

THE PAGE EDUCATION FOUNDATION FOUNDED
BY DIANE AND ALAN PAGE

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Page Education Foundation
Founded by Diane and Alan Page
Minneapolis, Minnesota

Report on Financial Statements

We have audited the accompanying financial statements of The Page Education Foundation founded by Diane and Alan Page (Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and 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 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lurie, LLP
Minneapolis, Minnesota

May 12, 2022

THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2021	2020
ASSETS			
ASSETS			
Cash and cash equivalents	\$ 5,122,429	\$ 3,038,616	
Certificates of deposit	-	1,014,466	
Endowment fund investments	3,989,852	3,031,116	
Prepaid expenses	55,177	55,850	
Cash value of life insurance	216,942	153,627	
Property and equipment	40,362	49,130	
	<u>\$ 9,424,762</u>	<u>\$ 7,342,805</u>	
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 11,088	\$ 639	
Accrued expenses	10,811	5,880	
Payroll Protection Program loan payable	-	71,600	
	<u>21,899</u>	<u>78,119</u>	
NET ASSETS			
Without donor restrictions	5,381,685	4,183,570	
With donor restrictions	4,021,178	3,081,116	
	<u>9,402,863</u>	<u>7,264,686</u>	
	<u>\$ 9,424,762</u>	<u>\$ 7,342,805</u>	

See notes to financial statements.

THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions – cash	\$ 1,967,963	\$ 814,923	\$ 2,782,886	\$ 1,793,890	\$ 375,325	\$ 2,169,215
Contributions – investments	49,023	-	49,023	6,699	-	6,699
Contributions – in-kind services	31,125	-	31,125	30,930	-	30,930
Book sales	29,584	-	29,584	8,747	-	8,747
Interest and dividends	9,786	39,584	49,370	42,242	47,220	89,462
Realized gain (loss) on sale of investments	-	78,960	78,960	(725)	189	(536)
Unrealized gain (loss) on investments, net of investment expenses of \$13,643 and \$11,621, respectively	(9,531)	703,820	694,289	8,142	(2,598)	5,544
Forgiveness of Payroll Protection Program loan payable	72,322	-	72,322	-	-	-
Net assets released from restrictions	697,225	(697,225)	-	217,100	(217,100)	-
TOTAL REVENUES AND SUPPORT	2,847,497	940,062	3,787,559	2,107,025	203,036	2,310,061
EXPENSES						
Program services:						
Scholarships	996,088	-	996,088	986,908	-	986,908
Program and mentor management	199,179	-	199,179	220,315	-	220,315
	1,195,267	-	1,195,267	1,207,223	-	1,207,223
Support services:						
General administration	161,591	-	161,591	209,995	-	209,995
Fundraising	292,524	-	292,524	322,753	-	322,753
	454,115	-	454,115	532,748	-	532,748
TOTAL EXPENSES	1,649,382	-	1,649,382	1,739,971	-	1,739,971
INCREASE IN NET ASSETS	1,198,115	940,062	2,138,177	367,054	203,036	570,090
NET ASSETS						
Beginning of year	4,183,570	3,081,116	7,264,686	3,816,516	2,878,080	6,694,596
End of year	\$ 5,381,685	\$ 4,021,178	\$ 9,402,863	\$ 4,183,570	\$ 3,081,116	\$ 7,264,686

See notes to financial statements.

THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2021				
	Program Services		Support Services		
	Scholarship	Scholarship and Mentor Program	General and Administration	Fundraising	Total
Scholarships	\$ 996,088	\$ -	\$ -	\$ -	\$ 996,088
Compensation	-	138,784	57,673	153,675	350,132
Payroll taxes	-	10,801	3,923	11,925	26,649
Employee benefits	-	2,094	5,565	2,140	9,799
Education benefits	-	-	1,800	-	1,800
Computer expense	-	-	20,914	-	20,914
Depreciation	-	-	12,083	-	12,083
Increase in cash value of life insurance, net of premium	-	-	(63,315)	-	(63,315)
Fundraising events	-	-	-	45,103	45,103
In-kind services	-	-	-	31,125	31,125
Insurance	-	-	3,954	-	3,954
Interest expense	-	-	722	-	722
Loss on asset disposal	-	-	357	-	357
Office rent	-	-	71,959	-	71,959
Office supplies and expense	-	285	5,521	17,739	23,545
Postage	-	253	1,953	1,884	4,090
Printing	-	970	3,980	2,515	7,465
Professional fees	-	1,334	31,124	1,334	33,792
Program expense	-	44,308	-	-	44,308
Supplies	-	350	-	25,084	25,434
Telephone	-	-	3,378	-	3,378
	<u>\$ 996,088</u>	<u>\$ 199,179</u>	<u>\$ 161,591</u>	<u>\$ 292,524</u>	<u>\$ 1,649,382</u>

(continued)

See notes to financial statements.

THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

STATEMENTS OF FUNCTIONAL EXPENSES (continued)

	Year Ended June 30, 2020				
	Program Services		Support Services		
	Scholarship	Scholarship and Mentor Program	General and Administration	Fundraising	Total
Scholarships	\$ 986,908	\$ -	\$ -	\$ -	\$ 986,908
Compensation	-	126,576	55,519	147,180	329,275
Payroll taxes	-	9,683	4,247	12,130	26,060
Employee benefits	-	-	5,769	-	5,769
Education benefits	-	-	1,800	-	1,800
Computer expense	-	-	19,445	-	19,445
Depreciation	-	-	8,982	-	8,982
Increase in cash value of life insurance, net of premium	-	-	(10,492)	-	(10,492)
Fundraising events	-	-	-	96,081	96,081
In-kind services	-	-	-	30,930	30,930
Insurance	-	-	3,901	-	3,901
Office rent	-	-	63,300	-	63,300
Office supplies and expense	-	1,013	22,631	18,741	42,385
Postage	-	105	2,314	868	3,287
Printing	-	886	4,916	5,382	11,184
Professional fees	-	1,334	25,810	5,000	32,144
Program expense	-	73,225	-	-	73,225
Supplies	-	7,493	-	6,441	13,934
Telephone	-	-	1,853	-	1,853
	<u>\$ 986,908</u>	<u>\$ 220,315</u>	<u>\$ 209,995</u>	<u>\$ 322,753</u>	<u>\$ 1,739,971</u>

See notes to financial statements.

THE PAGE EDUCATION FOUNDATION FOUNDED BY DIANE AND ALAN PAGE

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2021	2020
OPERATING ACTIVITIES		
Increase in net assets	\$ 2,138,177	\$ 570,090
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contributions of investments	(49,023)	(6,699)
Realized and unrealized net gain on investments	(725,934)	(5,008)
Depreciation expense	12,083	8,982
Loss on asset disposal	357	-
Forgiveness of Payroll Protection Program loan payable	(71,600)	-
Changes in operating assets and liabilities:		
Prepaid expenses	673	(30,436)
Accounts payable and accrued expenses	15,380	3,087
Net cash provided by operating activities	<u>1,320,113</u>	<u>540,016</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(3,672)	(19,569)
Proceeds from sales of investments and maturities of certificates of deposit	1,310,242	1,626,999
Purchases of investments	(7,768)	(606,356)
Increase in endowment fund cash	(471,787)	(466,205)
Increase in cash value of life insurance	(63,315)	(10,492)
Net cash provided in investing activities	<u>763,700</u>	<u>524,377</u>
FINANCING ACTIVITY		
Proceeds from payroll protection program loan payable	-	71,600
Net cash provided by financing activity	<u>-</u>	<u>71,600</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,083,813	1,135,993
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,038,616</u>	<u>1,902,623</u>
End of year	<u>\$ 5,122,429</u>	<u>\$ 3,038,616</u>

See notes to financial statements.

PAGE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

1. Description of Organization and Summary of Significant Accounting Policies –

Organization

The Page Education Foundation founded by Diane and Alan Page, dba The Page Education Foundation (Foundation) is a nonprofit corporation established in 1988 to promote the importance of education to minority youth in Minnesota. The Foundation provides services to children's programs, a scholarship program and an adult "Senior Mentor" program, which offer positive role models and community education and service to accomplish the Foundation's mission. The Foundation's principal source of revenue is from public contributions. The Foundation has also been the beneficiary of various types of donated and contributed services.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions – Resources over which the Board of Directors has discretionary control. Designated amounts, if any, represent those net assets which the Board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Foundation or passage of time.

Revenues are reported as increases in without donor restriction net assets unless the use of the related assets is limited by donor-imposed restrictions or other stipulations. Expenses are reported as decreases in without donor restriction net assets. Expiration of donor-imposed restrictions on net assets, by the Foundation fulfilling the donor stipulations or by the passage of a specified time period, are reported as net assets released from donor imposed restrictions. Donor-imposed contributions include in-kind donations and donations made to cover specific expenses of the Foundation.

Contributions received other than cash are recorded when received at their estimated fair value.

Donated Services

Amounts have been reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

In addition, a substantial number of unpaid volunteers made significant contributions of their time that do not meet the recognition criteria described above. Accordingly, the value of that donated time is not reflected in the financial statements.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

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PAGE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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

Functional Expenses

The paid staff positions include the Executive Director, Events Coordinator, Grant Program Coordinator, Administrative Coordinator, Program and Outreach Coordinator, and Development Director. Salaries are prorated based on management's estimate of time spent on program services, general administration and fundraising. In addition, other expenses are allocated based on management's estimate of the activity performed.

