

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**With Summarized Comparative Financial Information for the
Year Ended September 30, 2020**



WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wings Over America Scholarship Foundation
Virginia Beach, Virginia

We have audited the accompanying financial statements of Wings Over America Scholarship Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of September 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 of America; 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 audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 Wings Over America Scholarship Foundation as of September 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 of America.

Report on Summarized Comparative Information

We have previously audited Wings Over America Scholarship Foundation 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barnes, Brock, Cornwell & Painter, PLLC

Chesapeake, Virginia
March 10, 2022

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021**

With Comparative Financial Information for the Year Ended September 30, 2020

ASSETS	2021	Comparative 2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 79,415	\$ 84,389
Accounts receivable	1,000	4,200
Investment, at fair value	969,682	732,560
Prepaid expenses	670	670
Total current assets	\$ 1,050,767	\$ 821,819
EQUIPMENT:		
Equipment	\$ 2,507	\$ 2,507
Less accumulated depreciation	(1,796)	(1,498)
Net equipment	\$ 711	\$ 1,009
Total assets	\$ 1,051,478	\$ 822,828
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ 1,293
Deferred revenue	22,000	3,020
Total current liabilities	\$ 22,000	\$ 4,313
NET ASSETS:		
Without donor restrictions:		
Undesignated	\$ 422,570	\$ 453,824
Board designated investments	124,029	-
With donor restrictions	482,879	364,691
Total net assets	\$ 1,029,478	\$ 818,515
Total liabilities and net assets	\$ 1,051,478	\$ 822,828

See independent auditor's report and accompanying notes to the financial statements.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

With Summarized Financial Information for the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Comparative 2020 Total
OPERATING REVENUE AND SUPPORT:				
Contributions	\$ 247,234	\$ 129,490	\$ 376,724	\$ 315,940
Special events, net of expenses \$53,886 and \$72,333, respectively	63,014	-	63,014	62,697
Noncash donations	30,839	-	30,839	45,649
Miscellaneous	218	-	218	395
Net assets released from restriction	17,200	(17,200)	-	-
Total operating revenue and support	\$ 358,505	\$ 112,290	\$ 470,795	\$ 424,681
EXPENSES:				
Program services	\$ 342,195	\$ -	\$ 342,195	\$ 315,843
Supporting services:				
Management and general	7,994	-	7,994	8,197
Fundraising	21,920	-	21,920	21,547
Total expenses	\$ 372,109	\$ -	\$ 372,109	\$ 345,587
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	\$ (13,604)	\$ 112,290	\$ 98,686	\$ 79,094
NON-OPERATING ACTIVITIES:				
Interest and dividends, net of expenses \$8,513 and \$6,311, respectively	\$ 16,182	\$ 411	\$ 16,593	\$ 10,626
Realized loss on investments	62,057	3,995	66,052	7,647
Unrealized gain on investments	28,140	1,492	29,632	40,699
CHANGES FROM NON-OPERATING ACTIVITIES	\$ 106,379	\$ 5,898	\$ 112,277	\$ 58,972
CHANGES IN NET ASSETS	\$ 92,775	\$ 118,188	\$ 210,963	\$ 138,066
NET ASSETS, BEGINNING OF YEAR	453,824	364,691	818,515	680,449
NET ASSETS, END OF YEAR	\$ 546,599	\$ 482,879	\$ 1,029,478	\$ 818,515

See independent auditor's report and accompanying notes to the financial statements.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

With Summarized Financial Information for the Year Ended September 30, 2020

	<u>Supporting Services</u>				2021 Total	Summarized 2020 Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Supporting Total</u>		
Scholarship awards	\$ 290,624	\$ -	\$ -	\$ -	\$ 290,624	\$ 262,950
Salaries and related taxes	24,833	4,966	19,865	24,831	49,664	49,664
Rent expense	9,122	1,014	-	1,014	10,136	10,637
Consulting	7,789	865	-	865	8,654	11,221
Supplies	2,445	489	1,956	2,445	4,890	4,000
Professional fees	3,510	390	-	390	3,900	4,200
Insurance	1,653	184	-	184	1,837	1,775
Board development	1,550	-	-	-	1,550	666
Depreciation	268	30	-	30	298	160
Office expense	123	25	99	124	247	204
Taxes and licenses	180	20	-	20	200	100
Postage expense	98	11	-	11	109	10
Total expenses	\$ 342,195	\$ 7,994	\$ 21,920	\$ 29,914	\$ 372,109	\$ 345,587

See independent auditor's report and accompanying notes to the financial statements.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021**

