

**CORONADO SCHOOLS FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021**

CORONADO SCHOOLS FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Coronado Schools Foundation

We have audited the accompanying financial statements of Coronado Schools Foundation, a nonprofit foundation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coronado Schools Foundation as of June 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.

A handwritten signature in cursive script that reads "Considine & Considine". The signature is written in black ink and is centered horizontally.

CONSIDINE & CONSIDINE
An accountancy corporation

October 11, 2021

CORONADO SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

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	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTALS</u>
ASSETS			
CURRENT ASSETS			
Cash (note 3)	\$ 478,600	\$ 132,632	\$ 611,232
Certificate of deposit	25,968	-	25,968
Pledges receivable	2,088	-	2,088
Prepaid expenses	7,189	-	7,189
	<u>513,845</u>	<u>132,632</u>	<u>646,477</u>
PROPERTY AND EQUIPMENT (note 4)	<u>1,057</u>	<u>-</u>	<u>1,057</u>
OTHER ASSETS			
Investments (note 6)	<u>5,973,759</u>	<u>3,258,251</u>	<u>9,232,010</u>
TOTAL ASSETS	<u><u>6,488,661</u></u>	<u><u>3,390,883</u></u>	<u><u>9,879,544</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	38,219	-	38,219
Accrued scholarships and grants	35,834	-	35,834
Block grants due	190,000	-	190,000
Unearned revenue	30,000	-	30,000
	<u>294,053</u>	<u>-</u>	<u>294,053</u>
LONG TERM LIABILITIES			
Note payable (note 7)	<u>57,000</u>	<u>-</u>	<u>57,000</u>
TOTAL LIABILITIES	351,053	-	351,053
NET ASSETS (note 9)	<u>6,137,608</u>	<u>3,390,883</u>	<u>9,528,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,488,661</u></u>	<u><u>\$ 3,390,883</u></u>	<u><u>\$ 9,879,544</u></u>

See accompanying notes

CORONADO SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

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	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTALS</u>
REVENUE			
Contributions	\$ 184,793	\$ 108,873	\$ 293,666
Interest and dividend income (note 6)	116,346	58,658	175,004
Realized and unrealized gain, net (note 6)	1,254,935	610,033	1,864,968
Enrichment tuition	73,550	-	73,550
Other income (note 7)	52,800	-	52,800
	<u>1,682,424</u>	<u>777,564</u>	<u>2,459,988</u>
Special events and activities (note 11)			
Special events and activities revenue	407,313	-	407,313
Direct benefits to donors	(3,698)	-	(3,698)
	<u>403,615</u>	<u>-</u>	<u>403,615</u>
Net assets released from restriction (note 9)	<u>248,941</u>	<u>(248,941)</u>	<u>-</u>
	2,334,980	528,623	2,863,603
EXPENSES			
Program services	1,009,818	-	1,009,818
Management and general	98,532	-	98,532
Development	212,996	-	212,996
	<u>1,321,346</u>	<u>-</u>	<u>1,321,346</u>
CHANGE IN NET ASSETS	1,013,634	528,623	1,542,257
NET ASSETS, BEGINNING	<u>5,123,975</u>	<u>2,862,260</u>	<u>7,986,235</u>
NET ASSETS, END	<u>\$ 6,137,609</u>	<u>\$ 3,390,883</u>	<u>\$ 9,528,492</u>

See accompanying notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTALS</u>
EXPENSES				
Bank service charges	\$ -	\$ 5,305	\$ 5,304	\$ 10,609
Community involvement	6	-	7	13
Designated donations	24,000	-	-	24,000
District program funding	33,699	-	-	33,699
District site program grants	706,000	-	-	706,000
Donor recognition	-	-	508	508
Endowment management (in house)	1,250	1,250	-	2,500
Foundation grant	30,000	-	-	30,000
In-kind rent	27,360	4,320	4,320	36,000
Insurance	7,319	7,318	7,319	21,956
Marketing	-	-	12,231	12,231
Office and administrative	8,434	16,871	8,435	33,740
Payroll taxes	6,929	4,949	7,918	19,796
Professional services	6,800	6,801	6,800	20,401
Scholarships	56,406	-	-	56,406
Special event costs and supplies	-	-	59,534	59,534
Special event food and beverage	-	-	2,703	2,703
Wages	101,615	50,807	101,615	254,037
TOTAL EXPENSES BEFORE DEPRECIATION	1,009,818	97,621	216,694	1,324,133
Depreciation	-	911	-	911
TOTAL EXPENSES	1,009,818	98,532	216,694	1,325,044
Less: Direct benefits to donors at special events included in revenue	-	-	(3,698)	(3,698)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	<u>\$ 1,009,818</u>	<u>\$ 98,532</u>	<u>\$ 212,996</u>	<u>\$ 1,321,346</u>

