LANCASTER-LEBANON EDUCATION FOUNDATION

YEARS ENDED JUNE 30, 2024 AND 2023

Brown Plus
ACCOUNTANTS + ADVISORS

LANCASTER-LEBANON EDUCATION FOUNDATION

YEARS ENDED JUNE 30, 2024 AND 2023

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Brown Plus
ACCOUNTANTS + ADVISORS

Independent Auditor's Report

Board of Trustees
Lancaster-Lebanon Education Foundation
Lancaster, Pennsylvania

Opinion

We have audited the accompanying financial statements of Lancaster-Lebanon Education Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, functional expenses and cash flows for the years 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 Lancaster-Lebanon Education Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Lancaster-Lebanon Education Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Lancaster-Lebanon Education Foundation's ability to continue as a going concern for one year after the date 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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Lancaster-Lebanon Education 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 Lancaster-Lebanon Education 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.

Brown Plus

Camp Hill, Pennsylvania
February 24, 2025

LANCASTER-LEBANON EDUCATION FOUNDATION

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 374,715	$ 334,260
Contributions and pledges receivable	3,620	3,905
Accounts receivable, Lancaster-Lebanon Intermediate Unit 13	151	13,554
Total assets	**$ 378,486**	**$ 351,719**
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 1,107	$ 75
Grants, gifts and awards payable, Lancaster-Lebanon Intermediate Unit 13	178,791	54,954
Total liabilities	**179,898**	**55,029**
Net assets:		
Without donor restrictions	132,785	114,364
With donor restrictions	65,803	182,326
Total net assets	**198,588**	**296,690**
Total liabilities and net assets	**$ 378,486**	**$ 351,719**

See notes to financial statements.

LANCASTER-LEBANON EDUCATION FOUNDATION

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue:						
Contributions	$ 33,727	$ 58,565	$ 92,292	$ 19,539	$ 58,502	$ 78,041
Special events:						
Basket bingo and other fundraisers, net of expenses of $10,864 and $8,006 in 2024 and 2023, respectively	4,735		4,735	10,785		10,785
Noncash contributions, basket bingo prizes, supplies and auction items	9,345		9,345	7,140		7,140
Grants	6,000	56,129	62,129	4,750	194,764	199,514
Services received from personnel of an affiliate	69,195		69,195	48,793		48,793
Net assets released from restrictions	231,217	(231,217)	-	158,452	(158,452)	-
Total public support and revenue	**354,219**	**(116,523)**	**237,696**	**249,459**	**94,814**	**344,273**
Functional expenses:						
Program services	254,659		254,659	182,247		182,247
Supporting services:						
Management and general	68,153		68,153	51,410		51,410
Fundraising	12,986		12,986	10,059		10,059
Total functional expenses	**335,798**		**335,798**	**243,716**		**243,716**
Changes in net assets	18,421	(116,523)	(98,102)	5,743	94,814	100,557
Net assets:						
Beginning of year	114,364	182,326	296,690	108,621	87,512	196,133
End of year	**$ 132,785**	**$ 65,803**	**$ 198,588**	**$ 114,364**	**$ 182,326**	**$ 296,690**

See notes to financial statements.

LANCASTER-LEBANON EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Programs								Supporting services		
	Community school and refugee center	Grant programs	Season of Hope	Early childhood and special education	Instructional services	Social work fund	Other programs	Total program services	Management and general	Fundraising	Total
Grants, gifts, and awards	$ 15,870	$ 164,066	$ 19,620	$ 13,280	$ 6,930	$ 18,701	$ 16,192	$ 254,659			$ 254,659
Insurance									$ 1,780		1,780
Advertising									65		65
Professional fees									7,100		7,100
Administrative support									56,209	$ 12,986	69,195
Supplies and office expense									2,999		2,999
Total functional expenses	**$ 15,870**	**$ 164,066**	**$ 19,620**	**$ 13,280**	**$ 6,930**	**$ 18,701**	**$ 16,192**	**$ 254,659**	**$ 68,153**	**$ 12,986**	**$ 335,798**

See notes to financial statements.

