



**WESTLAKE**

**ACADEMY FOUNDATION**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2022**

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***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors of  
Westlake Academy Foundation:

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of Westlake Academy Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, cash flows, and functional expenses 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 respective financial position of the Foundation as of August 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 Opinions***

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westlake Academy 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 opinions.

***Responsibilities of Management for the Financial Statements***

The Foundation's 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.

## *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 opinions. 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.



BrooksWatson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
January 26, 2023

# *FINANCIAL STATEMENTS*

# Westlake Academy Foundation

## STATEMENT OF FINANCIAL POSITION

August 31, 2022

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>            |
|---|---------------------------------------|------------------------------------|-------------------------|
| <b>ASSETS</b>                               |                                       |                                    |                         |
| Cash and cash equivalents                   | \$ 584,501                            | \$ 628                             | \$ 585,129              |
| Investments                                 | 1,862,260                             | 297,371                            | 2,159,631               |
| Prepaid expenses                            | 4,141                                 | -                                  | 4,141                   |
| <b>TOTAL ASSETS</b>                         | <u>\$ 2,450,902</u>                   | <u>\$ 297,999</u>                  | <u>\$ 2,748,901</u>     |
| <br><b>LIABILITIES AND NET ASSETS</b>       |                                       |                                    |                         |
| <b>LIABILITIES</b>                          |                                       |                                    |                         |
| Accrued expenses                            | \$ 6,895                              | \$ -                               | \$ 6,895                |
| <b>TOTAL LIABILITIES</b>                    | <u>6,895</u>                          | <u>-</u>                           | <u>6,895</u>            |
| <br><b>NET ASSETS</b>                       |                                       |                                    |                         |
| Without donor restrictions:                 |                                       |                                    |                         |
| Board designated                            | 1,883,896                             | -                                  | 1,883,896               |
| Undesignated                                | 560,111                               | -                                  | 560,111                 |
| With donor restrictions:                    |                                       |                                    |                         |
| Time and purpose                            | -                                     | 41,959                             | 41,959                  |
| Permanent endowment                         | -                                     | 256,040                            | 256,040                 |
| <b>TOTAL NET ASSETS</b>                     | <u>2,444,007</u>                      | <u>297,999</u>                     | <u>2,742,006</u>        |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <br><u>\$ 2,450,902</u>               | <br><u>\$ 297,999</u>              | <br><u>\$ 2,748,901</u> |

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

# Westlake Academy Foundation

## STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2022

|                                   | Net Assets<br>Without Donor<br>Restrictions | Net Assets<br>With Donor<br>Restrictions | Total               |
|-----------------------------------|---|--|---------------------|
| <b>REVENUES AND SUPPORT</b>       |   |  |                     |
| <b>Contributions</b>              |   |  |                     |
| Gallery Night                     | \$ 209,071                                  | \$ -                                     | \$ 209,071          |
| Blacksmith                        | 1,159,868                                   | -  | 1,159,868           |
| Westlake Baja                     | 357,352                                     | -  | 357,352             |
| External grants                   | 625,175                                     | -  | 625,175             |
| Investment income                 | 99,313                                      | 16,043                                   | 115,356             |
| Realized gain on investments      | 51,926                                      | 9,913                                    | 61,839              |
| Released from restrictions        | 15,106                                      | (15,106)                                 | -                   |
| <b>TOTAL REVENUE</b>              | <b>2,517,811</b>                            | <b>10,850</b>                            | <b>2,528,661</b>    |
| <b>EXPENSES</b>                   |   |  |                     |
| Program services:                 |   |  |                     |
| Grants to Academy/Town            | 1,094,177                                   | -  | 1,094,177           |
| Contributions to Academy          | 1,159,868                                   | -  | 1,159,868           |
| Supporting activities:            |   |  |                     |
| Management & General              | 77,111                                      | -  | 77,111              |
| Fundraising                       | 194,641                                     | -  | 194,641             |
| Unrealized loss on investments    | 425,610                                     | 71,731                                   | 497,341             |
| <b>TOTAL EXPENSES</b>             | <b>2,951,407</b>                            | <b>71,731</b>                            | <b>3,023,138</b>    |
| Increase (decrease) in net assets | (433,596)                                   | (60,881)                                 | (494,477)           |
| Net assets, beginning of year     | 2,877,603                                   | 358,880                                  | 3,236,483           |
| Net assets, end of year           | <b>\$ 2,444,007</b>                         | <b>\$ 297,999</b>                        | <b>\$ 2,742,006</b> |