See accompanying notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

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CASH FLOWS USED BY OPERATING ACTIVITIES	
Change in net assets	\$ 1,542,256
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Depreciation	911
Realized and unrealized gain, net	(1,864,968)
Income from loan forgiveness	(52,800)
Changes in operating assets and liabilities:	
Pledges receivable	14,004
Prepaid expenses	9,625
Accounts payable and accrued liabilities	21,394
Accrued scholarships and grants	(239)
Block grants due	(215,000)
Unearned revenue	10,000
	<u>(2,077,073)</u>
NET CASH FLOWS USED BY OPERATING ACTIVITIES	(534,817)
NET CASH PROVIDED BY INVESTING ACTIVITIES	
Net change in certificate of deposit	(308)
Purchases of investments	(2,173,542)
Proceeds from sales of investments	1,027,622
Proceeds from sale of real estate, net	1,383,805
	<u>237,577</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	
Proceeds from note payable	<u>57,000</u>
NET DECREASE IN CASH	(240,240)
CASH, BEGINNING OF YEAR	<u>851,472</u>
CASH, END OF YEAR	<u><u>\$ 611,232</u></u>

See accompanying notes

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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NOTE 1 THE FOUNDATION

The Coronado Schools Foundation (Foundation) was incorporated under the laws of the State of California in April 1981 as a nonprofit community foundation. The Foundation operates exclusively for educational and charitable purposes, in order to promote and help maintain quality education and the welfare of all students within the boundaries of the Coronado Unified School District (CUSD). The Foundation is supported primarily through partners in education - donations from parents and community members - as well as business partners in education and proceeds from special fundraising events. Additional program funding is provided by returning a target rate of 5% annually, per the Foundation's investment policy, from the general endowment, the board-designated Frances G. Harpst Legacy gift and the Jill Hardman Fund for Fine Arts, with a range of 4-6%.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States.

Basis of presentation - The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The Foundation follows standards regarding classification of Endowment Funds of nonprofits subject to an enacted version of the Uniform Prudent Management of Institutional Funds Acts (UPMIFA) and enhanced disclosures in the endowment.

Estimates - Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Financial statement presentation - The Foundation follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Foundations for presentation of its financial statements which require that net assets, support, revenue and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

Net assets without donor restrictions - These net assets consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Foundation to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

Net assets with donor restrictions - These net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds. These net assets also include amounts that are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by actions of the Foundation.

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NOTES TO THE FINANCIAL STATEMENTS
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Cash - The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

Certificate of deposit - The certificate of deposit is reported at cost. At June 30, 2021, the Foundation had a certificate of deposit at a commercial bank for \$25,968. The rate of interest is 0.15% and the maturity date is July 19, 2022.

Pledges receivable - The pledges receivable consist of donor promises to give. It is the Foundation's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of June 30, 2021, all pledges are considered collectible.

Property and equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life of five years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Fair value measurement - The Foundation follows accounting standards consistent with the FASB Codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Investments - The Foundation carries investments in marketable securities with readily determinable values at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying statement of activities and changes in net assets. Investment income is recognized as revenue in the period it is earned.

Revenue and donor-imposed restrictions - All contributions are considered to be unrestricted unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions, increasing that net asset class. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as restricted and then released from restriction in the same period.

Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets with donor restrictions until the restriction is fulfilled.

The Foundation follows the FASB Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") Revenue from Contracts with Customers, which provides guidance for revenue recognition. This ASC's core principle requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods and services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer.

The Foundation follows the FASB-issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and

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NOTES TO THE FINANCIAL STATEMENTS
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Contributions Made which provides clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions.

