

Outdoor Lab Foundation

Financial Statements with Independent Auditor's Report

Year Ended June 30, 2021



WIPFLI

**Outdoor Lab Foundation
Table of Contents**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Outdoor Lab Foundation
Wheat Ridge, Colorado

We have audited the accompanying financial statements of Outdoor Lab Foundation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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 accounting principles generally accepted in the United States; this includes 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial position of Outdoor Lab Foundation as of June 30, 2021, 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.

Wipfli LLP

Wipfli LLP

November 29, 2021
Denver, Colorado

Outdoor Lab Foundation

Statement of Financial Position June 30, 2021

ASSETS

Assets

Cash and cash equivalents	\$ 1,305,344
Certificates of deposit	98,419
Contributions receivable	68,057
Inventory	23,287
Prepaid and other	14,229
Beneficial interest in assets held by others	71,671
	<hr/>
Total Assets	\$ 1,581,007
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 9,588
Accrued salaries payable	1,856
Deferred event revenues	2,500
	<hr/>
Total Liabilities	13,944
	<hr/>

Net Assets

Without donor restrictions	
Board designated - Endowment	24,339
Undesignated	1,247,579
Total Net Assets Without Donor Restrictions	1,271,918
	<hr/>
With donor restrictions	295,145
	<hr/>
Total Net Assets	1,567,063
	<hr/>
Total Liabilities and Net Assets	\$ 1,581,007
	<hr/> <hr/>

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

Outdoor Lab Foundation

Statement of Activities Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Grants	\$ 324,464	\$ 110,000	\$ 434,464
Contributions			
King Soopers and Safeway loyalty programs	164,760	137,813	302,573
Other	79,858	-	79,858
Paycheck Protection Program Loan forgiveness	23,800	-	23,800
Special events, net of expense	79,005	-	79,005
Merchandise sales	14,637	-	14,637
Change in value of beneficial interest in assets held by others	2,236	8,348	10,584
Interest and other	2,417	-	2,417
Net assets released from restrictions	81,740	(81,740)	-
Total Support and Revenues	772,917	174,421	947,338
<u>Expenses</u>			
Program Services			
Outdoor lab schools	439,051	-	439,051
Supporting Services			
Management and general	35,298	-	35,298
Fundraising	56,293	-	56,293
Total Supporting Services	91,591	-	91,591
Total Expenses	530,642	-	530,642
Change in Net Assets	242,275	174,421	416,696
NET ASSETS, Beginning of Year	1,029,643	120,724	1,150,367
NET ASSETS, End of Year	\$ 1,271,918	\$ 295,145	\$ 1,567,063

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

Outdoor Lab Foundation

Statement of Functional Expenses Year Ended June 30, 2021

	Program Services	Supporting Services		Total
	Outdoor Lab Schools	Management and General	Fundraising	
Salaries	\$ 85,544	\$ 14,664	\$ 21,997	\$ 122,205
Employee benefits	12,524	2,147	3,221	17,892
Payroll taxes	6,830	1,171	1,756	9,757
Total Payroll Related Costs	<u>104,898</u>	<u>17,982</u>	<u>26,974</u>	<u>149,854</u>
Tuition assistance	210,948	-	-	210,948
Program supplies and support	59,144	-	-	59,144
Contract and professional fees	23,570	11,769	19,889	55,228
Rent	14,933	2,045	3,477	20,455
Special event costs	-	-	11,974	11,974
Technology and software	7,253	994	1,689	9,936
Travel and hospitality	7,209	987	1,679	9,875
Telephone and internet	3,224	442	751	4,417
Office supplies and equipment	2,962	406	690	4,058
Insurance	2,409	330	561	3,300
Staff development	1,168	160	272	1,600
Marketing and advertising	910	125	212	1,247
Miscellaneous	423	58	99	580
Total Expenses by Function	<u>439,051</u>	<u>35,298</u>	<u>68,267</u>	<u>542,616</u>
Less: expenses included with revenues on the statement of activities				
Special event costs	<u>-</u>	<u>-</u>	<u>(11,974)</u>	<u>(11,974)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 439,051</u>	<u>\$ 35,298</u>	<u>\$ 56,293</u>	<u>\$ 530,642</u>

