

EAGLE ACADEMY FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

WATSONRICE LLP
CERTIFIED PUBLIC ACCOUNTANTS

EAGLE ACADEMY FOUNDATION, INC.
JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Eagle Academy Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Eagle Academy Foundation, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eagle Academy Foundation, Inc. as of June 30, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Watson Rice LLP

New York, New York
July 15, 2020

EAGLE ACADEMY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash (Note 4)	\$ 1,108,019	\$ 247,406
Investments (Notes 5 and 6)	20,050	-
Pledges and grants receivable (Note 7)	1,196,085	1,046,586
Other receivable	4,781	-
Other assets (Note 8)	<u>36,332</u>	<u>34,212</u>
 Total Assets	 <u>\$ 2,365,267</u>	 <u>\$ 1,328,204</u>
 Liabilities and Net Assets		
<u>Liabilities</u>		
Accounts payable and accrued expenses (Note 9)	\$ 140,585	\$ 17,013
Loan	<u>-</u>	<u>240,000</u>
Total Liabilities	<u>140,585</u>	<u>257,013</u>
 <u>Net Assets</u>		
Without donor restrictions	1,753,841	1,071,191
With donor restrictions (Note 10)	<u>470,841</u>	<u>-</u>
Total Net Assets	<u>2,224,682</u>	<u>1,071,191</u>
 Total Liabilities and Net Assets	 <u>\$ 2,365,267</u>	 <u>\$ 1,328,204</u>

See notes to financial statements.

EAGLE ACADEMY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Pledges and grants (Note 10)	\$ 1,398,976	\$ 1,879,034	\$ 3,278,010	\$ 1,528,531	\$ -	\$ 1,528,531
Contributions	37,966	-	37,966	122,336	-	122,336
In-kind contributions	3,357,955	-	3,357,955	2,918,887	-	2,918,887
Net investment earnings and gains (Note 5)	43	-	43	3,857	-	3,857
Special event revenue, net of \$172,486 and \$137,660 for 2019 and 2018, respectively, in direct expenses (Note 14)	297,847	-	297,847	349,698	-	349,698
Interest income	103	-	103	41	-	41
Other revenue	1,164,894	-	1,164,894	1,077,270	-	1,077,270
Net assets released from donor restrictions (Note 12)	1,408,193	(1,408,193)	-	20,000	(20,000)	-
Total Revenues and Support	<u>7,665,977</u>	<u>470,841</u>	<u>8,136,818</u>	<u>6,020,620</u>	<u>(20,000)</u>	<u>6,000,620</u>
Expenses						
Program services	6,203,607	-	6,203,607	5,254,604	-	5,254,604
Management and general	438,209	-	438,209	352,907	-	352,907
Fundraising	341,511	-	341,511	318,834	-	318,834
Total Expenses	<u>6,983,327</u>	<u>-</u>	<u>6,983,327</u>	<u>5,926,345</u>	<u>-</u>	<u>5,926,345</u>
Changes in Net Assets	682,650	470,841	1,153,491	94,275	(20,000)	74,275
Net Assets, Beginning of Year	<u>1,071,191</u>	<u>-</u>	<u>1,071,191</u>	<u>976,916</u>	<u>20,000</u>	<u>996,916</u>
Net Assets, End of Year	<u>\$ 1,753,841</u>	<u>\$ 470,841</u>	<u>\$ 2,224,682</u>	<u>\$ 1,071,191</u>	<u>\$ -</u>	<u>\$ 1,071,191</u>

See notes to financial statements.