In-kind donations - The Foundation follows standards relating to contributions received and contributions made as consistent with the FASB Codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Although many individuals donated significant time to the Foundation, these services did not meet the above criteria for recognition for the year ended June 30, 2021.

The Foundation records donated facilities at fair value. The Foundation received \$36,000 in donated office space rent for the year ended June 30, 2021.

Functional allocation of expenses - The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Foundation's management.

Income taxes - The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Franchise Tax Code.

The Foundation follows accounting standards which clarify the accounting uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statements and recognition and measurement of a tax position taken or expected to be taken in the tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. As of June 30, 2021, the Foundation has no accrued interest or penalties related to uncertain tax positions. The Foundation files tax returns in the U.S. Federal jurisdiction and the State of California.

Recent accounting pronouncements

As of July 1, 2020, the Foundation adopted ASU 2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities". This ASU amends certain aspects of current guidance on the recognition, measurement and disclosure of financial instruments. Among other changes, this ASU requires most equity investments to be measured at fair value. Additionally, this ASU eliminates the requirement to disclose the method and significant assumptions used to estimate the fair value for instruments not recognized at fair value in the Foundation's financial statements. The adoption of this standard had no material impact on the Foundation's financial statements and related disclosures.

In February 2016, FASB issued ASU 2016-02 Leases (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 Leases, and ASU 2018-11, Leases (Topic 842): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. ASU 2016-02 requires recognition of operating leases with lease terms of more than twelve months on the statement of financial position as both assets and liabilities for the

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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obligations created by the leases. Topic 842 also requires disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The Foundation is still assessing the impact this standard will have on its financial statements.

NOTE 3 CASH

The Foundation maintains its cash balances in one regional bank located in California. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation has not experienced any loss in such accounts. As of June 30, 2021, the uninsured balance was \$765,207. The Foundation believes it is not exposed to any significant credit risks on its cash balances.

The Foundation maintains a cash balance account with its investment broker. The accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. The Foundation has not experienced any loss in such accounts. As of June 30, 2021, there was no uninsured balance. The Foundation believes it is not exposed to any significant credit risks on its cash balance.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Office equipment	\$ 19,468
Accumulated depreciation	<u>(18,411)</u>
	<u><u>\$ 1,057</u></u>

Depreciation expense was \$911 for the year ended June 30, 2021.

NOTE 5 FAIR VALUE MEASUREMENT

The Foundation follows the method of fair value to value its financial assets and liabilities. Fair value is based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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NOTES TO THE FINANCIAL STATEMENTS
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Financial assets carried at fair value and measured on a recurring basis at June 30, 2021 are classified below in one of the three levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Stock mutual funds	\$ 6,353,053	\$ -	\$ -	\$ 6,353,053
Bond mutual funds	<u>2,878,957</u>	<u>-</u>	<u>-</u>	<u>2,878,957</u>
	<u>\$ 9,232,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,232,010</u>

Investments in mutual funds are revalued at market prices in active markets and are classified as Level 1.

NOTE 6 INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Stock mutual funds	\$ 3,518,515	\$ 6,353,053
Bond mutual funds	<u>2,836,783</u>	<u>2,878,957</u>
	<u>\$ 6,355,298</u>	<u>\$ 9,232,010</u>

The following schedule summarizes the Foundation's return on long-term investments and its classification in the statement of activities and changes in net assets for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 116,346	\$ 58,658	\$ 175,004
Realized and unrealized gain, net	<u>1,254,935</u>	<u>610,033</u>	<u>1,864,968</u>
Total investment return	<u>\$ 1,371,281</u>	<u>\$ 668,691</u>	<u>\$ 2,039,972</u>

Investment return is shown net of investment management fees of \$27,226 for the year ended June 30, 2021.

NOTE 7 PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA). Companies who met the eligibility requirements set forth by the PPP could qualify for the PPP loans. If the loan proceeds are fully utilized to pay for qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the companies.

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In April 2020, the Foundation received a loan totaling \$52,800 under the PPP – first draw. The PPP loans bear interest at 1.00%, with principal and interest payments deferred for the first six months of the loan. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Foundation at any time prior to maturity with no prepayment penalties, if the loans are not forgiven under the terms of the PPP.