With Comparative Financial Information for the Year Ended September 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING AND NON-OPERATING ACTIVITIES:		
Changes in net assets	\$ 210,963	\$ 138,066
Adjustments to reconcile changes in net assets to net cash provided by operating and non-operating activities:		
Depreciation	298	160
Net realized and unrealized gain on investments	(95,683)	(48,346)
(Increase) decrease in assets:		
Accounts receivable	3,200	(1,720)
Prepaid expenses	-	2,495
Increase (decrease) in liabilities:		
Accounts payable	(1,293)	1,293
Deferred revenue	18,980	(23,430)
	\$ 136,465	\$ 68,518
 NET CASH PROVIDED FROM OPERATING AND NON-OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	\$ -	\$ (689)
Net additions to investment	(141,439)	(84,390)
	\$ (141,439)	\$ (85,079)
 NET CASH USED BY INVESTING ACTIVITIES		
NET CHANGES IN CASH AND CASH EQUIVALENTS	\$ (4,974)	\$ (16,561)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	84,389	100,950
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 79,415	\$ 84,389

SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION

Fair value of donated supplies	\$ 30,839	\$ 45,649
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See independent auditor's report and accompanying notes to the financial statements.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 1 - ORGANIZATION:

The Wings Over America Scholarship Foundation ("the Foundation") was formed in 1987 and was incorporated under the laws of the Commonwealth of Virginia on April 19, 2007. The Foundation provides academic scholarships to dependent children and spouses of U.S. Navy aviation personnel. The Foundation is supported primarily through donor contributions and from the proceeds generated by annual golf tournaments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-impaired restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups with donor restrictions and without donor restrictions.

These two groups are defined as follows:

- *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 Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.
- *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.

The Foundation follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification (FASB ASC)*.

Donated Assets and Services

The Foundation recognizes in-kind contributions as revenue and expense in the period in which they are received. Donated materials are valued by donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation; however, a number of volunteers donated significant amounts of their time performing services that would otherwise be performed by paid employees.

Revenue Recognition

The financial statements of the Foundation are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include 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 September 30, 2020, from which the summarized information was derived.

See independent auditor's report. Notes continued on next page.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accounts Receivable

Accounts receivable consist primarily of non-interest bearing amounts due for fundraising events. Management considers the need for an allowance for uncollectible accounts receivable based on its review of accounts receivable and historical collection experience. The Foundation writes off receivables as a charge to the allowance when in their estimation it is probable the receivables is worthless. Accounts receivable are considered past due if payments are not received by the due date on the billing statement. At September 30, 2021 and 2020, the balances were \$1,000 and \$4,200, respectively. Management considered all accounts to be collectible and, accordingly, did not provide an allowance for uncollectible accounts as of September 30, 2021 and 2020.

Cash and Cash Equivalents

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

Investments

The Foundation records investments at fair market value based on quoted prices in active markets (all Level 1 measurements) and are classified by management as available-for-sale. Accordingly, realized gains and losses, if any, are determined on the basis of the actual cost of the securities sold. Unrealized gains and losses are presented as a single amount in the statements of activities. Gifts of investments are recorded at their fair market value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date.

Equipment

Purchased items are stated at cost and donated items are stated at fair market value at the date of the gift. Donations are reported as unrestricted support unless the donor has restricted the asset to a specific purpose. Depreciation is provided on the straight-line method over the estimated useful lives of the assets of 5 years. Gains and losses arising from retirements or dispositions are recognized in the period incurred.

Depreciation expense for the years ended September 30, 2021 and 2020 amounted to \$298 and \$160, respectively.

Scholarship Payable

The Foundation awards scholarships which are conditional based on certain requirements. There were no scholarships payable at September 30, 2021 and 2020.

Deferred Revenue

Income from donors are recognized at fair value and deferred over the periods to which the income relates.

Income Taxes

Wings Over America Scholarship Foundation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an unexempt Foundation as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Currently, the Foundation has no obligation for any unrelated business income tax. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements; however, any penalties and interest incurred as a result of uncertain tax positions would be recorded in general administration. The Foundation's federal return of Foundation Exempt from Income Tax (Form 990) for the fiscal years ending 2021, 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Functional Allocation of Expenses

The cost of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs are allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses:</u>	<u>Method of Allocation:</u>
Salaries and related taxes	Time and effort
Rent expense	Reasonable basis consistently applied
Consulting	Reasonable basis consistently applied
Supplies	Reasonable basis consistently applied
Professional fees	Reasonable basis consistently applied
Insurance	Reasonable basis consistently applied
Depreciation	Reasonable basis consistently applied
Office expense	Reasonable basis consistently applied
Taxes and licenses	Reasonable basis consistently applied
Postage expense	Reasonable basis consistently applied

Contributions

Unconditional promises (pledges) are recognized when the donor makes a pledge to give to the Foundation and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of equipment are recorded as support at their estimated fair value at the date of donation.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Advertising Costs

The Foundation expenses the cost of advertising when incurred. As of September 30, 2021 and 2020, the Foundation did not incur any advertising costs for the years then ended.

