

QUINCY PUBLIC SCHOOLS FOUNDATION

QUINCY, ILLINOIS

- A Not for Profit Organization -

FINANCIAL STATEMENTS

Year Ended June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Trustees of
Quincy Public Schools Foundation

We have audited the accompanying financial statements of Quincy Public Schools Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of June 30, 2021 and 2020, and the related statement of support, revenue, expenses and change in net assets—modified cash basis, statement of functional expenses – modified cash basis and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Quincy Public Schools Foundation as of June 30, 2021 and 2020, and its support, revenue, expenses and change in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.


Danielle M. Fleeer
Certified Public Accountants

Quincy, Illinois
October 27, 2021



QUINCY PUBLIC SCHOOLS FOUNDATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
June 30, 2021 and June 30, 2020

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 765 390	726 392
Endowment investments	2 456 715	1 901 785
Restricted investment - Community Foundation of Quincy Area	9 956	8 305
TOTAL ASSETS	<u>\$ 3 232 061</u>	<u>2 636 482</u>
LIABILITIES		
Accrued payroll taxes	\$ 3 053	2 216
Paycheck Protection Loan	<u>20 265</u>	<u>20 150</u>
	23 318	22 366
NET ASSETS		
Without donor restrictions	634 335	487 018
With donor restrictions	<u>2 574 408</u>	<u>2 127 098</u>
TOTAL NET ASSETS	<u>3 208 743</u>	<u>2 614 116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3 232 061</u>	<u>2 636 482</u>

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

QUINCY PUBLIC SCHOOLS FOUNDATION
STATEMENT OF SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
For the year ended June 30, 2021 and June 30, 2020

	Year Ended June 30, 2021			Year Ended June 30, 2020
	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL	
Revenues, gains and other support:				
Donations	\$ 314 257	\$ 68 655	\$ 382 912	\$ 1 701 465
Administrative fees income	31 970		31 970	22 940
Fundraising event proceeds	92 118		92 118	187 233
Fundraising event proceeds - Gifts in kind	11 700		11 700	-
Investment income	7 544	79 786	87 330	60 596
Shop for Schools Program, net			-	(17 975)
Other income	25 968		25 968	-
Net gain (loss) on long-term investments	25 761	453 971	479 732	32 422
Net assets released from restrictions	140 866	(140 866)	-	-
Net assets reclassified to restrictions	(5 722)	5 722	-	-
Total increase (decrease) in revenues, gains and other support	<u>644 462</u>	<u>467 268</u>	<u>1 111 730</u>	<u>1 986 681</u>
Expenses:				
Program				
Quincy Public Schools Support	364 257		364 257	2 154 703
Alumni	29 042		29 042	18 949
Fundraising	45 409		45 409	79 536
Management & General	78 395		78 395	60 283
Total Expenses	<u>517 103</u>	<u>-</u>	<u>517 103</u>	<u>2 313 471</u>
Change in net assets	127 359	467 268	594 627	(326 790)
Net assets as of beginning of year	487 018	2 127 098	2 614 116	2 940 906
Prior period adjustment (NoteL)	19 958	(19 958)	-	-
Net assets as of end of year	<u>\$ 634 335</u>	<u>\$ 2 574 408</u>	<u>\$ 3 208 743</u>	<u>\$ 2 614 116</u>

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

QUINCY PUBLIC SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
For the years ended June 30, 2021 and June 30, 2020

	PROGRAM		SUPPORTING SERVICES		Year Ended	Year Ended
	Quincy Public Schools Support	Alumni	Fundraising	Management & General	June 30, 2021	June 30, 2020
					TOTAL	
Grants to Schools	\$ 306 134				\$ 306 134	\$ 2 099 752
Supporting Expenses					-	1 595
Office Expenses		\$ 15 283		\$ 10 559	25 842	10 537
Event: Color Run			\$ 14 529		14 529	4 125
Event: Night to Dream Big			13 436		13 436	58 520
Advertising				1 069	1 069	5 698
Bank & Credit Card Fees				2 281	2 281	3 548
Campaign Expenses				6 619	6 619	-
Insurance				3 192	3 192	2 977
Professional Fees				11 633	11 633	9 985
Payroll & Taxes	58 123	13 759	17 444	39 861	129 187	109 060
Training & Education				510	510	2 684
Miscellaneous				2 671	2 671	4 990
	<u>\$ 364 257</u>	<u>\$ 29 042</u>	<u>\$ 45 409</u>	<u>\$ 78 395</u>	<u>\$ 517 103</u>	<u>\$ 2 313 471</u>
Year ended June 30, 2020	<u>\$ 2 154 703</u>	<u>\$ 18 949</u>	<u>\$ 79 536</u>	<u>\$ 60 283</u>	<u>\$ 2 313 471</u>	

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

QUINCY PUBLIC SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and June 30, 2020

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Quincy Public Schools Foundation (the “Foundation”) was incorporated as a not-for-profit organization under the laws of Illinois on November 29, 1988. The purpose of the Foundation is to solicit and receive gifts, bequests, and grants to support efforts which will compliment, enhance, and enrich educational programs and opportunities in the Quincy Community School District No. 172. The Foundation is organized solely for educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986.