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

Outdoor Lab Foundation

Statement of Cash Flows Year Ended June 30, 2021

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 416,696
Adjustments to reconcile change in net assets to net cash from operating activities:	
Forgiveness of SBA Paycheck Protection Program loan	(23,800)
Investment income, net	(12,606)
Changes in operating assets and liabilities:	
Contributions receivable	10,860
Inventory	(13,000)
Prepaid and other	(12,525)
Accounts payable	5,948
Accrued salaries payable	(572)
Deferred event revenues	2,500
	<hr/>
Net Cash Flows From Operating Activities	373,501
	<hr/>
<u>Cash Flows From Investing Activities</u>	
Interest income reinvested in Certificates of Deposit	(98)
Endowment distributions	2,022
	<hr/>
Net Cash Flows From Investing Activities	1,924
	<hr/>
Net Change in Cash and Cash Equivalents	375,425
CASH AND CASH EQUIVALENTS, beginning of year	929,919
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	\$ 1,305,344
	<hr/>
NON-CASH TRANSACTIONS	
Forgiveness of SBA Paycheck Protection Program loan	\$ 23,800
	<hr/>

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

1. Organization and Summary of Significant Accounting Policies

Organization

Outdoor Lab is one of the most memorable experiences students get to have in the Jefferson County Public School system. The week-long outdoor school can be one of the most transformational forms of experiential education a young person can receive while growing up in the district. It can foster profound personal growth in students. Outdoor Lab engages all Jefferson County sixth grade students (approximately 6,000 per year) in an immersive outdoor school experience in the mountains. Moreover, the program incorporates approximately 1,000 high school students as program instructors each year. The program builds on the fundamental tenets of experiential learning and is tied into the core curricula set forth by Jeffco Public Schools. It is a rite of passage that has woven through generations of Jeffco families. Located nine miles outside of Bailey, Colorado, the Windy Peak campus is nestled on 225 acres adjacent to Wellington Lake and the Pike National Forest. Situated on 525 acres outside of Evergreen, Colorado, the Mount Evans campus abuts the Arapaho National Forest and the Mt Evans Wilderness Area.

The Outdoor Lab Foundation (the Foundation) was founded in 2003 to spearhead strategic decision-making and fundraising efforts on behalf of Outdoor Lab. It was created by two former Principals of Outdoor Lab who wanted to create an avenue to provide small grants to the campuses for capital improvements and special initiatives. Over time, and as the fund grew, the Foundation began working more closely with Jeffco and Outdoor Lab leadership to set strategic programming priorities and to discuss alternative funding models that would facilitate growth and sustainability for the program.

For years, the Outdoor Lab Program was fully supported within Jeffco Public Schools. No tuition was required, and the maintenance and management of the sites was part of the larger school district budget. However, as with so many extracurricular activities, competition for limited school dollars began curtailing the long-term viability of the program. Specific threats to cut the program entirely were raised in 2003, 2008, and 2012 and finally, in 2013, the school district shifted to a tuition-based funding model. This has created an imbalance in who can afford to attend, and which schools can afford to fund the experiences for their most under-resourced students.

Working-class and working-poor families were put in the tough position of either paying the fee or passing on the opportunity to have their child participate in Outdoor Lab. Moreover, neighborhood schools were asked to absorb the fees of those student who qualify for free and reduced lunch without recouping any funds from those who qualify for such support. Since that time, the Foundation has made the Tuition Assistance Program a focal point of its charitable work.

