

Financial Report



foundation
for the children
of the californias

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foundation for the Children of the Californias
San Diego, California

Opinion

We have audited the accompanying financial statements of Foundation for the Children of the Californias (the Foundation), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for the Children of the Californias, as of December 31, 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 of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

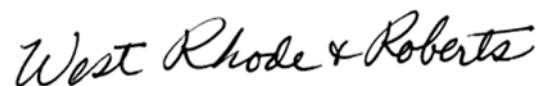
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



WEST RHODE & ROBERTS

San Diego, California
March 31, 2022

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Summarized Financial Information for the December 31, 2020)

	2021	2020 (Note 11)
ASSETS		
Cash and cash equivalents	\$ 181,969	\$ 147,128
Investments	5,089,166	5,582,541
Accounts receivable	15,712	19,440
Prepaid expenses	17,055	5,360
Furniture and equipment	6,698	-
Total assets	<u>\$ 5,310,600</u>	<u>\$ 5,754,469</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 5,169	\$ 8,109
Refundable advance	-	55,189
Total liabilities	<u>5,169</u>	<u>63,298</u>
Commitments (Note 5)		
Net assets:		
Without donor restrictions	1,418,074	1,568,516
With donor restrictions	<u>3,887,357</u>	<u>3,955,085</u>
Total net assets	<u>5,305,431</u>	<u>5,523,601</u>
Total liabilities and net assets	<u>\$ 5,310,600</u>	<u>\$ 5,586,899</u>

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

(With Summarized Financial Information for the Year Ended December 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020 (Note 11)</u>
<u>Operating activities</u>				
SUPPORT AND REVENUE				
Contributions and grants	\$ 327,778	\$ 276,393	\$ 604,171	\$ 657,623
Net assets released from restrictions	<u>388,608</u>	<u>(388,608)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>716,386</u>	<u>(112,215)</u>	<u>604,171</u>	<u>657,623</u>
OPERATING EXPENSES				
Program services	744,158	-	744,158	1,129,329
Supporting services:				
General and administrative	118,773	-	118,773	116,985
Fundraising	<u>115,106</u>	<u>-</u>	<u>115,106</u>	<u>146,416</u>
Total program and supporting services	<u>978,037</u>	<u>-</u>	<u>978,037</u>	<u>1,392,730</u>
Costs of direct benefits to donors	<u>13,154</u>	<u>-</u>	<u>13,154</u>	<u>17,733</u>
Total operating expenses	<u>991,191</u>	<u>-</u>	<u>991,191</u>	<u>1,410,463</u>
Operating revenue and support in deficits of expenses	<u>(274,805)</u>	<u>(112,215)</u>	<u>(387,020)</u>	<u>(752,840)</u>
<u>Non-operating activities</u>				
Net investment income	4,629	31,376	36,005	67,861
Realized and unrealized gain (loss) on investments	<u>(47,836)</u>	<u>13,111</u>	<u>(34,725)</u>	<u>(10,786)</u>
Total nonoperating activities	<u>(43,207)</u>	<u>44,487</u>	<u>1,280</u>	<u>57,075</u>
Change in net assets	(318,012)	(67,728)	(385,740)	(695,765)
NET ASSETS AT BEGINNING OF YEAR	<u>1,736,086</u>	<u>3,955,085</u>	<u>5,691,171</u>	<u>6,386,936</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,418,074</u>	<u>\$ 3,887,357</u>	<u>\$ 5,305,431</u>	<u>\$ 5,691,171</u>

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

(With Summarized Financial Information for the Year Ended December 31, 2020)

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund- Raising</u>	<u>2021 Total</u>	<u>2020 (Note 11)</u>
Salaries	\$ 97,607	\$ 71,920	\$ 87,332	\$ 256,859	\$ 267,437
Payroll taxes and employee benefits	12,809	9,438	11,460	33,707	50,737
	<u>110,416</u>	<u>81,358</u>	<u>98,792</u>	<u>290,566</u>	<u>318,174</u>
Indigent care	292,243	-	-	292,243	238,025
HIC CURARTE building expense	120,200	-	-	120,200	505,331
Clinic - programs	100,334	-	-	100,334	158,170
Physical therapy	38,762	-	-	38,762	50,754
U.S. nutrition education	36,569	-	-	36,569	48,826
Reconstructive surger	27,513	-	-	27,513	-
Office expense	7,521	11,974	6,829	26,324	13,197
Rent	8,083	5,956	7,232	21,271	13,268
Professional services	988	15,728	884	17,600	39,253
Miscellaneous	888	1,701	795	3,384	2,905
Meeting and travel	641	2,056	574	3,271	1,058
Telemedicine	-	-	-	-	3,769
Total expenses	<u>\$ 744,158</u>	<u>\$ 118,773</u>	<u>\$ 115,106</u>	<u>\$ 978,037</u>	<u>\$ 1,392,730</u>