LANCASTER-LEBANON EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Programs						Supporting services		
	Community school and refugee center	Grant programs	Season of Hope	Social work fund	Other programs	Total program services	Management and general	Fundraising	Total
Grants, gifts, and awards	$ 1,479	$ 117,948	$ 15,017	$ 21,327	$ 26,476	$ 182,247			$ 182,247
Insurance							$ 1,693		1,693
Advertising							147		147
Professional fees							8,082		8,082
Administrative support							38,734	$ 10,059	48,793
Supplies and office expense							2,754		2,754
Total functional expenses	**$ 1,479**	**$ 117,948**	**$ 15,017**	**$ 21,327**	**$ 26,476**	**$ 182,247**	**$ 51,410**	**$ 10,059**	**$ 243,716**

See notes to financial statements.

LANCASTER-LEBANON EDUCATION FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Changes in net assets	$ (98,102)	$ 100,557
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Contributions and pledges receivable	285	35,215
Other accounts receivable	13,403	(3,214)
Increase (decrease) in:		
Accounts payable	1,032	(1,037)
Grants, gifts and awards payable	123,837	17,438
Cash provided by operating activities and increase in cash and cash equivalents	**40,455**	**148,959**
Cash and cash equivalents:		
Beginning	334,260	185,301
Ending	**$ 374,715**	**$ 334,260**

See notes to financial statements.

1. Nature of organization and significant accounting policies:

Nature of organization:

The Lancaster-Lebanon Education Foundation (the Foundation), established in 2004, is a nonprofit organization formed exclusively for charitable, educational and scientific purposes and exclusively for the benefit of, to perform the functions of or to carry out the purposes of Lancaster-Lebanon Intermediate Unit 13 (IU13). The Foundation provides financial support or other support for learning opportunities for new and innovative programs, and to enhance, supplement and enrich existing programs to benefit children, students and adult learners within the IU13 and/or its member school districts. The Foundation receives its support from the general public.

Basis of presentation:

The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Current U.S. GAAP standards are contained in the Accounting Standards Codification (ASC) as set forth by the Financial Accounting Standards Board (FASB).

The financial statements have been presented in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents:

For purposes of reporting cash flows, the Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Contributions and pledges receivable:

In accordance with FASB ASC Topic 958-310, *Receivables*, the Foundation records unconditional promises to give, regardless of whether they are legally enforceable, as support at the time the promise is made. These receivables are discounted to represent the present value of these pledges. No discount was necessary on pledges receivable since all pledges receivable are expected to be collected within one year. Contributions and pledges receivable at June 30, 2024 and 2023 amounted to $3,620 and $3,905, respectively. An allowance amount was not deemed necessary.

1. Nature of organization and significant accounting policies (continued):

Accounts receivable:

Accounts receivable represent amount due for program services, net of allowance for doubtful accounts. The Foundation records an allowance for doubtful accounts relative to its accounts receivable balances. Utilizing the loss-rate method, the allowance for doubtful accounts is based on management's assessment of the collectability of specific balances and the aging of receivables. As of June 30, 2024 and 2023, there was no allowance for doubtful accounts.

Grants, gifts and awards payable:

Unconditional contributions made, including promises to give and grants, are recognized as expenses or losses in the period in which the donations are authorized by the Foundation's board. Grants, gifts and awards payable at June 30, 2024 and 2023 amounted to $178,791 and $54,954, respectively.

Support and revenue recognition:

Contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

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

Contributions of donated noncash assets are recorded at their fair values on the date received, unless deferred for use for a fundraising event in a future year, in which case the donated noncash assets are recognized when the event occurs. Noncash contributions not used in fundraising events are monetized through the sale of the asset given. In-kind contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received, if material.

The Foundation recognizes any in-kind contribution from an affiliate on the statements of activities that represent the value of services earned and expensed during the years ended June 30, 2024 and 2023.

Contributions:

Under the provisions of FASB ASU No. 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*, the Foundation recognizes all services received from personnel of IU13 that directly benefit the Foundation. These services are measured at the cost recognized by IU13 for the personnel providing those services, unless this cost significantly overstates or understates the value of the service received. In addition, the Foundation reports the corresponding decrease in net assets or the creation or enhancement of an asset resulting from the use of services received from IU13 similar to how other such expenses or assets are reported.

1. Nature of organization and significant accounting policies (continued):

Contributions:

Many other individuals volunteer their time and perform a variety of tasks that assist the Foundation in its exempt purpose; however, these services do not meet the criteria for recognition as contributed services because the services do not require specific expertise or are not services received from personnel of an affiliate described above. During the years ended June 30, 2024 and 2023, there were no amounts recorded as contributed services meeting the requirements for recognition in the financial statements under this set of criteria.