1. Organization and Summary of Significant Accounting Policies (continued)

The Outdoor Lab Foundation has 4 Strategic Priorities:

1. Bolstering our Tuition Assistance Program to make sure every student, regardless of their ability to pay, can attend Outdoor Lab. Making Outdoor Lab low or no cost to as many students in Jeffco as possible. The Foundation will specifically allocate funds based on each school's free and reduced lunch populations and the associated tuition gaps each school faces as a result.
2. Growing our High School Leaders Program which is comprised of a scholarship fund and other material incentives to support our approximately 1,000 young adult mentors during their volunteerism on site.
3. Increase funding for our Intern Stipend Program. Easing the burden of the Outdoor Lab Sites to increase pay to interns and making the internship experience more attractive and relevant for more students to enhance their resumes. Each site engages 10 interns per semester – 40 total interns who receive a \$1,000 stipend at the end of their service.
4. Building up our Gear Program so that teachers have the materials and supplies to implement fun and impactful programming, and that the Site Clinics have the outerwear and resources they need to keep every student warm, dry, safe, and feeling welcome on site.

Our Accomplishments in 2020-2021

1. Advocated for the re-opening of Outdoor Lab to start the school year.
2. Supported 5,000+ students who attended a two-day Outdoor Lab Program.
3. Contributed \$211,000 for tuition assistance to 35 neighborhood schools to ensure as many students as possible across the district had the resources needed to attend Outdoor Lab.
4. Contributed \$20,000 to the Outdoor Lab Intern Stipend Program to fund 40 interns.
5. Outfitted 500 High School Leaders with Outdoor Lab Uniforms.
6. Delivered three \$2,000 scholarships to High School Leaders to pursue post-secondary education.

Basis of Presentation

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for uncollectible contributions receivable.

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, funds to be held for an endowment.

Net assets with donor restrictions - Net assets subject to donor or certain grantor-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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based upon estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent, utilization, and square footage.

Income Taxes

The Foundation is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a) of the Code. Accordingly, donors are entitled to a charitable deduction for their contributions to the Foundation. The financial statements do not include a provision for income taxes.

The Foundation evaluates whether there are any uncertain tax positions taken or expected to be taken in a tax return. During the year ended June 30, 2021, the Foundation's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investment securities, contributions, and grants receivable. The Foundation places its cash and cash equivalents and investment securities with creditworthy, high quality financial institutions. Although at times the balances in these accounts may exceed the insured limit, the Foundation has never experienced any losses. Concentrations of credit risk with respect to receivables are limited due to the large number of contributors comprising the Foundation's contributor base.

1. Organization and Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk (continued)

The Foundation receives the majority of its revenues from philanthropic support. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on the Foundation's programs and activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or at the estimated fair value at the date of donation if the value or cumulative value of like items is \$5,000 or greater. Assets are depreciated using the straight-line method over the estimated useful lives of the assets, primarily from three to ten years. The Foundation had no property and equipment as of June 30, 2021.

Inventory

Inventory consists primarily of promotional clothing and other items. Inventory is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

Contributions Receivable

Contributions receivable are unconditional promises to give in future periods. The Foundation uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables.

Deferred Event Revenues

Deferred event revenues represent revenues collected before the end of the fiscal year for the following year's events.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

1. Organization and Summary of Significant Accounting Policies (continued)

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

King Soopers & Safeway Loyalty Programs

The Foundation manages two fundraising programs through King Soopers and Safeway. The King Soopers program is set up through individual shoppers' loyalty cards in which they establish the Foundation as their nonprofit partner of choice. King Soopers tracks the spending on these customer accounts and donates annually to the Foundation based on the Foundation's percentage of Foundation-connected customer spending as it relates to the total spending associated with all participating King Soopers Community Rewards organizations. King Soopers remits these donations quarterly to the Foundation.

Under the Safeway Program, a shopper must purchase an Outdoor Lab specific gift card from the Foundation. The shopper loads funds onto that gift card and Safeway donates 5% of the funds loaded onto the participating Safeway cards each month to the Foundation.

Participants in both programs are able designate a portion of the total donation to a specific student to pay their Outdoor Lab trip fees to the respective School District.

