

**CORONADO SCHOOLS FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2020**

CORONADO SCHOOLS FOUNDATION

	<u>Pages</u>
I Index	1
II Independent auditor's report	2 – 3
III Statement of financial position	4
IV Statement of activities and changes in net assets	5
V Statement of functional expenses	6
VI Statement of cash flows	7
VII Notes to the financial statements	8 – 18



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, 2020, 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.

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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 Coronado Schools Foundation as of June 30, 2020, 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

September 15, 2020

CORONADO SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

Page 4

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS
ASSETS			
CURRENT ASSETS			
Cash (note 3)	\$ 716,715	\$ 134,757	\$ 851,472
Certificate of deposit	25,660	-	25,660
Pledges receivable	16,092	-	16,092
Prepaid expenses	16,814	-	16,814
	775,281	134,757	910,038
PROPERTY AND EQUIPMENT (note 4)	1,968	-	1,968
OTHER ASSETS			
Investments (note 6)	4,856,619	1,364,503	6,221,122
Other assets (note 7)	20,805	1,363,000	1,383,805
	4,877,424	2,727,503	7,604,927
TOTAL ASSETS	5,654,673	2,862,260	8,516,933
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	16,825	-	16,825
Accrued scholarships and grants	36,073	-	36,073
Block grants due	405,000	-	405,000
Unearned revenue	20,000	-	20,000
	477,898	-	477,898
LONG TERM LIABILITIES			
Note payable (note 8)	52,800	-	52,800
TOTAL LIABILITIES	530,698	-	530,698
NET ASSETS (note 10)	5,123,975	2,862,260	7,986,235
TOTAL LIABILITIES AND NET ASSETS	\$ 5,654,673	\$ 2,862,260	\$ 8,516,933

See accompanying notes

CORONADO SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

Page 5

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS
REVENUE			
Contributions	\$ 353,387	\$ 97,030	\$ 450,417
Interest and dividend income (note 6)	123,026	34,212	157,238
Realized and unrealized gain, net (note 6)	180,796	46,352	227,148
Enrichment tuition	5,015	-	5,015
	662,224	177,594	839,818
Special events and activities (note 12)			
Special events and activities revenue	583,960	-	583,960
Direct benefits to donors	(68,070)	-	(68,070)
	515,890	-	515,890
Net assets released from restriction (note 10)	209,681	(209,681)	-
	1,387,795	(32,087)	1,355,708
EXPENSES			
Program services	976,165	-	976,165
Management and general	120,411	-	120,411
Development	228,440	-	228,440
	1,325,015	-	1,325,015
CHANGE IN NET ASSETS	62,780	(32,087)	30,693
NET ASSETS, BEGINNING	5,061,195	2,894,347	7,955,542
NET ASSETS, END	\$ 5,123,975	\$ 2,862,260	\$ 7,986,235

See accompanying notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	PROGRAM	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTALS
EXPENSES				
Bank service charges	\$ -	\$ 8,262	\$ 8,262	\$ 16,524
Community involvement	215	-	215	430
Designated donations	12,625	-	-	12,625
District program funding	2,397	-	-	2,397
District site program grants	720,000	-	-	720,000
Donor recognition	-	-	3,302	3,302
Endowment management (in house)	1,000	1,000	-	2,000
Foundation grant	30,000	-	-	30,000
In-kind rent	27,360	4,320	4,320	36,000
Insurance	6,864	6,864	6,864	20,592
Marketing	-	-	9,754	9,754
Office and administrative	14,152	28,304	14,152	56,607
Payroll taxes	6,508	4,649	7,438	18,595
Professional services	21,301	21,301	21,301	63,903
Scholarships	43,245	-	-	43,245
Special event costs and supplies	-	-	73,731	73,731
Special event food and beverage	-	-	57,570	57,570
Training and seminars	897	-	-	897
Wages	89,601	44,800	89,601	224,002
TOTAL EXPENSES BEFORE DEPRECIATION	976,165	119,500	296,510	1,392,174
Depreciation	-	911	-	911
TOTAL EXPENSES	976,165	120,411	296,510	1,393,085
Less: Direct benefits to donors at special events included in revenue	-	-	(68,070)	(68,070)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 976,165	\$ 120,411	\$ 228,440	\$ 1,325,015