EAGLE ACADEMY FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
In-kind services	\$ 3,357,955	\$ -	\$ -	\$ 3,357,955	\$ 2,918,887	\$ -	\$ -	\$ 2,918,887
Salaries and fringes	1,135,919	278,152	223,107	1,637,178	901,763	272,738	154,577	1,329,078
Professional fees	1,112,213	41,947	28,624	1,182,784	954,931	19,697	111,139	1,085,767
Conferences, travel and meetings	206,747	22,298	7,353	236,398	142,747	4,130	19,493	166,370
Supplies	133,356	4,961	4,085	142,402	198,713	2,525	1,373	202,611
Rent and utilities	74,745	18,416	15,166	108,327	69,635	21,034	11,436	102,105
Communication and technology	75,862	12,264	10,100	98,226	31,635	4,047	11,139	46,821
Legal and accounting fees	33,908	8,355	6,880	49,143	3,783	3,783	3,783	11,349
Lobbying	-	42,585	-	42,585	-	-	-	-
External events	-	-	33,544	33,544	-	-	-	-
Printing and copying	17,057	3,587	2,954	23,598	9,059	2,507	1,363	12,929
Professional development	19,373	-	-	19,373	-	-	-	-
Bank charges	10,020	2,469	6,734	19,223	-	20,001	3,755	23,756
Subscription and registration	8,255	873	719	9,847	-	-	-	-
Food and catering	8,758	-	-	8,758	-	-	-	-
Insurance	1,960	483	398	2,841	3,388	1,023	556	4,967
Entertainment	2,156	-	-	2,156	-	-	-	-
Postage	1,485	366	301	2,152	1,333	403	220	1,956
Sponsorship	2,000	-	-	2,000	-	-	-	-
Marketing	-	-	1,173	1,173	-	-	-	-
Bad debts	-	1,000	-	1,000	-	-	-	-
Furniture	344	85	70	499	-	-	-	-
Books and publications	-	-	-	-	18,479	1,019	-	19,498
Soaring Beyond Annual Awards Breakfast	-	-	-	-	251	-	-	251
Miscellaneous	1,494	368	303	2,165	-	-	-	-
Total Expenses	\$ 6,203,607	\$ 438,209	\$ 341,511	\$ 6,983,327	\$ 5,254,604	\$ 352,907	\$ 318,834	\$ 5,926,345

See notes to financial statements.

EAGLE ACADEMY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 1,153,491	\$ 74,275
Adjustments to reconcile changes in net assets to net cash provided operating activities:		
(Increase) decrease in:		
Investments	(20,050)	10,081
Pledges and grants receivable	(149,499)	(377,655)
Other receivable	(4,781)	234,055
Other assets	(2,120)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>123,572</u>	<u>245,477</u>
Net cash provided by operating activities	<u>1,100,613</u>	<u>186,233</u>
Cash Flows from Financing Activities		
Repayment of loan	<u>(240,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(240,000)</u>	<u>-</u>
Net Increase in Cash	860,613	186,233
Cash, Beginning of Year	<u>247,406</u>	<u>61,173</u>
Cash, End of Year	<u>\$ 1,108,019</u>	<u>\$ 247,406</u>

See notes to financial statements.

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES

Eagle Academy Foundation, Inc. (the “Foundation”) was incorporated on January 10, 2005 for the primary purpose of developing and supporting a network of all male, grades 6-12 college preparatory public schools in challenged urban communities. Focused on improving the academic and social outcomes for young men of color, the Foundation elicits and receives broad-based financial support from both the public and private sectors comprised of individual donors, foundations, corporations, and government. Additionally, the Foundation procures additional resources and supports on behalf of its Academies.

The Foundation supports two primary programs: (1) the Eagle Academy Network of Public Schools in New York City and Newark, New Jersey; and (2) Professional Development Institute.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation prepares its financial statements in accordance with U. S. generally accepted accounting principles for not-for-profit entities. The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The Foundation prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets; with and without donor restrictions.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets – Continued

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor instructions.

When a donor restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets with donor restrictions as of June 30, 2019 and 2018 amounted to \$470,841 and \$0, respectively.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue and Support Recognition

The Foundation recognizes contributions as revenues when they are received or unconditionally pledged and records such revenues as unrestricted or restricted support according to donor-imposed stipulations that limit the use of these assets.

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Services

Contributions of donated non-cash assets are recorded at their fair value in the period in which they are received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills that would typically need to be purchased if not provided by donation are recorded at their fair value in the period in which the services are provided. The Foundation received donated services from various volunteers for its program services. However, these donated services are not reflected in the financial statements since they do not meet the recognition criteria.

