

QUINCY PUBLIC SCHOOLS FOUNDATION

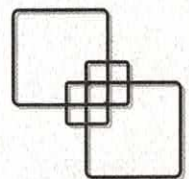
QUINCY, ILLINOIS

- A Not for Profit Organization -

FINANCIAL STATEMENTS

Year Ended June 30, 2020 and 2019

DANIELLE M.
FLEER



CERTIFIED PUBLIC ACCOUNTANT

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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, 2020 and 2019, 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, 2020 and 2019, 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. Fleer
Certified Public Accountants

Quincy, Illinois
December 7, 2020

QUINCY PUBLIC SCHOOLS FOUNDATION
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
 June 30, 2020 and June 30, 2019

		June 30, 2020	June 30, 2019
ASSETS			
Cash and cash equivalents	-	\$ 726 392	613 164
Endowment investments		1 901 785	2 321 169
Restricted investment - Community Foundation of Quincy Area		8 305	8 406
TOTAL ASSETS		\$ 2 636 482	2 942 739
LIABILITIES			
Accrued payroll taxes		\$ 2 216	1 833
Paycheck Protection Loan		20 150	
		22 366	1 833
NET ASSETS			
Without donor restrictions		487 018	291 509
With donor restrictions		2 127 098	2 649 397
TOTAL NET ASSETS		2 614 116	2 940 906
TOTAL LIABILITIES AND NET ASSETS		\$ 2 636 482	2 942 739

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, 2020 and June 30, 2019

	Year Ended June 30, 2020			Year Ended June 30, 2019
	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL	
Revenues, gains and other support:				
Donations	\$ 425 085	\$ 1 276 380	\$ 1 701 465	\$ 1 096 060
Administrative fees income	22 940		22 940	17 250
Fundraising event proceeds	187 233		187 233	156 946
Investment income	11 210	49 386	60 596	104 801
Shop for Schools Program, net		(17 975)	(17 975)	11 543
Net gain (loss) on long-term investments	(1 625)	34 047	32 422	12 268
Net assets released from restrictions	1 849 184	(1 849 184)	-	-
Net assets reclassified to restrictions	14 953	(14 953)	-	-
Total increase (decrease) in revenues, gains and other support	<u>2 508 980</u>	<u>(522 299)</u>	<u>1 986 681</u>	<u>1 398 868</u>
Expenses:				
Program				
Quincy Public Schools Support	2 154 703		2 154 703	373 106
Alumni	18 949		18 949	18 240
Fundraising	79 536		79 536	84 293
Management & General	60 283		60 283	57 545
Total Expenses	<u>2 313 471</u>	<u>-</u>	<u>2 313 471</u>	<u>533 184</u>
Change in net assets	195 509	(522 299)	(326 790)	865 684
Net assets as of beginning of year	291 509	2 649 397	2 940 906	2 075 222
Net assets as of end of year	<u>\$ 487 018</u>	<u>\$ 2 127 098</u>	<u>\$ 2 614 116</u>	<u>\$ 2 940 906</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, 2020 and June 30, 2019

	PROGRAM		SUPPORTING SERVICES		Year Ended June 30, 2020	Year Ended June 30, 2019
	Quincy Public Schools Support	Alumni	Fundraising	Management & General	TOTAL	
Grants to Schools	\$ 2 099 752				\$ 2 099 752	\$ 329 500
Supporting Expenses	1 595				1 595	2 274
Office Expenses		\$ 4 536		\$ 6 001	10 537	6 282
Event: Color Run			\$ 4 125		4 125	13 792
Event: Night to Dream Big			58 520		58 520	45 050
Development Expenses					-	385
Advertising	3 525			2 173	5 698	2 047
Bank & Credit Card Fees				3 548	3 548	2 227
Campaign Expenses					-	1 879
Insurance				2 977	2 977	10 150
Professional Fees				9 985	9 985	15 827
Payroll & Taxes	49 831	14 413	15 851	28 965	109 060	98 708
Training & Education				2 684	2 684	-
Miscellaneous			1 040	3 950	4 990	5 063
	<u>\$ 2 154 703</u>	<u>\$ 18 949</u>	<u>\$ 79 536</u>	<u>\$ 60 283</u>	<u>\$ 2 313 471</u>	<u>\$ 533 184</u>
Year ended June 30, 2019	<u>\$ 373 106</u>	<u>\$ 18 240</u>	<u>\$ 84 293</u>	<u>\$ 57 545</u>	<u>\$ 533 184</u>	

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

QUINCY PUBLIC SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and June 30, 2019

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 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, a non-interest bearing account at Homebank in Quincy, Illinois, 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, 2020 cash consisted of the following:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Checking – Mercantile - Operating	\$ 63 397	\$ 23 558
Checking – Mercantile - Alumni	65 522	69 996
Checking – Mercantile – Temporarily restricted	64 671	60 523
Checking – Mercantile – Dream Big	363 882	278 142
Checking – Mercantile – Shop for Schools	9 710	37 684
Checking – Homebank	9 901	
Interest bearing deposit accounts – Wells Fargo:		
Endowment	67 172	82 532
Designated Distribution	79 649	54 681
Campaign	711	581
PayPal	1 577	3 374
Petty Cash	200	200
Funds undeposited at year end		1 893
	<u>\$ 726 392</u>	<u>\$ 613 164</u>

Cash of \$ 10 421 is restricted in that it is held as an agent for other organizations.