Cash Equivalents and Credit Risk

All highly liquid investments, except those held for long-term investment, with an original maturity when purchased of three months or less are considered to be cash equivalents.

The majority of cash balances are maintained in one brokerage firm utilizing the brokerage firm's money market fund for excess cash. The balances are insured by the Security Investors Protection Corporation and the brokerage firm's private insurance up to agreed-upon limits.

The Foundation holds the remaining cash balances at a banking institution insured by Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The balance held at the banking institution was \$324,285 and \$218,951 at June 30, 2021 and 2020, respectively.

Valuation of Investments and Income Recognition

Investments are reported at fair value. Fair value 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. The Foundation's Board of Directors determines the Foundation's valuation policies utilizing information provided by investment advisers. See Note 5 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over an estimated useful life of three to seven years. Maintenance and repairs are expensed as incurred; major improvements of \$500 or more are capitalized based on the Foundation's policy.

Revenue Recognition

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 Not-for-Profit Entities-Revenue Recognition, a Not-for-Profit entity shall distinguish between contributions received with donor-imposed restrictions and those received without donor-imposed restrictions. The former shall be reported as donor-restricted support that increases net assets with donor restrictions. The latter shall be reported as support that increases net assets without donor restrictions.

All donor-restricted support is reported as an increase in donor restricted net assets. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from donor restrictions.

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PAGE EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition (continued)

The revenue stream for the Foundation that falls under Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* is the revenue made on the sale of children's books. These sales contain one performance obligation, which is to provide the book to the customer. The consideration received is the price of each individual book. The revenue is recognized at a point in time, at the time of sale and exchange of the book. The book revenue totaled \$29,584 and \$8,747 for the years ended June 30, 2021 and 2020, respectively and is classified under book sales on the Statement of Activities.

Payment typically takes place at the time of the sale and there are no variable considerations or significant financing components. The Company elected the accounting policy to exclude sales taxes collected from customers from the transaction price.

Income Taxes

The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state regulations. Therefore, the financial statements do not reflect a provision for income taxes. The Foundation has been classified as an organization that is not a private foundation under the IRC and contributions by donors are considered tax deductible.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years prior to 2018.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". This new guidance will require capitalization of a "right-of-use asset" and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. This update is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the impact this standard will have on its financial statements.

2. Liquidity and Availability of Financial Assets –

The Foundation has \$5,122,429 of financial assets consisting of cash and cash equivalents available within one year of the June 30, 2021 balance sheet date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Foundation structured its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

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NOTES TO FINANCIAL STATEMENTS

3. Certificates of Deposit –

Certificates of deposit (CD) at June 30, 2020 consisted of 12 certificates with various financial institutions with a market value of \$1,216,999 (\$202,533 held in the endowment fund and \$1,014,466 unrestricted). The CD's bore interest of 1.35% to 2.70%. All CD's matured in fiscal year 2021 and the funds were invested in the money market account.

4. Endowment Fund Investments –

In November 1996, the Foundation's Board of Directors established an endowment fund to provide income for the life of the Foundation. In the event of liquidation, the endowment fund may be utilized to wind up the Foundation's affairs. The investments are reported at fair value.

The Foundation's endowment fund invests in various securities. These securities are subject to various risks such as economic, interest rate, credit, market, economic, and political risks. Due to these risks the fund account value may fluctuate.

The Foundation's endowment consisted of donor-restricted funds established primarily for the purpose of providing scholarships. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Page Education Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (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 classified a portion of donor restricted net assets (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 donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The Foundation had no Board designated endowment funds and substantially all donor-restricted endowment net assets are for future scholarships. Donor-restricted endowment net assets and changes in endowment net assets consisted of the following:

(continued)

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4. Endowment Fund Investments – (continued)

	With Donor Restrictions
Endowment net assets at June 30, 2019	\$2,878,080
Investment income	47,220
Net appreciation	9,212
Contributions	108,225
Investment fees	(11,621)
Endowment net assets at June 30, 2020	3,031,116
Investment income	39,584
Net appreciation	795,597
Contributions	137,198
Investment fees	(13,643)
Endowment net assets at June 30, 2021	\$3,989,852

Return Objectives, Strategies, and Spending Policy

The Foundation has adopted investment objectives for endowment assets to preserve capital, maintain liquidity, and maximize yield. The Foundation's policy is to have the endowments professionally managed and invested conservatively.

It is the Foundation's policy that before a draw from endowment funds can be taken, in order to provide for unexpected market downturns, that annual draws are not required and are made at the discretion of the Foundation's Board of Directors. Endowment draws are restricted to scholarship funding and cannot be made for any other purpose.