Expense Recognition and Allocation

The cost of providing the Foundation's program services and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, based on actual usage and percentage of resources devoted to each program as determined by management.

Management and general expenses include those costs that are not directly identifiable with the programs, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Foundation has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation has evaluated the recognition requirements for uncertain tax positions as required by accounting principles generally accepted in the United States of America, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 2019 and 2018.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for tax returns filed prior to 2016.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in circumstances; however, the actual results could differ from estimates.

Recently Issued Accounting Pronouncements

Cash Flow Statement Classification

The FASB has issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows.

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Issued Accounting Pronouncements – Continued

Cash Flow Statement Classification – Continued

The amendments provide guidance on the following eight specific cash flow issues: (a) debt prepayment or debt extinguishment costs; (b) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (c) contingent consideration payments made after a business combination; (d) proceeds from the settlement of insurance claims; (e) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (f) distributions received from equity method investees; (g) beneficial interests in securitization transactions; and (h) separately identifiable cash flows and application of the predominance principle.

The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period.

The amendments should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. Management is currently evaluating the impact of this ASU on the financial statements.

Reclassifications

Prior year information has been reclassified where necessary to make it comparable with current year information.

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 1,108,019	\$ 247,406
Investments	20,050	-
Grant and other receivables	<u>1,196,085</u>	<u>1,046,586</u>
Total Financial Assets	2,324,154	1,293,992
Less: financial assets held to meet donor imposed restrictions	<u>470,841</u>	<u>-</u>
Amount available for general expenditures within one year	<u>\$ 2,794,995</u>	<u>\$ 1,293,992</u>

4. CASH

The Foundation maintains cash with major financial institutions. The accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2019 and 2018, the Foundation had uninsured cash balances of \$1,060,441 and \$0, respectively.

5. INVESTMENTS

The following is the composition of investments at June 30, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Fair Value</u>	<u>Level 1</u>	<u>Fair Value</u>	<u>Level 1</u>
Equities	<u>\$ 20,050</u>	<u>\$ 20,050</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 20,050</u>	<u>\$ 20,050</u>	<u>\$ -</u>	<u>\$ -</u>

The net investment earnings, gains and losses for the years ended June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Net realized and unrealized gains (losses)	\$ (86)	\$ 3,813
Dividends	<u>129</u>	<u>44</u>
Net investment earnings and gains (losses)	<u>\$ 43</u>	<u>\$ 3,857</u>

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

6. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	2019		2018	
	Fair Value	Level 1	Fair Value	Level 1
Equities	\$ 20,050	\$ 20,050	\$ -	\$ -
Total	\$ 20,050	\$ 20,050	\$ -	\$ -

Fair value of investments are determined by references to quoted market prices and other relevant information generated by market transactions.

7. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are all due within one year and are deemed to be fully collectible by management and consist of the following amounts:

	2019	2018
CUNY	\$ 315,384	\$ 130,000
NYC Department of Education	312,446	238,580
News Corporation	151,714	300,000
Empire	146,300	-
New York Life Foundation	125,000	-
Meringoff Family Foundation	75,000	175,000
Other Donors	32,741	12,811
Larry Robins	15,000	-
Daniel Hale Williams	12,500	-
United Way of New York City	7,500	-
United Federation of Teachers	2,500	-
Turner Construction	-	25,000
NYC Council Darlene Mealy	-	25,000
NYC District 11	-	24,870
Los Angeles Unified School District	-	23,500
NYC Council Vanessa Gibson	-	20,000
Brady Dougan	-	10,000
District 9	-	10,000
Chapin Bates	-	10,000
Staten Island Delegation	-	10,000
Scholastic	-	10,000
NYC Council Deborah Rose	-	5,000
NYC Council Inez Dickens	-	5,000
Campaign for Black Male Achievement	-	5,000
One Hundred Black Men of NY	-	3,544
Carra Wallace	-	3,500
Total	\$ 1,196,085	\$ 1,046,805