On November 4, 2020, the Foundation received forgiveness for the PPP loan above and hence has decided that the PPP loan should be accounted for as a government grant. As GAAP does not contain guidance on the accounting for government grants, the Foundation is following the guidance in International Accounting Standards, or IAS, 20, Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of IAS 20, "a forgivable loan from the government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." Under IAS 20, government grants are recognized in income as required activities are undertaken. Included in other income on the statement of activities and changes in net assets for the year ended June 30, 2021, is the full amount of the PPP loan, \$52,800, and no liability for the PPP loan is reflected in the statement of financial position as of June 30, 2021 with respect to the first draw.

In February 2021, the Foundation received loan proceeds in the amount of \$57,000 under the PPP - second draw. The loan is reflected as a note payable in the statement of financial position as of June 30, 2021.

NOTE 8 ENDOWMENT FUND

The Foundation has interpreted UPMIFA as requiring the presentation 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 as 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. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted Endowment Funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted Endowment Funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income/losses and the appreciation/depreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Policy Manual of the Foundation prescribes that an Endowment Fund shall be maintained for the purpose of ensuring the Foundation's continued financial viability. The primary goal for the management of the Endowment Fund is to preserve the real (i.e., inflation-adjusted) purchasing power of principal and income after accounting for endowment spending, inflation, and costs of investment management. The Finance Committee shall oversee the Endowment Fund in such a manner as to, first, minimize risk of loss of the Endowment Fund's principal, and second, achieve the maximum return available consistent with prudent investment standards. The portfolio manager shall be authorized to invest the Endowment Fund's assets as set forth by the Foundation's approved investment policy. The

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Foundation has committed to return a range of 4-6% with a target rate of 5% of its value annually first to benefit its administrative and overhead costs and second to the CUSD, per its investment policy.

As of June 30, 2021, the Foundation held in trust six sub-endowment funds in addition to its General Endowment Fund. The sub-endowment funds are the Shelia Davis Lawrence Endowment Fund, Jill Hardman Art Fund, Robert J. Oliver Scholarship Fund, Burke Couture Scholarship Fund, Tanya Hagen Scholarship Fund, and the Patricia Davy Scholarship Fund. The details are summarized as follows:

Shelia Davis Lawrence Endowment Fund - The Foundation received an endowment for the purpose of providing a portion of investment income and capital gains to the Foundation to be used for program expenses.

Jill Hardman Art Fund – The Foundation received an estate gift to be used towards fine arts.

Robert J. Oliver Scholarship Fund - The Foundation received an endowment from a donor family for the purpose of granting an annual scholarship to an eligible student within the CUSD who will be attending a college or university in the following Foundation year.

Burke Couture Scholarship Fund - The Foundation received an endowment from a donor family for the purpose of granting an annual scholarship to an eligible student within the CUSD who will attend either University of San Diego or San Diego State University.

Tanya Hagen Scholarship Fund - The Foundation received an endowment of \$50,000 from a donor family for the purpose of granting an annual scholarship to an eligible graduating student within the CUSD who will be attending a college or university in the following Foundation year.

Patricia Davy Scholarship Fund - Coronado High School received an estate gift to fund an annual scholarship for an eligible student within the CUSD.

The Endowment Funds are held mainly as investments on the statement of financial position, with some amounts held in cash.

The Foundation had the following endowment-related activities and changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 1,433,063	\$ 1,433,063
Contributions	-	-	-
Transfers to create Jill Hardman Art Fund	-	1,359,397	1,359,397
Investment income, net amounts	-	668,691	668,691
Appropriated for expenditure	-	(137,185)	(137,185)
Endowment net assets, end	<u>\$ -</u>	<u>\$ 3,323,966</u>	<u>\$ 3,323,966</u>

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From time to time, the fair value of assets associated with restricted funds may fall below the original gift received. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were \$20,429 as of June 30, 2021. These deficiencies resulted from the donor requesting to continue the appropriation of specified amounts in years when the investment of the permanently-restricted funds did not yield sufficient returns.

Included in the with donor restrictions amount above are \$1,281,565 to be held in perpetuity.

