George Snow Scholarship Fund, Inc.

Consolidated Financial Statements

December 31, 2020

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DASZKALBOLTON
accountants & advisors

Independent Auditors' Report

To the Board of Directors
George Snow Scholarship Fund, Inc.
Boca Raton, Florida

We have audited the accompanying consolidated financial statements of the George Snow Scholarship Fund, Inc. (the "Organization"), which comprise the consolidated statement of financial position at December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

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Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the George Snow Scholarship Fund, Inc. at December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Daszkal Bolton LLP

Boca Raton, Florida
October 27, 2021

George Snow Scholarship Fund, Inc.
Consolidated Statement of Financial Position
December 31, 2020

ASSETS

Current assets:		
Cash and cash equivalents	$	2,363,545
Pledges receivable, current		248,002
Investments		708,844
Prepaid expenses		12,284
Total current assets		3,332,675
Pledges receivable, net of current		214,580
Endowments		3,239,337
Property and equipment, net		185,398
Total assets	$	6,971,990

LIABILITIES AND NET ASSETS

Liabilities:		
Accrued expenses	$	87,556
Scholarships payable		2,181,487
Total liabilities		2,269,043
Commitments and contingencies		
Net assets:		
Without donor restrictions		765,013
With donor restrictions		3,937,934
Total net assets		4,702,947
Total liabilities and net assets	$	6,971,990

George Snow Scholarship Fund, Inc.
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Scholarships	$ -	$ 1,239,235	$ 1,239,235
Special events, net of expenses	637,405	-	637,405
Net investment return	141,862	143,506	285,368
Capital campaigns	224,794	-	224,794
Added value and administrative fees	126,722	-	126,722
In-kind services	92,794	-	92,794
Program awards	78,199	-	78,199
Paycheck protection program, grant revenue	43,000	-	43,000
Other	11,252	-	11,252
Net assets released from restrictions	474,478	(474,478)	-
Total support and revenues	1,830,506	908,263	2,738,769
Expenses:			
Program services	1,870,723	-	1,870,723
Fundraising	106,901	-	106,901
Management and general	110,155	-	110,155
Total expenses	2,087,779	-	2,087,779
Change in net assets	(257,273)	908,263	650,990
Net assets, beginning of year	1,022,286	3,029,671	4,051,957
Net assets, end of year	$ 765,013	$ 3,937,934	$ 4,702,947

See accompanying notes to consolidated financial statements.

George Snow Scholarship Fund, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

		Support Services		
	Program Services	Fundraising	Management and General	Total
Salaries and related expenses	$ 237,769	$ 41,459	$ 52,766	$ 331,994
Scholarships	1,327,652	-	-	1,327,652
Professional fees	22,506	35,635	35,635	93,776
Occupancy costs	87,342	17,009	-	104,351
Program supplies	69,586	-	-	69,586
Program grants	4,278	-	-	4,278
Awards reception	16,893	-	-	16,893
Depreciation	21,087	678	2,483	24,248
Conference, meetings and events	2,323	-		2,323
Communications	10,212	-	6,560	16,772
Information technology	28,254	2,496	2,571	33,321
Advertising	-	-	2,684	2,684
Other	36,386	312	1,804	38,502
Insurance	1,529	3,457	1,662	6,648
Office supplies	1,854	1,910	1,854	5,618
Telephone	2,136	2,201	2,136	6,473
Development	-	1,744	-	1,744
Postage	916	-	-	916
Total functional expenses	$ 1,870,723	$ 106,901	$ 110,155	$ 2,087,779

See accompanying notes to consolidated financial statements.

George Snow Scholarship Fund, Inc.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:		
Change in net assets	$	650,990
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		24,248
Net investment return		(285,368)
Changes in assets and liabilities:		
Accounts receivable		3,277
Pledges receivable		(19,755)
Prepaid expenses		(8,399)
Accrued expenses		62,146
Scholarships payable		143,901
Net cash provided by operating activities		571,040
Cash flows from investing activities:		
Sales of investments		2,610,293
Purchases of investments		(2,877,240)
Net cash used in investing activities		(266,947)
Net cash from financing activities		-
Net increase in cash and cash equivalents		304,093
Cash and cash equivalents, beginning of year		2,059,452
Cash and cash equivalents, end of year	$	2,363,545

<u>**Supplemental disclosures of cash flow information:**</u>

Interest paid	$	-

See accompanying notes to consolidated financial statements.