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

(With Summarized Financial Information for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u> (Note 11)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (385,740)	\$ (695,765)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	1,339	335
Realized and unrealized loss on investments	34,725	10,786
Change in operating assets and liabilities		
Accounts receivable	3,728	8,944
Prepaid expenses	(11,695)	2,482
Accounts payable	(2,940)	(1,760)
Refundable advance	(55,189)	55,189
Net cash used in operating activities	<u>(415,772)</u>	<u>(619,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,037)	-
Net sales of investments	<u>658,147</u>	<u>1,058,090</u>
Net cash provided by investing activities	<u>650,110</u>	<u>1,058,090</u>
Change in cash and cash equivalents	234,338	438,301
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,575,724</u>	<u>3,137,423</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,810,062</u>	<u>\$ 3,575,724</u>
Cash and cash equivalents consist of :		
Cash and cash equivalents	\$ 181,969	\$ 147,128
Cash and cash equivalents included in investments	<u>3,628,093</u>	<u>3,428,596</u>
	<u>\$ 3,810,062</u>	<u>\$ 3,575,724</u>

Note 1. Organization and Significant Accounting Policies

Organization and Activities

The Foundation for the Children of the Californias (the Foundation) was incorporated in May 1990 as a California non-profit organization for the primary purpose of improving the health and nutrition of children in the border region of San Diego, California and Tijuana, Mexico and in the funding of a pediatric medical complex (Hospital Infantil de las Californias) operated in Tijuana, Mexico by Fundación para los Niños de las Californias, a non-profit Mexican organization.

Significant Accounting Policies

Method of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation – The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation 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 statement of activities.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition – Contributions are recognized as revenue when they are received or unconditionally pledged. The Foundation reports contributions as restricted if they are received with donor stipulations as to the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as endowment funds. The income earned from such assets is generally considered as purpose restricted.

Cash and Cash Equivalents – The Foundation considers all highly liquid investments with an original maturity of less than three months to be cash equivalents. Cash and cash equivalents include cash in readily available checking accounts.

Investments – Investments are recorded at fair value based on quoted market prices.

Furniture and Equipment – The Foundation capitalizes all furniture and equipment over \$500. Furniture and equipment are depreciated on a straight-line basis over useful lives of 3 years. Depreciation expense for the year ended December 31, 2021 was \$1,339.

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

Refundable Advance – In 2020, the Foundation received a loan in the amount of \$55,189 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan is forgivable if it is used for qualifying expenses as described in the CARES Act. The loan was forgiven during 2021 and has been recognized in contributions on the Statement of Activities.

Functional Allocation of Expenses – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of a program or supporting service.

Cost of Direct Benefits to Donors – The costs of special events that represent a direct benefit to donors are separately reported. For the year ended December 31, 2021 there were special event costs of \$13,154.

Income Taxes – The Foundation is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is also exempt from state income taxes. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Foundation has reviewed its positions for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosure.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent 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.

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Foundation recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

The Foundation has evaluated subsequent events through March 31, 2022, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability of Resources

The Foundation's financial assets available for general expenditure, that is without donor restrictions limiting their use within one year of the statement of position date, are as follows:

Financial Assets	
Cash and cash equivalents	\$ 181,969
Investments	5,089,166
Accounts receivable	<u>15,712</u>
Total financial assets available within one year	<u>5,286,847</u>
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(2,599,606)
Restricted by donors in perpetuity	<u>(1,287,751)</u>
Total amounts unavailable for general expenditures within one year	<u>(3,887,357)</u>
Amounts unavailable to management without Board of Directors approval:	
Designated amounts from the Board for:	
Operating reserves	(1,293,080)
Indigent care	(70,416)
Other	<u>(17,114)</u>
Total amounts unavailable to management without Board of Directors approval	<u>(1,380,610)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 18,880</u>

The Foundation maintains policies of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Fair Value Measurements

Due to the short-term nature of the assets and liabilities, fair value approximates carrying value. In accordance with Financial Accounting Standards Board Codification No. 820 (FASB ASC 820), fair value is defined as the price that the Foundation would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset.