Basis of Accounting

The Foundation has chosen to maintain its records on the modified cash basis method of accounting. Under this method, revenues and support are recognized when received instead of when earned, and expenses are recognized when paid instead of when the obligations are incurred. Modifications to the cash basis of accounting include investments, which are stated at fair value rather than historical cost.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments

Investments include marketable equity and debt securities. Investments in marketable equity and debt securities are carried at fair value with unrealized and realized gains and losses on investments during the year reported as an increase or decrease in net assets with or without donor restrictions based upon donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. The Foundation’s unspent contributions are reported in net assets with donor restrictions if the donor restricted their use. Contributions of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. The restriction expires when the asset is placed in service. When a donor’s restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application

for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Donated Services and Facilities

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs, campaign solicitations, fundraising events, and various committee assignments.

The Foundation does recognize in kind donations of goods, such as air time for fundraising campaigns. The value of the donation is recorded at fair market value.

The Foundation maintains an office in a building owned by the Quincy Public School District. No rent is charged for the usage of this space and no amount has been reflected in the financial statement for the donated facility.

Income Taxes

The Foundation is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code.

Unemployment Compensation

The Foundation has elected not to make any contributions under State unemployment and will be liable for such benefits on a claim by claim basis.

NOTE B – CASH

Cash consists of five interest bearing checking accounts at Mercantile Trust & Savings Bank, three interest bearing deposit accounts at Wells Fargo Advisors LLC, and a PayPal account. The Mercantile accounts bear interest at .05% and the Wells Fargo deposit accounts at .01%. As of June 30, 2021 and 2020 cash consisted of the following:

	<u>6/30/2021</u>	<u>6/30/2020</u>
Checking – Mercantile – Operating	\$ 82 500	\$ 63 397
Checking – Mercantile – Alumni	50 327	65 522
Checking – Mercantile – Temporarily restricted	75 054	64 671
Checking – Mercantile – Dream Big	409 289	363 882
Checking – Mercantile – Shop for Schools	0	9 710
Checking – Homebank	0	9 901
Interest bearing deposit accounts – Wells Fargo:		
Endowment	43 048	67 172
Designated Distribution	104 938	79 649
Campaign	34	711
PayPal	0	1 577
Petty Cash	200	200
	<u>\$ 765 390</u>	<u>\$ 726 392</u>

Cash deposits did exceed federally insured limits as of June 30, 2021 in the amount of \$ 367 460, but the organization feels the risk of loss is minimal.

NOTE C – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

<u>June 30, 2021</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
Unit Investment Trust – SPDRs	\$ 214 040	\$ 214 040
Mutual Fund – Franklin Income Fund	59 845	59 845
Mutual Fund – Dodge & Cox Funds	148 319	148 319
Mutual Fund – Loomis Sayles Investment Trust	109 849	109 849
Mutual Fund – Wells Fargo Asset Allocation	981 778	981 778
Mutual Fund – Wells Fargo Omega Growth Fund	681 036	681 036
Mutual Fund – Wells Fargo Ultra Short Term Income	102 936	102 936
Stocks	108 645	108 645
Mutual Fund – Treasury Money Market Fund	50 267	50 267
	<u>\$ 2 456 715</u>	<u>\$ 2 456 715</u>

<u>June 30, 2020</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
Unit Investment Trust – SPDRs	\$ 154 180	\$ 154 180
Mutual Fund – Franklin Income Fund	46 814	46 814
Mutual Fund – Dodge & Cox Funds	105 647	105 647
Mutual Fund – Loomis Sayles Investment Trust	102 019	102 019
Mutual Fund – Wells Fargo Asset Allocation	770 169	770 169
Mutual Fund – Wells Fargo Growth Fund	485 668	485 668
Mutual Fund – Wells Fargo Ultra Short Term Income	101 181	101 181
Stocks	85 840	85 840
Mutual Fund – Treasury Money Market Fund	50 267	50 267
	<u>\$ 1 901 785</u>	<u>\$ 1 901 785</u>

Fair values for long-term investments are determined by reference to quoted market prices.

Below are the groups of investments that represent greater than 5% of the total investment portfolio.