Note 1 – Organization and Description of Business

The accompanying consolidated financial statements for the year ended December 31, 2020, represent those of the George Snow Scholarship Fund, Inc. ("GSSF") and its wholly owned subsidiary, GSSF Services, LLC ("GSSFS"). In 1981, GSSF was incorporated in the State of Florida as a non-profit organization. GSSF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The purpose of GSSF is to provide educational grants to the deserving young people of Palm Beach and Northern Broward Counties of Florida. GSSF administers scholarships for other individuals, corporations and organizations. In 2012, GSSFS was formed as a single member LLC under the laws of the State of Florida. GSSFS was formed for the purpose of owning and operating certain scholarship fund assets for the purpose of protecting and shielding GSSF from potential liability due to the use and operation of these assets.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the consolidated amounts of GSSF and GSSFS. These entities collectively are referred to as the "Organization". All significant intercompany transactions have been eliminated in consolidation.

The Organization's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Available for use in general operations and are not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs, general and administrative and fundraising costs based on time expended or space occupied.

Note 2 – Summary of Significant Accounting Policies, continued

Bequests
From time to time, the Organization may be a beneficiary under various will and trust agreements. Related amounts are recorded either when a will is declared valid by a probate court, or when the Organization is notified as a beneficiary of a trust and the amounts are measurable.

Contributions
Contributions received are recorded as revenue without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services and Materials
Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions are recognized at fair value when donated services received create or enhance long-lived assets or require specialized skills and when goods that would typically need to be purchased are provided by donation.

Paycheck Protection Program
In April 2020, the Organization was granted a $43,000 loan under the Paycheck Protection Program (the “PPP”) administered by a Small Business Administration (the “SBA”) approved lender. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with Accounting Standards Codification (“ASC”) 958, *Not-For-Profit Entities* guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized $43,000 as grant revenue for the year ended December 31, 2020. In December 2020, the Organization was notified by its lender that the SBA approved loan forgiveness for the entire amounted granted of $43,000 and remitted payment to the lender bringing the outstanding balance of the PPP loan to $0.

Fundraising
The Organization's consolidated financial statements are presented in accordance with the Financial Accounting Standards Board (“FASB”) ASC 958, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that include Fundraising.* ASC 958 establishes criteria for accounting and reporting for any activity that solicits contributions.

Special Events
The Organization recognizes special event revenue in the year the event occurs. Special event revenue is reflected net of its related expenditures in the accompanying consolidated statement of activities and changes in net assets.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and money market funds. Cash equivalents include all highly liquid securities with an initial maturity of ninety (90) days or less.

Note 2 – Summary of Significant Accounting Policies, continued

Pledges Receivable

The receipt by the Organization of unconditional promises to give with amounts due in future periods are reported as donor restricted support, unless explicit donor or grantor stipulations or circumstances surrounding the receipt of the promise make clear that the donor or grantor intended it to be used to support activities of the current period. Unconditional promises to give in future periods greater than one year are reported at the discounted present value of estimated future cash flows, using a discount rate that approximates the rate of government securities, and are deemed fully collectible at December 31, 2020. Amortization of the discount is recorded as additional contribution revenue.

Valuation of Investments at Fair Value

The Organization measures its financial assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization follows a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three (3) levels based on the inputs as follows:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value if contributed. Depreciation is provided over the estimated useful lives ranging from five (5) to twenty (20) years on the respective assets on a straight-line basis.

Major replacements and betterments of buildings, building improvements and equipment are capitalized while repairs and minor replacements are charged to operations.

Note 2 – Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The carrying amount of the Organization's financial instruments, which include cash and cash equivalents, investments and accrued liabilities, approximate their fair values due to their short-term maturities and market rates of interest.

Income Taxes

GSSF is exempt from federal and state income taxes under Section 501(c)(3) of the IRC and Chapter 220.13 of the Florida Statutes. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the IRC. Accordingly, there is no provision for income taxes.

GSSFS is an LLC and as a result, its income tax effects are passed through to GSSF, its sole member.

The Organization follows FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statues of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is subject to U.S. federal income tax examinations by tax authorities for three (3) years from the date of filing.

Endowment Funds

The Organization has various donor-restricted endowment asset funds which were established for the purpose of granting scholarships to qualified students. One of the endowment asset funds is a community fund, The Snow Education Endowment, established for the purpose of granting scholarships to qualified students. The Organization also established a quasi-endowment fund which was designated by the Organization’s Board of Directors for scholarships. The endowment assets consist of donor-restricted funds and board designated funds. The Snow Education Endowment is a community asset that provides hope and opportunity to the area’s brightest and most talented youth. The endowment funds come from the generosity of donors’ legacy gifts, which are then invested.