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

8. OTHER ASSETS

The Foundation entered into a lease agreement with Burhan 1 Management LLC on July 10, 2015 for an office space for the period from September 1, 2015 through August 31, 2025. In connection with that agreement, the Foundation was required to pay a security deposit of \$24,000 and the last month's rent of \$10,212, which are included in Other Assets at June 30, 2019 and 2018, \$34,212 in both years.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Lobbying	\$ 26,010	\$ -
Independent contractors	46,587	-
Amex CC	21,210	-
Hardware	9,565	-
Accounting fees	7,410	7,350
Soaring Beyond Annual Awards Breakfast	5,438	-
Accrued software expense	5,384	-
Professional fees	5,000	6,628
Supplies	3,960	-
IT and web	3,690	-
Food and catering	2,700	-
Accrued sponsorship	2,000	-
Accrued worker compensation	727	-
Accrued telephone and communication	417	-
Payroll taxes	417	-
Accrued rent and utilities	70	-
Interest/banking expense	-	1,714
Salary expense	-	1,012
Facilities expense	-	309
Total	<u>\$ 140,585</u>	<u>\$ 17,013</u>

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

10. PLEDGES AND GRANTS

During the year, the Trustees of the William R. Kenan, Jr. Charitable Trust, at their December 14, 2018 meeting, approved a restricted grant in the amount of \$1,000,000 payable over three years, to support the Foundation’s Flight program’s Post-Secondary Success Initiative (PSSI). The grant is scheduled to be disbursed as follows: \$400,000 payable in the first quarter of calendar year 2019; \$300,000 payable by the first quarter of calendar year 2020 after \$1,400,000 match is raised; and \$300,000 payable after the final \$600,000 match is raised before the first quarter of calendar year 2021 ends.

Under the guidelines of ASU 2018-08, the Foundation treated this grant as a conditional contribution, since the grant contains a barrier which is the match requirement that the Foundation needs to raise in order for them to receive the grant payments in years 2020 and 2021. The Foundation recognized \$400,000 in grant revenue in fiscal year 2019.

11. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019 and 2018, net assets with donor restrictions amounted to \$470,841 and \$0, respectively.

	<u>2019</u>	<u>2018</u>
Extended Learning/RYSE	\$ 212,366	\$ -
College Prep	133,475	-
General Program (for future periods)	<u>125,000</u>	<u>-</u>
Total	<u>\$ 470,841</u>	<u>\$ -</u>

12. NET ASSETS RELEASED FROM RESTRICTION

During the years ended June 30, 2019 and 2018, net assets released from restrictions were for the following:

	<u>2019</u>	<u>2018</u>
Extended Learning/RYSE	\$ 721,668	\$ -
Institute	50,000	-
College Prep	471,525	-
Business Plan	<u>165,000</u>	<u>-</u>
Total	<u>\$ 1,408,193</u>	<u>\$ -</u>

EAGLE ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

13. CONCENTRATIONS OF CREDIT RISKS AND UNCERTAINTIES

The Foundation received a significant amount of its funding from grantors and donors. If for any reason these grantors and donors discontinue funding, there is a risk that the Foundation may experience a shift in the services being provided to the community.

14. SPECIAL EVENTS

Special events represents net proceeds from Soaring Beyond Annual Awards Breakfast held on May 3, 2019 and May 18, 2018.

	<u>2019</u>	<u>2018</u>
Revenues	\$ 470,333	\$ 487,358
Less: Direct expenses	<u>(172,486)</u>	<u>(137,660)</u>
Net Proceeds	<u>\$ 297,847</u>	<u>\$ 349,698</u>

15. EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 15, 2020, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Effects of COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern”, which continues to spread throughout the world and has adversely impacted global activities. The extent to which the coronavirus pandemic may impact the Foundation’s operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted.

Paycheck Protection Program (PPP)

The Foundation received the Payment Protection Program loan in the amount of \$203,500. The loan can be potentially forgiven if it meets certain criteria and there is no collateral requirement. The term of the loan shall be for a period of two (2) years beginning seven (7) months from the loan disbursement date of May 4, 2020. The loan carries an annual interest rate of 1%.

William R. Kenan, Jr. Charitable Trust

On April 10, 2020, the Foundation met its matching requirement under the grant agreement and received the second payment of \$300,000. See Note 10.