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

**Westlake Academy Foundation**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended August 31, 2022**

|                               | Program Services             |                       | Total<br>Program<br>Services |
|-------------------------------|------------------------------|-----------------------|------------------------------|
|                               | Blacksmith<br>Annual Program | Other Grant<br>Awards |                              |
| Blacksmith contributions      | \$ 1,159,868                 | \$ -                  | \$ 1,159,868                 |
| Contracted expenses           | -                            | -                     | -                            |
| Contributions to Academy/Town | -                            | 1,094,177             | 1,094,177                    |
| Credit card/bank fees         | -                            | -                     | -                            |
| Miscellaneous expenses        | -                            | -                     | -                            |
| Office supplies               | -                            | -                     | -                            |
| Postage and shipping          | -                            | -                     | -                            |
| Professional expenses         | -                            | -                     | -                            |
| Printing and copying          | -                            | -                     | -                            |
| Promotions and marketing      | -                            | -                     | -                            |
| Training and meetings         | -                            | -                     | -                            |
| <b>Total</b>                  | <b>\$ 1,159,868</b>          | <b>\$ 1,094,177</b>   | <b>\$ 2,254,045</b>          |

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



**Supporting Activities**

| <b>Fundraising<br/>Gallery Night</b> | <b>Fundraising<br/>Westlake Baja</b> | <b>General<br/>Fundraising</b> | <b>Management<br/>and General</b> | <b>Total Functional<br/>Expenses</b> |
|--------------------------------------|--------------------------------------|--------------------------------|-----------------------------------|--------------------------------------|
| \$ -                                 | \$ -                                 | \$ -                           | \$ -                              | \$ 1,159,868                         |
| 49,713                               | 117,327                              | -                              | 6,765                             | 173,805                              |
| 3,000                                | -                                    | -                              | -                                 | 1,097,177                            |
| 9,460                                | 2,127                                | -                              | 19,006                            | 30,593                               |
| 625                                  | -                                    | 3,182                          | 9,240                             | 13,047                               |
| -                                    | -                                    | -                              | 10,981                            | 10,981                               |
| -                                    | -                                    | -                              | 471                               | 471                                  |
| -                                    | -                                    | -                              | 10,160                            | 10,160                               |
| 3,090                                | -                                    | 1,294                          | 10,331                            | 14,715                               |
| 3,161                                | 1,622                                | -                              | 9,763                             | 14,546                               |
| 40                                   | -                                    | -                              | 394                               | 434                                  |
| <u>\$ 69,089</u>                     | <u>\$ 121,076</u>                    | <u>\$ 4,476</u>                | <u>\$ 77,111</u>                  | <u>\$ 2,525,797</u>                  |

# Westlake Academy Foundation

## STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

|   |                  |
|---|------------------|
| Increase (decrease) in net assets   | \$ (494,477)     |
| Adjustments to reconcile change in net assets to cash provided by operating activities: |                  |
| Change in assets and liabilities:   |                  |
| Prepaid expenses  | (4,141)          |
| Accounts payable & accrued expenses   | (705)            |
| <b>Net cash provided (used) by operating activities</b>                                 | <u>(499,323)</u> |

### CASH FLOWS FROM INVESTING ACTIVITIES

|   |                |
|---|----------------|
| Sales of investments, net                               | 285,279        |
| <b>Net cash provided (used) by investing activities</b> | <u>285,279</u> |

### NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

|  |                   |
|--|-------------------|
|  | (214,044)         |
| Cash and cash equivalents, beginning of period | 799,173           |
| Cash and cash equivalents, end of period       | <u>\$ 585,129</u> |

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

# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

### NOTE 1 – NATURE OF OPERATIONS

Westlake Academy Foundation (the “Foundation”) was organized exclusively for charitable and educational purposes, including for such purposes, the making of distributions to organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The purpose of the Foundation is to act on behalf of the Town of Westlake (the “Town”) as its duly constituted authority and instrumentality and, in connection therewith, to exercise all powers and authority granted under the Texas Nonprofit Corporation Act and other applicable law. Among other things, the Foundation is to raise funds and take other actions in order to enhance the educational opportunities to be offered by the open-enrollment charter school, Westlake Academy (the “Academy”), operated by the Town.