Currently, the income earned from these investments is reinvested back into the Snow Education Endowment so that the endowment will grow into a sustainable source of funding for scholarships and support services for the deserving students of Palm Beach County, Florida far into the future. Endowment fund contributions mostly are subject to donor restrictions that stipulate that the principal amount be held and indefinitely invested by the Organization, with the investment earnings available for scholarship and award program services. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 2 – Summary of Significant Accounting Policies, continued

Endowment Funds, continued

The Organization has established endowment investment and cash flow policies that attempt to subject endowed funds to low investment risk and provide its scholarship and award program services from current income. Endowment assets are invested in cash equivalents, certificates of deposit, mutual funds, fixed income securities and securities. The Organization seeks to build endowment assets through additional contributions. The Organization has a policy of appropriating for distributions each university semester based on the endowment funds investment income from the previous year that is not restricted, and the Organization generally expends either all or a portion of the endowment funds investment income for scholarship program services each semester in the fiscal year following receipt. The Organization's current cash flow policy is not expected to allow the Organization's endowment funds to grow due to market investment returns; this is consistent with the Organization's objectives to provide income for its scholarship programs, preserve endowment asset values without subjecting them to substantial risk, and provide additional real growth through new gifts.

Recent Accounting Adopted

On January 1, 2020, the Organization adopted FASB Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* using a modified prospective approach. The ASU is intended to assist entities in evaluating whether transactions should be accounted for as contributions or an exchange transaction, as well as determining whether a contribution is conditional. There was no impact to revenue or expenses associated with adopting ASU No. 2018-08.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (in-kind contributions) received by non-profits are to be used and how they are valued. This ASU is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact this ASU will have on the Organization.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the consolidated statement of financial position for all leases with terms longer than twelve (12) months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities and changes in net assets. The Organization has not entered into any leasing arrangements where they are the lessor. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the implementation of ASU No. 2016-02 will have on the consolidated financial statements.

Date of Management's Review

The Organization evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through October 27, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3 – Liquidity and Availability

The Organization's financial assets available within one year to meet cash needs for general expenditure, without donor or other restrictions limiting their use, at December 31, 2020 are as follows:

Financial assets:		
Cash and cash equivalents	$	2,363,545
Pledges receivable, current		248,002
Investments		708,844
Endowments		3,239,337
Total financial assets		6,559,728
Less financial assets unavailable for general expenditure within one year due to:		
Restricted by donors with purpose restrictions:		
Endowment funds		1,756,447
Scholarships		2,181,487
Total financial assets unavailable for general expenditure		3,937,934
Financial assets available within one year to meet cash needs for general expenditures	$	2,621,794

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

Note 4 – Pledges Receivable

Unconditional promises to give are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. The discounts on those amounts are computed using a risk-free interest rate applicable to the years in which promises are received. Amortization of the discounts is included in contributions revenue.

Pledges receivable consisted of the following at December 31, 2020:

Endowments	$	132,500
Scholarships		345,502
Pledges receivable before unamortized discount		478,002
Less: unamortized discount		(15,420)
Pledges receivable, net	$	462,582
Amounts due in:		
Less than one year	$	248,002
One to five years		214,580
Total pledges receivable, net	$	462,582

Note 5 – Property and Equipment

Property and equipment consisted of the following at December 31, 2020:

Computer equipment	$	14,759
Furniture and fixtures		90,584
Leasehold improvements		260,747
Equipment		16,650
Total property and equipment		382,740
Less: accumulated depreciation		(197,342)
Property and equipment, net	$	185,398

Depreciation expense for the year ended December 31, 2020 was $24,248.

Note 6 – Investments

The fair value of investments consisted of the following at December 31, 2020:

	Fair Value Measurement			
	Total	Level 1	Level 2	Level 3
Camp 7669, LLC	$ 25,000	$ 25,000	$ -	$ -
Mutual funds	683,844	683,844	-	-
	$ 708,844	$ 708,844	$ -	$ -

The changes in the Organization's investment net assets were as follows for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment net assets, December 31, 2019	$ 701,672	$ -	$ 701,672
Investment return:			
Net appreciation	12,107	-	12,107
Investment fees	(188)	-	(188)
Contributions	1,769	-	1,769
Withdrawals	(6,516)	-	(6,516)
Investment net assets, December 31, 2020	$ 708,844	$ -	$ 708,844

The Organization owns a 12.5% interest in a privately held limited liability company. This investment is accounted for using the equity method of accounting. Accordingly, the investment is recorded at acquisition cost, adjusted for the Organization's share of equity in the undistributed earnings or losses of the entity. The carrying value of the investment at December 31, 2020 was $25,000 and has been included within the investments classification in the Organization's consolidated statement of financial position.

Note 7 – Lease Commitments

The Organization has a lease agreement with an unrelated third party for office space which expires on October 30, 2022. The lease calls for monthly rental payments of $298. The difference between the leases rental market value and amounts charged under this lease for the year ended December 31, 2020 was $92,794, which was recognized as in-kind revenue and expense. See Donated Services and Materials Note. The Organization also leases storage space and equipment under various operating leases.