Unit Investment Trust – SPDRs	8.7%
Mutual Fund – Dodge & Cox Funds	6.0%
Mutual Fund – Wells Fargo Asset Allocation	40.0%
Mutual Fund – Wells Fargo Omega Growth	27.8%

NOTE D – NET ASSETS

Board-designated Net Assets

The governing board of the Foundation has designated net assets without donor restrictions for the following purpose:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Quincy Public Schools 5 Pillars	\$ 409 289	\$ 363 882
Endowment for Operations	76 598	54 363
Endowment for Media Center	13 939	10 945
Total Board-designated Net Assets	<u>\$ 499 826</u>	<u>\$ 429 190</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose as of:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Endowment funds with donor restrictions	\$ 2 457 899	\$ 1 936 530
Community Foundation of the Quincy Area	9 971	8 321
Alumni Program	50 266	65 420
Dream Big Campaign	25 332	82 988
Flinn Stadium Project	0	1 313
Shop for Schools	0	9 711
Other donor designated funds	<u>30 940</u>	<u>22 815</u>
	<u>\$ 2 574 408</u>	<u>\$ 2 127 098</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor. The net assets released during the year ended were for the following purpose:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Support of Quincy Public Schools	\$ 108 896	\$ 1 826 244
Administrative fee	<u>31 970</u>	<u>22 940</u>
Total net assets released from restrictions	<u>\$ 140 866</u>	<u>\$ 1 849 184</u>

NOTE E – ENDOWMENT FUNDS

The Foundation's endowment fund contract states that original principal will remain invested in accordance with the investment policy of the Foundation and is not to be invaded. Only income will be used to underwrite written requests for funding in accordance with the purpose of the contract. The overall investment direction for the Foundation's endowment funds is to maximize the return within an acceptable level of risk. The allocations of the endowment fund assets are to either the general account, which is invested in money market funds, government securities and certificates of deposit, or long-term investments which include stocks, bonds, stock and bond mutual funds, utility stocks, unit investment trusts, and mortgage-backed securities. The policy also states that bonds purchased for the account should have a quality rating no lower than AA, cash reserves should be invested in interest-bearing securities, free of risk of loss, price fluctuation, and should have constant liquidity. Investments may be chosen from the New York Stock Exchange, American Stock Exchange, regional exchanges, and the National Over-The-Counter market. All assets must have readily ascertainable market value and be easily marketable. The initial funds (\$ 1 230 646) are permanently restricted and cannot be spent, whereas any appreciation from the funds are temporarily restricted for the purposes stated in the endowment fund contract.

The Foundation has a spending policy of appropriating for distribution each year 5.5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Board-designated Endowment

As of June 30, 2021, the Board of Trustees has designated principal of \$ 50 000 of net assets without donor restrictions as a general endowment fund to support the mission of the Organization and \$ 10 000 as an endowment in memory of Jean Stettner for the Lincoln-Douglas media center. Since those amounts resulted from an internal designation and are not

donor-restricted, they are classified and reported as net assets without donor restrictions along with the earnings in those funds.

Donor-designated Endowments

The Foundation consists of approximately 87 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by the modified cash basis of accounting, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) 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. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of the investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2021 the Foundation did not report any underwater endowments and no expenditures were appropriated from underwater endowments during the year.

Endowment net asset composition by type of fund is as follows:

	<u>Total Endowment Net Assets</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Endowment funds with donor restrictions	\$ 2 457 899	\$ 1 936 530
Endowment funds without donor restrictions	69 041	55 169
Board-designated endowment funds without donor restrictions	<u>90 537</u>	<u>65 308</u>
Total endowment funds	<u>\$ 2 617 477</u>	<u>\$ 2 057 007</u>

Changes in endowment net assets as of June 30, 2020 and 2021 are as follows:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, July 1, 2019	\$ 1 741 192	\$ 74 623	\$ 1 815 815
Contributions	169 799	30 000	199 799
Investment income	49 607	3 028	52 635
Net appreciation (depreciation)	35 941	1 881	37 822
Amounts reclassified from restrictions	(10 945)	10 945	
Amounts appropriated for expenditure	<u>(49 064)</u>	<u>0</u>	<u>(49 064)</u>
Endowment net assets, June 30, 2020	<u>\$ 1 936 530</u>	<u>\$ 120 477</u>	<u>\$ 2 057 007</u>
Contributions	59 655		59 655
Investment income	79 716	4 256	83 972

Net appreciation (depreciation)	451 377	28 355	479 732
Amounts appropriated for expenditure	(72 428)		(72 428)
Amounts reclassified to restrictions	<u>3 049</u>	<u>6 490</u>	<u>9 539</u>
Endowment net assets, June 30, 2020	<u>\$ 2 457 899</u>	<u>\$ 159 578</u>	<u>\$ 2 617 477</u>

NOTE F- FUNDRAISING

The Organization held two events during the fiscal year to raise funds to be used towards the mission of the Foundation. Below is a summary of the revenue and direct expenses of the events. For financial statement presentation purposes, the amounts below were considered fundraising expenses.