See accompanying notes

**CORONADO SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Page 7

CASH FLOWS USED BY OPERATING ACTIVITIES	
Change in net assets	\$ 30,693
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Depreciation	911
Realized and unrealized gain, net	(227,148)
Changes in operating assets and liabilities:	
Pledges receivable	(5,740)
Prepaid expenses	(2,300)
Other assets	(20,805)
Accounts payable and accrued liabilities	(25,673)
Accrued scholarships and grants	(4,800)
Block grants due	(352,090)
Unearned revenue	(12,895)
	<u>(650,540)</u>
NET CASH FLOWS USED BY OPERATING ACTIVITIES	(619,847)
NET CASH PROVIDED BY INVESTING ACTIVITIES	
Net change in certificate of deposit	(604)
Purchases of investments	(568,385)
Proceeds on sales of investments	1,226,716
	<u>657,727</u>
NET CASH USED BY FINANCING ACTIVITIES	
Proceeds from note payable	<u>52,800</u>
NET INCREASE IN CASH	90,680
CASH, BEGINNING OF YEAR	<u>760,792</u>
CASH, END OF YEAR	<u><u>\$ 851,472</u></u>

See accompanying notes

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Page 8

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 the 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 both the general endowment and the board designated Frances G. Harpst Legacy gift, 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 generally accepted accounting principles. 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 nets 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.

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Page 9

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, 2020, the Foundation had a certificate of deposit at a commercial bank for \$25,660. The rate of interest is 1.1% and the maturity date is June 2021.

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, 2020, 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 Financial Accounting Standards Board (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.

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.

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 donate significant time to the Foundation these services did not meet the above criteria for recognition for the year ended June 30, 2020.

The Foundation records donated facilities at fair value. The Foundation received \$36,000 in donated office space rent for the year ended June 30, 2020.

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Page 10

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, 2020, 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

Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") *Revenue from Contracts with Customers, provides guidance for revenue recognition*. The Foundation's financial statements reflect the application of ASC 606 guidance beginning on January 1, 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of Accounting Standards (ASU) 2014-09 did not significantly impact the Foundation's reported historical revenue.

There was not a material impact to fiscal 2020 net assets as a result of applying ASC 606, and there have not been significant changes to the Foundation's business processes, systems, or internal controls as a result of implementing the standard. The Foundation adopted the standard on January 1, 2019, using the modified retrospective transition method.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU includes 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. The Foundation adopted ASU 2018-08, under the modified prospective approach to agreements that were either not completed as of July 1, 2019 or entered into after July 1, 2019. The adoption of this ASU did not have a material effect on the financial statements for contributions received. The Foundation does not make significant contributions and the impact of ASU 2018-08 related to contributions made and contributions received did not have a material effect on the financial statements or disclosures.

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Page 11

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 812): 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 balance sheet as both assets and liabilities for the 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, 2020, the uninsured balance is \$278,810. 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, 2020, the uninsured balance is \$94,848. 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>(17,500)</u>
	<u>\$ 1,968</u>

Depreciation expense was \$911 for the year ended June 30, 2020.

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.

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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.

Financial assets carried at fair value and measured on a recurring basis at June 30, 2020 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	\$ 4,338,880	\$ -	\$ -	\$ 4,338,880
Bond mutual funds	1,882,243	-	-	1,882,243
	<u>\$ 6,221,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,221,122</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, 2020:

	<u>Cost</u>	<u>Fair Value</u>
Stock mutual funds	\$ 3,044,448	\$ 4,338,880
Bond mutual funds	1,790,734	1,882,243
	<u>\$ 4,835,182</u>	<u>\$ 6,221,122</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, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 123,026	\$ 34,212	\$ 157,238
Realized and unrealized gain, net	180,796	46,352	227,148
Total investment return	<u>\$ 303,822</u>	<u>\$ 80,564</u>	<u>\$ 384,386</u>

Investment return is shown net of investment management fees of \$21,373 for the year ended June 30, 2020.

CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Page 13

NOTE 7 OTHER ASSETS

Other assets includes a gift of a condominium from the Jill Hardman Estate. The condominium was recorded using the lower of the estimated range of the anticipated selling price, net of estimated costs to sell. Funds from the sale of the condominium are to be restricted to be spent on fine arts in the CUSD. The condominium, located in Coronado, was sold subsequent to year end and the Foundation received the funds in August 2020.