During the fiscal year 2021-2022, the Foundation had three major fundraising programs: 1) Blacksmith Annual Fund, 2) Westlake Baja, and 3) Gallery Night. The Blacksmith Annual Fund raises funds from parents, corporations, and other interested parties to support the school’s daily operations. The Westlake Baja raises dedicated monies to award grants supporting all facets of educational excellence, with priority funding for the recruitment, retention and development of Academy faculty. The Gallery Night net proceeds support the annual operations of the Foundation, a dedicated project requested by the school (i.e., Fund-an-Item) and grant-making efforts of the Foundation Board of Directors.

The Foundation is included as a discretely presented component unit of the Academy. The determination to include separate entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus -an amendment of GASB Statements No. 14 and No. 34. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit’s ruling body must be appointed by the primary government, and either (a) the primary government must be able to impose its will, or (b) the primary government may potentially benefit financially or be financially responsible for the component unit. Although the specific financial accountability criteria of GASB statement No. 61 are not met, it is management’s opinion that the Foundation should be included as a component unit of the Academy due to the nature and significance of their relationship.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

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

# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

### Estimates

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

### Net Asset Classification

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.

*Net assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation and/or the passage of time. When donor-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.

### Board Designated Net Assets

The Board has designated a portion of net assets without restriction in the Endowment Fund for the future needs. The contributions received from the following will be treated as Board Designated net assets:

- *Westlake Baja* – supports all facets of educational excellence with grant funding priority for faculty recruitment, retention and development efforts. \$0 of Westlake Baja proceeds were designated for the Endowment Fund during the year based on a percentage of proceeds per Board action.
- *Gallery Night benefit auction* - proceeds of \$20,907 were designated for the Endowment Fund during the year based on a percentage of proceeds per Board action.
- *TSH and General Endowments* - Board designated funds for general use of the Academy were \$1,842,565.

# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

The Foundation also conducts an annual campaign, Blacksmith Annual Fund, for the operation of the Academy. A substantial portion of the campaign's contributions are received in the year that the contributions are transferred to the Academy and are treated as without donor restriction/undesignated in the year of the campaign. Contributions received in the period prior to being transferred to the Academy are classified as Board Designated net assets until the period they will be transferred to the Academy.

### Net Assets With Donor Restriction

Net assets with donor restriction as of August 31, 2022 are comprised of the following:

- *Joe Bradley Endowment Fund* – donor contributed \$50,778 for the establishment of a perpetual fund to be used for travel awards facilitating the education and training of Westlake Academy students. Half of the annual earnings on the original gift is reinvested as principal and the other half is used for the purpose of the fund. The balance of permanently restricted net assets in the Joe Bradley Endowment Fund as of August 31, 2022 was \$56,040.
- *Gingy M. Quinn Teacher Endowment Fund* – donor contributed \$200,000 for the establishment of a perpetual fund to be used to provide opportunities for new or innovative technology to enrich instruction in the classroom.
- \$41,331 represents cumulative earnings on the principal of the Joe Bradley and Gingy M. Quinn Endowment Funds, which have been restricted for the yearly award distribution. The Joe Bradley Endowment monies provide travel awards to students attending Westlake Academy selected to participate in educational and training activities officially sponsored by the school. The Gingy M. Quinn Endowment monies provide opportunities for new or innovative technology to enrich instruction in the classroom.

### **Revenue Recognition**

Contributions received are recorded as either pledges with restrictions or without restrictions depending on the existence and/or nature of any donor restrictions. Unrestricted contributions, grants, and donor bequests and donor-restricted contributions, grants, and donor bequests to the Foundation are recorded as revenue. Pledges are an unconditional promise to pay, and recognized as revenue only when the gift is received. Any pledge payments received after the fiscal year in which it was intended are considered “carryover” pledges and recorded as revenue in the fiscal year received.

Nonreciprocal revenues or contributions are reported as increases in net assets without restrictions unless their use is limited by donor-imposed restrictions or conditions. Expiration of donor-imposed restrictions (i.e., the donor-stipulated purpose has been satisfied) is reported as satisfaction of program

# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

restrictions. The Foundation reports donations as unrestricted revenue when the donor does not restrict its use as well as when the donor's restrictions are met in the same reporting period.

Pledges that are restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the pledge is received. When a restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

When donor-restricted funds are expended, they are either capitalized or expensed, whichever is applicable. Estimates of completion are based on judgments by management and the donor. Those judgments are based on specific requirements of the donor agreements and the amount of work completed.

Special events include contributions and ticket sales arising from fundraising events and represent the amounts paid by donors, sponsors, and attendees of a fundraising event. Ticket sales include elements of both contributions and exchange transactions and are recognized when an event occurs. Direct donor benefits represent the costs of goods and services provided in exchange for the amount paid by event attendees.