	<u>June 30, 2021</u>			<u>June 30, 2020</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Week to Dream Big	\$ 74 176	\$ 13 436	\$ 60 740	\$ 170 789	\$ 58 520	\$ 112 269
Color Run	32 520	14 529	17 991	13 150	4 125	9 025
Other			<u>0</u>	3 294	890	<u>2 404</u>
			78 731			123 698
Allocated Personnel Costs			(17 444)			(15 851)
Other Fundraising			<u>-</u>			<u>(150)</u>
Net Fundraising			<u>\$ 61 287</u>			<u>\$ 107 697</u>

NOTE G- LIQUIDITY

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. Donor-restricted amounts that are available for use within one year for general purposes include the amount appropriated from the endowment during the next fiscal year in the amount of \$ 68 460 and other endowment funds that are not donor-restricted or board designated in the amount of \$ 69 041.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Financial assets at year-end	\$ 3 232 061	\$ 2 636 482
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to maintain as an endowment	2 399 395	1 898 835
Board designated to maintain as an endowment	90 537	65 308
Funds held for school construction project	0	1 313
Funds held as an agent for others	<u>0</u>	<u>9 711</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 742 129</u>	<u>\$ 661 315</u>

Generally, all financial resources other than endowed assets are maintained in interest bearing checking accounts.

NOTE H – EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Support, Revenues, Expenses and Changes in Net Assets – Modified Cash Basis. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated are personnel costs based on estimates of time and effort. Directly identifiable expenses are charged directly to programs and supporting services.

NOTE I – PAYCHECK PROTECTION LOAN

On May 1, 2020, the Foundation received a loan under the Paycheck Protection Program in the amount of \$ 20 150. Under the provisions of the program, the principal balance of the note will be reduced by an amount equal to the amount of principal that is forgiven as provided in Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act of 2020, as amended. The Foundation met all requirements for forgiveness and the note was forgiven on April 16, 2021. This amount is reflected in Other Income in the Statement of Support, Revenues, Expenses and Changes in Net Assets – Modified Cash Basis.

On January 25, 2021, the Foundation received a second loan under the Paycheck Protection Program in the amount of \$ 20 265. Under the provisions of the program, the principal balance of the note will be reduced by an amount equal to the amount of principal that is forgiven as provided in Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act of 2020, as amended. The Foundation met all requirements for forgiveness and the note was forgiven on July 23, 2021.

NOTE J – RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the period ended June 30, 2021, the Foundation managed its risks as follows:

Employee Health Insurance: The Foundation purchases health insurance for its employees from a commercial insurance carrier. There have been no claims resulting from these risks that have exceeded the liability coverage during the past three years.

Liability Insurance: The Foundation purchases liability insurance for risks related to torts, theft, or damage to property; and errors and omissions of directors and officers from a commercial insurance carrier. There have been no claims resulting from these risks that have exceeded the liability coverage during the past three years.

Workers Compensation: The Foundation purchases liability insurance for worker's compensation from a commercial insurance carrier. There have been no claims resulting from these risks that have exceeded the liability coverage during the past three years.

NOTE K – UNCERTAIN TAX POSITIONS

The Foundation is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has evaluated the effect of the U.S. GAAP guidance on Accounting for Uncertainty in Income Taxes. Management believes the Organization continues to satisfy the requirements of a tax-exempt organization, and, therefore, had no uncertain income tax positions at June 30, 2021. Federal returns for the tax years June 30, 2018 and thereafter remain subject to examination by the Internal Revenue Service.

NOTE L – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to reflect administrative fees from the Dream Big Campaign held several years ago as released from restricted donor funds. During the past fiscal year, a review of the restricted Dream Big Campaign account

revealed that administrative fees were paid from those funds for two years, but not reflected as net assets released from restrictions. This correction to net assets with donor restrictions was made in fiscal year 2021 in the amount of \$ \$ 19 958, which consisted of fiscal year 2017 administrative fee of \$ 8 863 and fiscal year 2018 administrative fee of \$ 11 095.

NOTE M – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 27, 2021, the date which the financial statements were available to be issued.

In early 2020, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. The extent to which COVID-19 may impact the Organization’s results will depend on future developments, which are highly uncertain and cannot be predicted.