Advertising:

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2024 and 2023 totaled $65 and $147, respectively.

Income taxes:

The Foundation has been recognized as exempt from federal income taxes pursuant to Internal Revenue Code Section 501(c)(3) and files Form 990, *Return of Organization Exempt from Income Tax*, on an annual basis. Therefore, no provision for income taxes has been made in these financial statements.

Functional expenses:

The Foundation allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Support services provided by an affiliate are allocated to management and general and fundraising expenses based on estimated time spent on those activities by the support staff of the affiliated entity, IU13.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive accounting estimate affecting the financial statements is the allocation of functional expenses.

Leases:

The Foundation has elected the short-term lease exception to not recognize leases with a lease term of 12 months or less on the statements of financial position. The Foundation considers a lease with a term of 12 months or less and no option to purchase the underlying asset to be a short-term lease with payments recorded on the statement of activities over the term of the lease.

2. Adoption of new accounting pronouncement:

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses*, to replace the incurred loss impairment methodology under current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Foundation will be required to use a forward-looking expected credit loss model for accounts receivables, loans and other financial instruments. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities.

The Foundation adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The change resulted in improved disclosures.

3. Liquidity and availability of resources:

The Foundation's goal is generally to maintain financial assets to meet its obligations and annual administrative expenses. In addition, the Foundation occasionally designates certain funds without donor restrictions to be used for a particular purpose. As part of its liquidity plan, excess cash is maintained in an interest-bearing checking account or money market account to provide funds to meet cash flow needs.

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows at June 30, 2024 and 2023:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 374,715	$ 334,260
Contributions and pledges receivable	3,620	3,905
Accounts receivable	151	13,554
Total financial assets available within one year	378,486	351,719
Amounts unavailable for general expenditures due to restrictions by donors	(65,803)	(182,326)
Financial assets available to meet cash needs for general expenditures within one year	$ 312,683	$ 169,393

4. Concentration of credit risk:

Cash and cash equivalents, custodial credit risk:

Custodial credit risk is the risk that in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Fund does not have a policy for custodial credit risk. As of June 30, 2024, the Foundation’s bank balances exceeded the Federal Deposit Insurance Corporation (FDIC) insurance coverage by $124,865.

5. Net assets with donor restrictions:

Net assets with donor restrictions are comprised principally of monies restricted for the following as of June 30, 2024 and 2023:

	2024	2023
Purpose restriction:		
Social work fund	$ 10,647	$ 9,704
Refugee center	1,066	12,827
Student assistance	3,498	5,719
Early intervention	4,637	3,451
Community education	28,171	2,888
ELECT	2,848	7,682
Community Investment Grant	10,575	46,296
Longview Foundation Grant		3,293
Community Bridge Builders Grant		10,395
Community Aid Grand SW Fund	1,378	2,459
Truist Foundation Grant		50,000
United Way Community Ed Grant		17,014
Season of Hope		6,756
Other	2,983	3,842
	$ 65,803	$ 182,326

6. Major contributions:

The Foundation received contributions and grants that individually exceeded 10% of total revenue and support for the year ended June 30, 2024 and 2023 as follows:

	2024	2023
Steinman Foundation STEM Grant	$ 50,000	
United Way of Lancaster County, Community Investment Grant		$ 35,000
Truist Foundation, Community Ed Grant		50,000
	$ 50,000	$ 85,000

7. Related party transactions:

As described more fully in Note 1, the Foundation is a supporting organization for the IU13 and its member school districts. All of the grants payable at June 30, 2024 and 2023 relate to the Foundation's program activities which are substantially all for the support of the IU13 and its member school districts.

During the year ended June 30, 2024 and 2023, the Foundation recognized in-kind contribution revenue of $69,195 and $48,793, respectively, representing the value of services received from IU13 personnel, measured using IU13's compensation costs for the time allocated to the Foundation. The Foundation also recorded the equivalent value of management and general expenses representing director services, administration, accounting, bookkeeping, communications and grant writing.

8. Subsequent events:

Subsequent events have been evaluated through February 24, 2025, which represents the date the financial statements were available to be issued.