Donated Materials and Services

The Foundation records the value of donated materials or services when there is an objective basis available to measure their value. The Foundation recognizes the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

1. Organization and Summary of Significant Accounting Policies (continued)

Merchandise Sales

Merchandise sales consists of clothing and other promotional items. Revenue is recorded at the point in time when the goods are transferred to the purchaser.

Investment Expenses

Investment expenses relating to the funds held by The Community First Foundation amounted to \$655 for the year ended June 30, 2021 and have been included with the change in value of beneficial interest in assets held by others appearing in the accompanying statement of activities.

Marketing and Advertising Costs

Marketing and advertising costs are charged to operations when incurred. Marketing and advertising costs totaled \$1,247 for the year ended June 30, 2021.

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 29, 2021, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which requires lessees to recognize on the statement of financial position a right-to-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the effect that ASU 2016-02 will have on its financial statements.

2. Certificates of Deposit

At June 30, 2021, the Foundation held two Certificates of Deposit totaling \$98,419 maturing in April 2022. The Certificates bear interest at .10%. Certificates of deposit are recorded at cost and are not subject to fair value reporting.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of June 30, 2021:

Cash and cash equivalents	\$ 1,305,344
Certificates of deposit	98,419
Contributions receivable	68,057
Beneficial interest in assets held by others	<u>71,671</u>
Total Financial Assets	<u>1,543,491</u>
Less:	
Board designations – Endowment	(24,339)
Endowment investments	(47,332)
Restricted program contributions included in cash and cash equivalents	<u>(179,756)</u>
	<u>(251,427)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 1,292,064</u>

The Foundation has board-designated funds totaling \$24,339 for an endowment as of June 30, 2021. Although the Foundation does not intend to spend from these board-designated funds other than for the designated purpose, these amounts could be made available if necessary.

The Foundation manages its liquidity according to the following:

- Operating within a prudent range of financial soundness and stability.
- Maintaining adequate liquid assets in an amount equal to or greater than 18 months of operating expenditures plus \$60,000.

4. Beneficial Interest in Assets Held by Others

The Foundation has entered into two endowment fund agreements with Community First Foundation (CFF).

Board Designated –

During 2008, the Foundation established a board-designated endowment fund. All resources of the endowment fund will be used for the purpose and mission of the Foundation, at the sole discretion of the Foundation. There were no distributions from CFF to the Foundation for the year ended June 30, 2021. The Foundation's interest in CFF including contributions transferred and investment earnings to date totals \$24,339 as of June 30, 2021.

4. Beneficial Interest in Assets Held by Others (continued)

Leslie Bohn Memorial Endowment Fund –

In October 2013, the Foundation established the Leslie Bohn Memorial Endowment Fund. Distributions from the endowment will be made no more frequently than annually and will not exceed 5% of the average net fair market value of the assets of the endowment on the last business day of each of the three preceding calendar years. Distributions will be used to enable students with special medical, physical, or psychiatric needs who would not otherwise be able to attend the Outdoor Lab. Distributions from CFF to the Foundation totaled \$2,022 for the year ended June 30, 2021. The Foundation's interest in CFF including contributions transferred and investment earnings to date totals \$47,332 as of June 30, 2021.

5. Endowments

The Foundation's endowments consist of individual funds. As required by GAAP, net assets associated with the endowment fund are classified based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA) to allow, subject to the specific intent of a donor expressed in the gift instrument, for the appropriation or accumulation of so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Such appropriation may take place even though an endowment is "under water" (i.e., the market value of the fund is less than the historical dollar value (HDV) of the fund), and the Foundation is not required to utilize other Foundation resources to bring the value of the endowment fund up to HDV.

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Foundation shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the fund,
- (2) The purpose of the Foundation and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the Foundation, and
- (7) The investment policies of the Foundation.