Cash deposits did exceed federally insured limits as of June 30, 2020 in the amount of \$ 317 602, 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, 2020 and 2019 are as follows:

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
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 Omega Growth Fund	485 668	485 668
Mutual Fund – Wells Fargo Ultra Short Term Income	101 181	0
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>

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
Unit Investment Trust – SPDRs	\$ 146 500	\$ 146 500
Mutual Fund – Franklin Income Fund	49 934	49 934
Mutual Fund – Dodge & Cox Funds	119 080	119 080
Mutual Fund – Loomis Sayles Investment Trust	108 551	108 551
Mutual Fund – Wells Fargo Asset Allocation	747 094	747 094
Mutual Fund – Wells Fargo Growth Fund	407 296	407 296
Stocks	97 838	97 838
Mutual Fund – Treasury Money Market Fund	644 876	644 876
	<u>\$ 2 321 169</u>	<u>\$ 2 321 169</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	8.1%
Mutual Fund – Dodge & Cox Funds	5.6%
Mutual Fund – Loomis Sayles Investment Trust	5.4%
Mutual Fund – Ultra Short Term Income	5.3%
Mutual Fund – Wells Fargo Asset Allocation	40.5%
Mutual Fund – Wells Fargo Omega Growth	25.6%

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, 2020</u>	<u>June 30, 2019</u>
Quincy Public Schools 5 Pillars	\$ 231 423	\$ 123 000
Endowment for Operations	54 363	30 000
Endowment for Media Center	10 945	-
Total Board-designated Net Assets	<u>\$ 296 731</u>	<u>\$ 153 000</u>

A reclassification of net assets was made to move net assets from net assets with donor restrictions to net assets without donor restrictions. This was for an endowment fund for the media center created in fiscal year 2018 with a donation that was unrestricted, but board designated for an endowment. This was incorrectly recorded as restricted at that time and corrected in fiscal year ended June 30, 2020.

Net Assets with Donor Restrictions

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Endowment funds with donor restrictions	\$ 1 936 530	\$ 1 737 499
Community Foundation of the Quincy Area	8 321	8 422
Alumni Program	65 420	69 886
Dream Big Campaign	82 988	128 478
Child-Family Mentor Program		946
Flinn Stadium Project	1 313	650 985
Shop for Schools	9 711	27 684
Other donor designated funds	<u>22 815</u>	<u>25 497</u>
	<u>\$ 2 127 098</u>	<u>\$ 2 649 397</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, 2020</u>	<u>June 30, 2019</u>
Support of Quincy Public Schools	\$ 1 826 244	\$ 283 480
Administrative fee	<u>22 940</u>	<u>17 250</u>
Total net assets released from restrictions	<u>\$ 1 849 184</u>	<u>\$ 300 730</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 (\$ 1 169 684) 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, 2020, the Board of Trustees has designated \$ 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, 2020 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, 2020</u>	<u>June 30, 2019</u>
Endowment funds with donor restrictions	\$ 1 936 530	\$ 1 741 192
Endowment funds without donor restrictions	55 169	42 431
Board-designated endowment funds without donor restrictions	<u>65 308</u>	<u>32 192</u>
Total endowment funds	<u>\$ 2 057 007</u>	<u>\$ 1 815 815</u>

Changes in endowment net assets as of December 31, 2019 and 2020 are as follows:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, July 1, 2018	\$ 1 549 671	\$ 41 889	\$ 1 591 560
Contributions	134 735	30 000	164 735
Investment income	99 817	4 250	104 067
Net appreciation (depreciation)	12 790	(1 516)	11 274
Amounts appropriated for expenditure	<u>(55 821)</u>	<u>0</u>	<u>(55 821)</u>
Endowment net assets, June 30, 2019	<u>\$ 1 741 192</u>	<u>\$ 74 623</u>	<u>\$ 1 815 815</u>

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 appropriated for expenditure	(49 064)		(49 064)
Amounts reclassified from restrictions	<u>(10 945)</u>	<u>- 10 945</u>	<u>0</u>
Endowment net assets, June 30, 2020	<u>\$ 1 936 530</u>	<u>\$ 120 477</u>	<u>\$ 2 057 007</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, 2020</u>			<u>June 30, 2019</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Night to Dream Big	\$ 170 789	\$ 58 520	\$ 112 269	\$ 129 070	\$ 45 050	\$ 84 020
Color Run	13 150	4 125	9 025	27 876	13 792	14 084
Other	3 294	890	<u>2 404</u>			<u>0</u>
			123 698			98 104
Allocated Personnel Costs			(15 851)			(13 819)
Consultant			0			(7 200)
Other Fundraising			<u>(150)</u>			<u>(4 432)</u>
Net Fundraising			<u>\$ 107 697</u>			<u>\$ 72 653</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 \$ 46 000 and other endowment funds that are not donor-restricted or board designated in the amount of \$ 55 169.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Financial assets at year-end	\$ 2 636 482	\$ 2 942 739
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to maintain as an endowment	1 898 835	1 706 059
Board designated to maintain as an endowment	65 308	30 000
Funds held for school construction project	1 313	645 457
Funds held as an agent for others	<u>9 711</u>	<u>27 684</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 661 315</u>	<u>\$ 533 539</u>

Generally, all financial resources other than endowed assets are maintained in interest bearing checking accounts. However, during the fiscal year ended June 30, 2019, a large amount of donations were collected for the construction of a project for the Quincy Public Schools. The funds were released to the organization as required during construction. Because of the large amount of donations collected, these were invested in a mutual fund and were mostly paid out during the year ended June 30, 2020.

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. Interest is due and payable monthly beginning December 1, 2020 with a maturity date of May 1, 2022. The Foundation believes that all requirements for forgiveness have been met and fully expects the entire loan amount to be forgiven during fiscal year 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, 2020, 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, 2020. Federal returns for the tax years June 30, 2017 and thereafter remain subject to examination by the Internal Revenue Service.

NOTE L – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through December 7, 2020, 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.