### **Donated Services**

A substantial number of volunteers have donated significant amounts of their time and services to the activities of the Foundation without compensation. These services include, but are not limited to, marketing, fundraising, and other related services. The value of donated services is not recognized as a contribution since no objective basis is available to measure the value of such services and generally, they do not require specialized skills.

### **Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires that a lease liability and related right-of-use asset representing the lessee's right to use or control the asset be recorded on the combined statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases and operating in existing lease accounting guidance. As a result, the effect of leases in the combined statement of activities and changes in net assets and the combined statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 25, 2021. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

### NOTE 3 – Cash and Cash Equivalents

The Foundation considers all cash on hand, demand bank deposits, and short-term highly liquid investments that are both readily convertible to cash and have an original maturity of three months or less when purchased to be cash or cash equivalents.

All cash and cash equivalents are included within cash and cash equivalents disclosed within the Statement of Cash Flows. This includes restricted cash amounts.

### NOTE 4 – Financial Instruments and Credit Risk

The Foundation's financial instruments consist of cash, investments, and accounts payable. The estimated fair value of these respective items approximates their carrying amounts due to the short-term nature of these instruments.

In the case of cash and cash equivalents, custodial credit risk is the risk that in the event of a bank failure, the Foundation's bank deposit balances, which are deposited in demand accounts in federally insured domestic institutions to minimize risk, may exceed the insurance coverage guaranteed by the Federal Deposit Insurance Corporation (FDIC) may not be returned to it. The Foundation requires all deposits to be covered by the FDIC insurance and/or collateralized by qualified securities pledged by the Foundation's depository in the Foundation's name and held by the depository's agent. As of August 31, 2022, the market values of pledged securities and FDIC exceeded bank balances.

### NOTE 5 – FUNCTIONAL EXPENSES

Expenses are charged directly to program, support or fundraising in general categories based on specific identification. Certain indirect costs have been allocated among programs and supporting services based on estimated time spent in support of those activities and the percentage of overall direct charges incurred for program and supporting services.

### NOTE 6 – INCOME TAXES

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements.

The Foundation is unaware of any uncertain tax positions as of August 31, 2022, that would be subject to the recognition provision of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. Generally, the three prior years remain open for federal income tax examination.

# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

### NOTE 7 – FAIR VALUE MEASUREMENTS

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan 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; and
- inputs that are derived principally from our 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 the fair value measurement.

The assets 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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended August 31, 2022.

*Marketable Equity Securities:* Valued at the last reported daily price

The following table sets forth by level, within the fair value hierarchy, the Foundation's fair value measurements as of August 31, 2022 is as follows:

| <u>Investment Type</u>               | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>        |
|--------------------------------------|---------------------|----------------|----------------|---------------------|
| <i>Marketable equity securities:</i> |                     |                |                |                     |
| Equity                               | \$ 1,293,132        | \$ -           | \$ -           | \$ 1,293,132        |
| Fixed income                         | 867,711             | -              | -              | 867,711             |
| Total assets measured at fair value: | <u>\$ 2,160,843</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 2,160,843</u> |



# Westlake Academy Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

### NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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.

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

|   | <u>8/31/2022</u>    |
|---|---------------------|
| Financial assets at year-end:                 |                     |
| Cash and cash equivalents                     | \$ 583,917          |
| Investments                                   | 2,160,843           |
| Prepaid expenses                              | 4,141               |
| Less permanently restricted net assets:       |                     |
| Permanently restricted endowments             | (256,040)           |
| Financial assets available to meet cash needs |                     |
| for general expenditures within one year      | <u>\$ 2,492,861</u> |

The Foundation investment policy states that investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist of securities with active secondary or resale markets. A portion of the portfolio also may be placed in bank deposits or repurchase agreements that offer same-day liquidity for short-term funds.

### NOTE 9 – RELATED PARTY TRANSACTIONS

The Foundation contributed a total of \$1,654,044 to Westlake Academy during the fiscal year ended August 31, 2022. This consisted of Blacksmith funds of \$1,159,868 and other grants totaling \$494,177. In addition, the Foundation received \$600,000 in donor restricted funds to go to the Town of Westlake for the use of public art. The Foundation sent the total of the \$600,000 received to the Town during the year ended August 31, 2022.

### NOTE 10 – SUBSEQUENT EVENTS

The Foundation had no material subsequent events after the balance sheet date through the date the financial statements were available to be issued. The Foundation evaluated subsequent events through January 26, 2023, the date the financial statements were available to be issued.