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

As described in Note 4, the Foundation's endowment is managed by CFF. Per the terms of the Foundation's agreement with CFF, the Foundation participates in CFF's investment pool. While accounting for the Foundation's fund as a separate entity, CFF commingles these deposits with the deposits of other tax-exempt entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management.

5. Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation is eligible to receive annual distributions of five percent of the market value of the endowment, provided that no distribution may be made if such net fair market value is less than the aggregate dollar value of all donations to the fund.

Changes in the endowment's fund balances for the year ended June 30, 2021, were as follows:

	<u>Board Designated</u>	Leslie Bohn Memorial Endowment <u>Fund</u>	<u>Total</u>
Balance, June 30, 2020	\$ 20,081	\$ 41,006	\$ 61,087
Distributions from the fund	-	(2,022)	(2,022)
Investment income, net	<u>4,258</u>	<u>8,348</u>	<u>12,606</u>
Balance, June 30, 2021	<u>\$ 24,339</u>	<u>\$ 47,332</u>	<u>\$ 71,671</u>

6. Net Assets With Donor Restrictions

During the year ended June 2021, a total of \$81,740 was released from net assets with donor restrictions to net assets without donor restrictions by meeting time or donor restrictions. The remaining balance is restricted for the following purposes at June 30, 2021:

Subject to the passage of time:

Contributions receivable \$ 68,057

Subject to expenditure for specified purpose:

High School Leadership Scholarship 110,000
Loyalty card funding 69,756

Endowment:

Leslie Bohn Memorial Endowment Fund 41,807
Accumulated earnings on endowment 5,525

Total Net Assets With Donor Restrictions \$ 295,145

7. Paycheck Protection Program Loan

As of June 30, 2020, the Foundation had an outstanding loan of \$23,800 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP), as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. Under the terms of the original loan agreement, the loan bears interest at a rate of 1% with monthly payments of principal and interest commencing seven months after funding and extending for a two-year term. If certain criteria are met, the Small Business Administration will forgive all or a portion of the loan.

The loan was formally forgiven by the financial institution and recognized into income by the Foundation in June 2021.

8. Lease Commitments

In August 2018, the Foundation entered into an operating lease agreement for office space that expires in June 2022. The Foundation may renew the lease at the end of the lease term. Rent expense for the year ended June 30, 2021, amounted to \$20,455.

In January 2020, the Foundation entered into an operating lease for a vehicle that expires in December 2022. Vehicle lease expense for the year ended June 30, 2021, was \$5,364.

In March 2021, the Foundation entered into an operating lease for office equipment that expires in March 2026. Office equipment lease expense for the year ended June 30, 2021, was \$408.

Approximate future minimum rental payments under these operating lease agreements are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 27,430
2023	4,310
2024	1,630
2025	1,630
2026	<u>1,220</u>
Total	<u>\$ 36,220</u>

9. Retirement Plan

The Foundation maintains a Savings Incentive Match Plan (SIMPLE) IRA Plan (the Plan) for the benefit of all employees. Employees are eligible to participate in the Plan upon their date of hire. Employer contributions for participating employees are 3% of eligible wages. The Foundation contributed \$1,834 to the Plan for the year ending June 30, 2021.

10. Fair Value Measurements

The Foundation follows the provisions of the *Fair Value Measurements and Disclosure* Topic of FASB ASC. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The three levels of the fair value hierarchy defined in the FASB ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other methodologies.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value:

Interest in Net Assets of Community First Foundation: Valued based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position at fair value on a recurring basis and the level within the FASB ASC fair value hierarchy in which the fair value measurements fall at June 30, 2021:

	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments held by:				
Community First Foundation	\$ _____ -	\$ <u>71,671</u>	\$ _____ -	\$ <u>71,671</u>

The investments held by Community First Foundation have a fair value of \$71,671 and a cost basis of \$62,024 as of June 30, 2021.

11. Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

COVID-19 will impact various segments of the Foundation’s fiscal 2022 operations and financial results. Management believes that the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.