revenue received in the current period for which the restrictions have been met as of the end of the current reporting period.
- Donor Imposed Restrictions include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting period. They also include assets which are subject to a non-expiring donor restriction such as donor contributions to an endowment fund.

Basis of Accounting: The financial statements of the Organization are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenues are recognized when they are received, and program expenses are recognized when incurred by the school district for expenses which the Organization is committed to fund.

Cash and Cash Equivalents include highly liquid investments and investments with a maturity of three months or less.

Investments consist of pooled investments, and fixed income securities held by Wells Fargo and Charles Schwab. The funds are valued at fair market value with the net change recorded as unrealized gain or loss. Investments received through donations are recorded at their fair market value and in accordance with Board policy are generally sold upon receipt.

Furniture and Equipment with a useful life of three or more years and a cost or value in excess of \$1,500 that under generally accepted accounting principles would be capitalized and depreciated over the estimated useful life is being expensed. Currently, the Organization has no capitalized assets.

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions are recorded when donations are received and are considered to be available for unrestricted use unless specifically restricted by the donor.

Functional Expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized.

Income Taxes are not provided for in the financial statements since the corporation is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701D of the Revenue and Taxation Code of California. The Organization has not been classified as a private foundation.

Estimates: In accordance with generally accepted accounting principles, management has made estimates and assumptions that affect certain amounts and disclosures which could differ from actual results.

Prior year summarized financial information

The financial statements include amounts summarized from the prior audit which are presented in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparative presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2021, from which the summarized information was derived.

NOTE 3: CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

At July 31, 2022, the Organization maintains cash balances at financial institutions in excess of the FDIC coverage limit of \$250,000. At July 31, 2022, the Organization's uninsured cash balance totaled approximately \$1,188,890. In addition, \$1,252,818 was held at Charles Schwab in Exchange Traded Funds, which are uninsured and subject to market risk.

NOTE 4: ENDOWMENT FUND

The Organization has established an Endowment Fund of \$547,600. The Organization follows the guidance of FASB subtopic 958-205-50-1A and the state of California, State Prudent Management of Institutional Funds Act, which requires the preservation of the fair value of the original contributions as of the date of the donor restricted date unless the donor stipulates otherwise.

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

NOTE 5: INVESTMENTS

	July 31, 2022		July 31, 2021	
	Cost	FMV	Cost	FMV
Money Market	\$ 25,102	\$ 25,102	\$ 407	\$ 407
ETF's	<u>1,023,625</u>	<u>1,252,818</u>	<u>1,077,091</u>	<u>1,472,521</u>
Total Investments	<u>\$ 1,048,727</u>	<u>\$ 1,277,920</u>	<u>\$ 1,077,498</u>	<u>\$ 1,472,928</u>

All investments held by the Organization are Level 1 investments, which have quoted market prices in active markets for identical assets or liabilities.

NOTE 6: DONATED ASSISTANCE

Individuals volunteering their time is an integral part of the Foundation's ability to keep their costs low. No amounts have been reflected in the financial statements for donated assistance. The Foundation pays for most services requiring specific expertise.

NOTE 7: LIQUIDITY

The Organization has \$3,012,969 of financial assets available within one year of July 31, 2022 to meet cash needs for general expenditure consisting of cash of 1,735,049 and investments of \$1,277,920. There are no amounts that are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of July 31, 2022. The items in the investment account are readily liquidable and available for operations if necessary.

The Organization has a goal to maintain cash on hand to meet normal monthly operating expenses, which on average approximate \$160,000.

NOTE 8: DONATED FACILITIES

Use of the administration office space and conference room located at Middlefield Road is donated by the Sequoia Union High School District at no charge. The Foundation has not recorded a value for the donated space.

MENLO-ATHERTON HIGH SCHOOL FOUNDATION FOR THE FUTURE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

NOTE 9: DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through February 1, 2023, the date that the financial statements were available to be issued.