Reclassification

Certain amounts from the prior year have been reclassified to conform with current year presentation.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and investments. The Foundation places its cash and investments with high credit quality depositories in the United States. All of a depositor's accounts at an insured depository institution, including all non-interest bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to the standard maximum deposit insurance amount of \$250,000 and \$500,000, respectively, for each deposit insurance ownership category. The Foundation did not have demand deposits on hand in financial institutions that exceeded FDIC limits for the years ended September 30, 2021 and 2020. Amounts in excess of the FDIC limit as of September 30, 2021 and 2020 were \$493,669 and \$276,994, respectively.

Approximately 23% and 32% of the Foundation's revenue came from the special event revenues earned for the years ended September 30, 2021 and 2020, respectively. The current level of the Foundation's operations and programs may be significantly impacted if there is a reduction of contributions from these special events.

NOTE 4 - OPERATING LEASES:

Effective May 27, 2020, the Foundation entered into a new lease agreement which modified the terms of the existing agreement. The Foundation leases its office under an operating lease from an unrelated third party. The current lease expires in June of 2023. Total lease expenses amounted to \$8,319 and \$8,832 for the years ended September 30, 2021 and 2020, respectively.

Future minimum lease payments are as follows:

2022	\$	8,252
2023		6,327
	\$	<u>14,579</u>

NOTE 5 - LIQUIDITY AND AVAILABILITY:

The Foundation's financial assets available within one year of the statements of financial position sheet date for general expenditure are as follows:

	<u>2021</u>
Financial assets:	
Cash and cash equivalents	\$ 79,415
Accounts receivable	1,000
Investments	<u>969,682</u>
Total financial assets	\$ 1,050,097
Less amounts not available to be used within one year:	
Investments with donor restrictions	482,879
Board designated investments	<u>124,029</u>
Financial assets available to meet general expenditures within one year	<u>\$ 443,189</u>

See independent auditor's report. Notes continued on next page.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purpose:

	2021	2020
Scholarship awards	\$ 482,879	\$ 364,691

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

	2021	2020
Satisfaction of purpose restriction:		
Scholarships issued	\$ 17,200	\$ 19,400

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions for the years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Financial assets without donor restrictions:		
Undesignated	\$ 298,541	\$ 453,824
Board designated	124,029	-
Total net assets without donor restrictions	\$ 422,570	\$ 453,824

NOTE 8 - FAIR VALUE MEASUREMENTS:

In accordance with FASB (ASC) 820, *Fair Value Measurements and Disclosures*, the Foundation accounts for its financial instruments as well as certain assets and liabilities at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability. FASB (ASC) 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability.
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. The Foundation currently has no level 2 assets.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Foundation currently has no level 3 assets.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued):

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021.

Money market and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30, 2021 and 2020.

Assets at Fair Value as of September 30, 2021:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 242,438	\$ -	\$ -	\$ 242,438
Exchange-traded funds	213,334	-	-	213,334
Mutual funds	513,910	-	-	513,910
Total investments at fair value	\$ 969,682	\$ -	\$ -	\$ 969,682

Assets at Fair Value as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 138,121	\$ -	\$ -	\$ 138,121
Exchange-traded funds	176,866	-	-	176,866
Mutual funds	417,573	-	-	417,573
Total investments at fair value	\$ 732,560	\$ -	\$ -	\$ 732,560

For the years ended September 30, 2021 and 2020, investments with donor restrictions were \$482,879 and \$364,691, respectively.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WINGS OVER AMERICA SCHOLARSHIP FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

With Summarized Comparative Financial Information for the Year Ended September 30, 2020

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued):

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended:

<u>September 30, 2021</u>		Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of fees		\$ 16,182	\$ 411	\$ 16,593
Realized and unrealized gains		90,197	5,487	95,684
Total investment return		<u>\$ 106,379</u>	<u>\$ 5,898</u>	<u>\$ 112,277</u>
<u>September 30, 2020</u>		Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of fees		\$ 6,194	\$ 4,432	\$ 10,626
Realized and unrealized gains		28,136	20,210	48,346
Total investment return		<u>\$ 34,330</u>	<u>\$ 24,642</u>	<u>\$ 58,972</u>

NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS:

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The objective is to allow financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows resulting from contracts with customers.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides clarifying guidance on accounting for the grants and contracts of not-for-profit organizations as they relate to the new revenue standard (ASU 2014-09, Revenue from Contracts with Customers). The objective is to minimize diversity in the classification of grants and contracts that exists under current guidance.

The Foundation adopted both of the ASU's effective October 1, 2020 using the prospective method. The adoption of these standards did not result in significant changes to the Foundation's accounting policies or impact its financial position, changes in net assets or cash flows. As such, prior period financial statements were not restated and there was no cumulative effect adjustment upon adoption.

NOTE 10 - COVID:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. The Foundation has modified operations which resulted in a reduction in revenue. Fundraising events for the entire year have been modified or canceled, therefore a significant loss of fundraising revenue is anticipated. The future effects of these issues are unknown.

NOTE 11 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 10, 2022, which is the date the financial statements were available to be issued. No events have occurred subsequent to the financial statement date and through March 10, 2022 that would require adjustment to, or disclosure in, the financial statements.

See independent auditor's report.