5. Fair Value Measurements –

The framework for measuring fair value utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

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NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements – (continued)

The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|---|
| 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 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none">• 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. <p>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.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

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 maximize the use of relevant 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 June 30, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Certificates of deposit: Valued based on current yield of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The preceding methods described may produce a fair value calculation that may not be indicative of NAV or reflective of future fair values. Furthermore, although the Foundation 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.

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5. Fair Value Measurements – (continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value:

	Investment Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds				
U.S. equities	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000
International equities	391,642	-	-	391,642
Total investment assets measured at fair value	\$ 2,691,642	\$ -	\$ -	2,691,642
Money market fund – endowment fund				1,298,210
Total endowment fund				\$ 3,989,852

	Investment Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds				
U.S. equities	\$ 1,712,655	\$ -	\$ -	\$ 1,712,655
International equities	<u>289,505</u>	<u>-</u>	<u>-</u>	<u>289,505</u>
	<u>2,002,160</u>		<u>-</u>	<u>2,002,160</u>
Certificates of deposit	<u>-</u>	<u>1,216,999</u>	<u>-</u>	<u>1,216,999</u>
Total investment assets measured at fair value	<u>\$ 2,002,160</u>	<u>\$ 1,216,999</u>	<u>\$ -</u>	3,219,159
Money market fund – endowment fund				<u>826,423</u>
Total endowment fund and certificates of deposit				\$ 4,045,582

Certain certificates of deposit in the above tables are included in endowment fund investments in the statements of financial position.

6. Cash Value of Life Insurance –

The Foundation is the beneficiary of life insurance on the lives of two of the members of its Board of Directors. The face value of the life insurance policies is \$200,000 and is payable upon the death of both members.

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7. Property and Equipment –

Property and equipment consisted of the following:

	June 30,	
	2021	2020
Office equipment	\$ 66,743	\$ 68,221
Less accumulated depreciation	<u>26,381</u>	<u>19,091</u>
Property and Equipment	<u>\$ 40,362</u>	<u>\$ 49,130</u>

8. Payroll Protection Program Loan Payable

The Foundation applied and was approved for \$71,600 Paycheck Protection Program loan (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act on May 7, 2020. The loan and accrued interest of \$722 was forgiven on May 14, 2021, the Foundation included the loan and interest forgiveness in revenue and support.

9. Scholarship Commitments –

During the 2020-2021 school year, 525 of the 567 students accepted all or part of their scholarship funds, ranging from \$1,000 to \$2,500. During the 2019-2020 school year, 541 of the 567 students accepted all or part of their scholarship funds, ranging from \$1,000 to \$2,500. The average scholarship was \$1,897 and \$1,825 in 2021 and 2020, respectively. All recipients attended colleges or universities located in Minnesota. Some students awarded scholarships decided for various reasons not to attend school or not to fulfill their community service requirement and, therefore, their scholarship money was not paid.

For the 2021-2022 school year, the Foundation estimates its maximum potential commitment of scholarship funds is approximately \$1.3 million.

10. Operating Lease Commitment –

The Foundation leased its facilities under an operating lease that expires in February 2025. Rent expense, including real estate taxes and operating costs, was \$71,959 and \$63,600 for 2021 and 2020, respectively. Future minimum lease payments are as follows:

Year Ended June 30	Amount
2022	\$ 39,195
2023	40,599
2024	42,054
2025	28,704
Total	<u>\$ 150,552</u>

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11. Employee Benefit Plan –

The Foundation sponsors a simple IRA plan covering eligible employees. The annual 3% matching contribution was \$9,799 and \$5,769 for 2021 and 2020, respectively.

12. Related Parties –

Members of the Board of Directors contributed cash and investments to the Foundation during 2021 and 2020.

13. Concentrations –

One donor accounted for 10% of total contributions for the year ended June 30, 2020.

14. Supplementary Disclosures of Cash Flow Information –

Additional cash flow information consisted of the following:

	Years Ended June 30,	
	2021	2020
In-kind services	\$ <u>31,125</u>	\$ <u>30,930</u>

15. Coronavirus Pandemic

During March 2020, a global pandemic was declared by the World Health Organization related to the outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S. and globally, by disrupting supply chains and creating significant volatility and disruption in the financial markets, which has created significant uncertainties in the U.S. and global economies.

Although the Foundation is currently not experiencing significant adverse effects as a result of the COVID-19 pandemic, continuing uncertainty with respect to global economic activity may impact the Foundation's operations if circumstances were to change.

16. Subsequent Events –

Management has evaluated subsequent events through May 12, 2022, the date the financial statements were available to be issued.