NOTE 8 NOTE PAYABLE

On April 20, 2020, the Foundation entered into note payable agreement with Cal Private Bank for \$52,800, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note matures two years from the disbursement date and bears interest at a rate of 1.00% per annum, with the first six months of interest deferred. 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. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (qualifying expenses), pursuant to the terms and limitations of the PPP. The Foundation believes that it used all of the proceeds from the note for the qualifying expenses. However, no assurance is provided that the Foundation will obtain forgiveness of the note in whole or in part. The Foundation is accounting for the loan as debt and if forgiveness is granted, the Foundation will recognize income upon forgiveness. The Foundation filed an application for loan forgiveness on August 10, 2020 and the outcome is pending.

NOTE 9 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 and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Page 14

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 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 CUSD, per its investment policy.

As of June 30, 2020, the Foundation held in trust five sub-endowment Funds in addition to its General Endowment Fund. The sub-endowment Funds are the Shelia Davis Lawrence (SDL) Endowment Fund, Burke Couture Scholarship Fund, Robert J. Oliver (RJO) Scholarship Fund, Patricia Davy Scholarship Fund, and the Tanya Hagen 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.

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 CUSD who will attend either University of San Diego or San Diego State University.

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.

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

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.

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 ending June 30, 2020:

**CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 1,491,690	\$ 1,491,690
Contributions	-	-	-
Investment income, net amounts	-	80,564	80,564
Appropriated for expenditure	-	(139,191)	(139,191)
Endowment net assets, end	\$ -	\$ 1,433,063	\$ 1,433,063

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 \$26,396 as of June 30, 2020. These deficiencies resulted from unfavorable market fluctuations that have occurred after the investment of permanently restricted funds and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

Included in the with donor restrictions amount above are \$1,278,302 to be held in perpetuity.

NOTE 10 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, 2020:

Purpose restrictions accomplished:	
Grants - CUSD	\$ 30,000
Scholarships	27,865
Partners in education	12,625
	\$ 70,490
Held in perpetuity:	
Restricted	110,547
Robert J Oliver	11,000
Burke-Couture	6,500
Tanya Hagen	5,000
Patricia Davy	4,000
Shelia Davis-Lawrence	2,144
	\$ 139,191
Total restrictions released:	\$ 209,681

**CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Page 16

Net assets consisted of the following at June 30, 2020:

Without donor restrictions:	
Board designated	\$ 5,108,906
Unrestricted and undesignated	<u>15,069</u>
	5,123,975
With donor restrictions:	
Jill Hardman Fine Arts Program	1,363,000
Investments in perpetuity	1,278,302
Endowment Funds' earnings	154,760
Scholarships	50,998
Partners in education	<u>15,200</u>
	<u>2,862,260</u>
Total net assets	<u><u>\$ 7,986,235</u></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 11 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 financials 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 goal is for the grant to nearly equal the increase in net assets for the year, effectively zeroing out the Foundation's statement of activities and changes in net assets. After the grant amount is determined, roughly half of the total grant is paid to 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 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.

**CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Page 17

Financial assets at year-end:	
Cash	\$ 851,472
Certificate of deposit	25,660
Pledges receivable	16,092
Investments	6,221,122
Other assets	<u>1,383,805</u>
	<u>8,498,151</u>
Less those unavailable for general expenditures within one year due to:	
Contractual or donor imposed restrictions:	
Restricted by purpose restrictions	(2,862,260)
Board designated	<u>(5,108,906)</u>
	<u>(7,971,166)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 526,985</u>

NOTE 12 SPECIAL EVENTS AND ACTIVITIES

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

Revenue:	
Benefit auction contributions	\$ 375,807
Supporter/telethon donations	189,865
Back2School Bash	<u>18,288</u>
	583,960
Less: direct benefit to donors	<u>(68,070)</u>
	515,890

**CORONADO SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Page 18

Expenses:	
Auction expenses:	
Food and beverage	57,570
Event costs and supplies	50,632
Bank service charges	7,983
Wages and payroll taxes	4,480
Office	3,703
	124,368
Telethon expenses:	
Office	19,888
Event cost and supplies	17,256
Wages and payroll taxes	13,440
Marketing	9,157
Donor recognition	2,919
	62,660
Back2School Bash expenses:	
Event costs and supplies	5,843
	192,871
Total auction, telethon, and back2school bash expenses	192,871
Less: direct benefit to donors at special events netted with revenue	(68,070)
	124,801
Net special events and activities	\$ 391,089

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 15, 2020, the date which the financial statements were available to be issued. 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 revenues. The duration of the reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

The condominium which is part of the Jill Hardman estate was sold in July 2020. The Foundation received the funds in August 2020.