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The standard describes three-tier hierarchy of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total		
Assets			
Investments	\$ 5,089,166	\$ 5,089,166	\$ -

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Note 4. Investments

Investments at December 31, 2021, consist of the following:

Money market	\$ 3,628,093
Fixed income	1,456,451
Equities	4,622
Total investments	<u>\$ 5,089,166</u>

The following is a summary of net investment income for the year ended December 31, 2021:

Interest and dividends	\$ 56,010
Net realized and unrealized losses	(34,725)
Investment fees	(20,005)
Net investment income	<u>\$ 1,280</u>

Note 5. Commitments

The Foundation leases the office copier under an operating lease that expires in December 2022 and office space under an operating lease that expires in June 2026. For the year ended December 31, 2021, rent expense totaled \$21,271.

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

Future minimum lease obligations are as follows:

Years Ending December 31,	
2022	\$ 24,120
2023	22,328
2024	22,783
2025	23,257
2026	11,856
	<u>\$ 104,344</u>

Note 6. Net Assets without Donor Restrictions

The Foundation's net assets without donor restriction is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2021:

Board designated for operating reserves	1,293,080
Board designated for Indigent Care	70,416
Board designated for other programs	17,114
Undesignated	37,464
	<u>\$ 1,418,074</u>

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021:

Medical clinics	\$ 2,187,832
U.S. Education / Nutrition Projects	321,848
Indigent care	38,493
Physical therapy training	35,870
Other programs	11,056
Dr. Dunklee Scholarship Fund	4,507
	<u>\$ 2,599,606</u>

Endowments, subject to the Foundation's spending policy and appropriations, the income from which is expendable for:

Langdon Endowment Fund	\$ 988,581
DARTE Endowment PMA Trust	139,606
Nutrition Endowment Fund	159,564
	<u>\$ 1,287,751</u>

Total net assets with donor restrictions at December 31, 2021 is \$3,887,357.

Note 8. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

Indigent care	\$ 212,201
Medical clinics and equipment	73,198
U.S. Education / Nutrition Projects	36,568
Physical therapy training	38,762
Other programs	27,879
	<u>\$ 388,608</u>

Note 9. Endowment

The Foundation follows the standards codified in FASB ASC 958-205-65, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). The endowment includes only donor-restricted endowment funds.

Interpretation of Relevant Law – The Board of Directors of the Foundation has interpreted the UPMIFA 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 Foundation classifies net assets with donor restrictions – held in perpetuity as, (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 that is not classified in net assets with donor restrictions – held in perpetuity are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment and Spending Policies – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4.25% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year 3% of its endowment fund's average value over the prior fiscal year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

The following table represents the changes in the Foundation's endowment funds during the year ending December 31, 2021:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,243,264
Investment return:	
Net investment income	31,376
Net appreciation (realized and unrealized)	13,111
Total investment return	1,287,751
Appropriation of assets for expenditure	-
Endowment net assets, end of year	<u>\$ 1,287,751</u>

Note 10. Risks and Uncertainties

Concentration of Credit Risk - Throughout the year, the Foundation may maintain cash balances at a bank in excess of the Federal Deposit Insurance Corporation limit of \$250,000. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

In addition, the Foundation invests in various investments, including mutual funds and money market accounts. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect amounts reported on the financial statements.

COVID -19 Risk - In March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The ultimate disruption which may be caused by the pandemic is uncertain; however, it may result in a material adverse impact on the Foundation's financial position, operations, and cash flows. Possible effects may include but are not limited to disruptions or restrictions on our employee's ability to work, decline in value of assets held, including property and equipment and changes to the current regulatory environment. Management is actively working to mitigate the impact of these and other unforeseen potential disruptions to operations.

Note 11. December 31, 2020 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the changes in net assets.