Rent expense under these operating leases for the year ended December 31, 2020 was $105,320.

The minimum future lease payments under operating leases were as follows:

Years Ending December 31,	Amount
2021	$ 3,576
2022	2,980
	$ 6,556

Note 8 – Donated Services and Materials

Donated services and materials received during the year ended December 31, 2020 were as follows:

Donated services:		
Rent, office space	$	92,794
Donated materials:		
Auction items	$	139,242
Software licenses		30,799
Total donated materials	$	170,041

Donated auction items are recorded at fair value as an asset and contribution revenue on the date of donation. When an item is sold, the asset is removed and contribution revenue is adjusted to proceeds received from the sale. Donated auction item revenue during the year ended December 31, 2020 was $139,242 which is included in special events, net of expenses in the accompanying consolidated statement of activities and changes in net assets.

Note 9 – Concentrations of Credit Risk

Cash and cash equivalents include checking, savings, and money market mutual funds and are maintained at several financial institutions and major brokerage firms. The Organization may be subject to credit risk to its cash and cash equivalents, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") coverage is $250,000 for all depository accounts. Amounts on deposit in excess of federally insured limits at December 31, 2020 totaled $1,123,507.

Note 9 – Concentrations of Credit Risk, continued

The Organization holds accounts with a third-party investment custodian. Cash, cash equivalents, and securities held with the custodian are not FDIC or Securities Investor Protection Corporation ("SIPC") insured. At December 31, 2020, cash, cash equivalents and securities subject to credit risk held with the custodian totaled $3,001,943.

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2020 are restricted for the following purposes:

Subject to expenditure for specified purpose:		
Endowment	$	1,756,447
Scholarships		2,181,487
Total net assets with donor restrictions	$	3,937,934

Net assets were released from donor restrictions by incurring expenses satisfying the purposes restrictions specified by donors as follows:

Endowment	$	9,903
Scholarships		464,575
Total net assets released from restrictions	$	474,478

Note 11 – Net Assets without Donor Restrictions

Net assets without donor restrictions consisted of the following at December 31, 2020:

Undesignated	$	(717,877)
Board-designated, endowment funds		1,482,890
Total net assets without donor restrictions	$	765,013

Note 12 – Endowments

Endowment Funds

The endowment assets consist of donor-restricted funds and board designated funds. As required by GAAP, net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions. At December 31, 2020, the fair value of the endowment funds was $3,239,337, of which $1,756,447 represents net assets with donor restrictions and $1,482,890 represents net assets without donor restrictions. Any periodic deficiencies within the endowment fund balances result from unfavorable market fluctuations and/or from the continued appropriation for the scholarship grants that were deemed prudent by the Board of Directors.

Note 12 – Endowments, continued

Interpretation of Relevant Law

In June 2011, the State of Florida adopted the *Florida Uniform Prudent Management of Institutional Funds Act* ("FUPMIFA") which is effective July 1, 2012. The Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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 is classified as with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment fund earnings:

1) The duration and preservation of the fund
2) The purposes of the Organization 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 Organization
7) The investment policies of the Organization

For the year ended December 31, 2020, the Organization has elected to not add appreciation for cost of living or other spending policies to its endowment for inflation and other economic conditions.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return in excess of the original with donor restriction principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places emphasis on investments in mutual funds to achieve its long-term return objectives within prudent risk constraints.

Note 12 – Endowments, continued

Strategies Employed for Achieving Objectives, continued

The following is a summary of the Organization's endowment funds net asset composition by type of fund at December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,482,890	$ -	$ 1,482,890
Donor restricted endowment funds	-	1,756,447	1,756,447
Total endowments net assets	$ 1,482,890	$ 1,756,447	$ 3,239,337

The changes in the Organization's endowment net assets were as follows for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	$ 1,324,328	$ 1,369,155	$ 2,693,483
Investment return:			
Net appreciation	139,914	143,506	283,420
Investment fees	(8,633)	(9,903)	(18,536)
Contributions	27,281	253,689	280,970
Endowment net assets, December 31, 2020	$ 1,482,890	$ 1,756,447	$ 3,239,337

Note 13 – Uncertainty of Risk

In January 2020, the World Health Organization (the "WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond the point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, the Organization is closely monitoring the impact of COVID-19 on all aspects of its activities, including how it will impact its donors, employees and vendors. The Organization is unable to predict the impact that COVID-19 may have moving forward due to the numerous uncertainties and the Organization will continue to assess the evolving impact of COVID-19. The accompanying consolidated financial statements are not modified with respect to this matter.