NOTE 9 NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors during the year ended June 30, 2021:

Purpose restrictions accomplished:

Scholarships	\$ 54,153
Grants - CUSD	30,000
Partners in education	24,000
	108,153

Endowment Funds:

Restricted	88,011
Shelia Davis Lawrence	33,674
Jill Hardman	7,103
Robert J. Oliver	5,500
Burke Couture	2,500
Tanya Hagen	2,500
Patricia Davy	1,500
	140,788

Total restrictions released:	\$ 248,941
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Net assets consisted of the following at June 30, 2021:

Without donor restrictions:

Board-designated	\$ 6,061,373
Unrestricted and undesignated	76,235
	6,137,608

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With donor restrictions:	
Jill Hardman Art Fund	1,359,397
Investments in perpetuity	1,281,565
Endowment Funds' earnings	683,003
Scholarships	51,718
Partners in education	<u>15,200</u>
	<u>3,390,883</u>
Total net assets	<u>\$ 9,528,491</u>

The Board has designated for future use donations received from Frances G. Harpst Legacy in previous years. Included in board-designated net assets is income earned from investing the Frances G. Harpst funds less any board-approved appropriation, such as the amount returned annually, that is reflected in the district site program grants line on the statement of functional expenses.

NOTE 10 LIQUIDITY AND AVAILABILITY

The Foundation is substantially supported by regular annual donor contributions without restrictions. Those unrestricted donations are what fund the general operating and program expenses of the Foundation. On occasion, the Foundation may receive a donor contribution with restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, those restricted financial assets may not be available for general expenditure.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation fundraises all year long building up excess reserves, and then near the fiscal year end determines how much in program grants will be returned to the CUSD for its upcoming school year. The annual grant consists of the increase in net assets from the Foundation's fundraising operations during the fiscal year, plus a portion of the endowment funds as described in Note 8. After the grant amount is determined, roughly half of the total grant is paid to the CUSD at the fiscal year end, and the second half is paid in the fall. Holding onto the funds of the second installment allows the Foundation some liquidity in the immediate months following the fiscal year end and prior to major fundraising. During the year as excess resources are built up, the Foundation invests cash in excess of regular requirements in short-term liquid investments.

Financial assets at year end:	
Cash	\$ 611,232
Pledges receivable	2,088
Certificate of deposit	25,968
Investments	<u>9,232,010</u>
	9,871,298

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Less those unavailable for general expenditures within one year due to:

Contractual or donor imposed restrictions:

Board-designated	(6,061,373)
Restricted by purpose restrictions	<u>(3,390,883)</u>
	<u>(9,452,256)</u>

Financial assets available to meet general expenditures within one year	<u>\$ 419,042</u>
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NOTE 11 SPECIAL EVENTS AND ACTIVITIES

Revenues and expenses from special events and activities are directly related to fundraising and consist of the following:

Revenue:

Supporter/telethon donations	\$ 210,119
Benefit auction contributions	174,707
Back2School Bash	<u>22,487</u>
	407,313

Less: direct benefit to donors	<u>(3,698)</u>
	403,615

Expenses:

Auction expenses:

Event costs and supplies	18,285
Wages and payroll taxes	5,081
Office and administrative	3,604
Bank service charges	3,235
Food and beverage	<u>2,703</u>
	32,908

Telethon expenses:

Event costs and supplies	29,964
Wages and payroll taxes	15,242
Office and administrative	12,886
Marketing	11,883
Donor recognition	<u>273</u>
	70,248

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Back2School Bash expenses:	
Event costs and supplies	11,284
Total auction, telethon, and Back2School Bash expenses	<u>114,440</u>
Less: direct benefit to donors at special events netted with revenue	<u>(3,698)</u>
	<u>110,742</u>
Net special events and activities	<u>\$ 292,873</u>

NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 11, 2021, the date which the financial statements were available to be issued.

On October 5, 2021, the Foundation received forgiveness for the second draw of the PPP loan.

As a result of the spread of COVID-19 Coronavirus and the resulting orders issued by the State of California, the state in which the Foundation operates, the Foundation is experiencing reduced contributions and special event revenues. The duration of these reductions may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.