

FRIENDS OF WOODSTOCK SCHOOL, INC.
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
AND
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 AND 2019

FRIENDS OF WOODSTOCK SCHOOL, INC.

JUNE 30, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Finance Committee and Board of Directors

Friends of Woodstock School, Inc.

We have reviewed the accompanying financial statements of Friends of Woodstock School, Inc. (a nonprofit organization), which comprise the statements 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

The financial statements for the year ended June 30, 2019 were audited by us, and we expressed an unqualified opinion on them in our report dated March 27, 2020, but we have not performed any auditing procedures since that date.

March 22, 2021
Mount Vernon, Washington

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED JUNE 30, 2020 and 2019

	<u>ASSETS</u>	
	2020	2019
	(REVIEWED)	(AUDITED)
CURRENT ASSETS		
Cash and cash equivalents	\$ 106,757	\$ 125,596
Investments	2,972,224	3,019,194
Promises to give - current	-	4,000
Prepays and deposits	4,395	450
Total current	<u>3,083,376</u>	<u>3,149,240</u>
Promises to give - long-term , net	18,000	21,860
Endowment investments	2,848,450	2,799,688
Assets held in trust	281,567	291,688
	<u>3,148,017</u>	<u>3,113,236</u>
TOTAL ASSETS	<u>\$ 6,231,393</u>	<u>\$ 6,262,476</u>

	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities		
Other payable	67	67
Grants payable	46,000	94,500
Total Current Liabilities	<u>46,067</u>	<u>94,567</u>
Net Assets		
Without donor restrictions	2,526,115	2,583,141
With donor restrictions		
Purpose restrictions	1,168,466	1,123,226
Perpetual in nature	2,490,745	2,461,542
Total Net Assets	<u>6,185,326</u>	<u>6,167,909</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,231,393</u>	<u>\$ 6,262,476</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020 (REVIEWED)				2019 (AUDITED)			
	Without donor restrictions	With donor restrictions		Total	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature			Purpose restrictions	Perpetual in nature	
Public Support, Revenue & Other Support								
Contribution	\$ 82,557	\$ 92,464	\$ 22,896	\$ 197,917	\$ 78,969	\$ 119,484	\$ 42,578	\$ 241,031
Conference revenue	53,936	-	-	53,936	76,666	-	-	76,666
Other revenue	7,006	-	-	7,006	4,266	-	-	4,266
Interest and dividends	77,290	59,735	-	137,025	74,136	58,221	-	132,357
Net(Loss) gain on investments	(40,191)	(37,879)	-	(78,070)	100,263	159,672	-	259,935
Net(Loss) gain on assets held in trust	(10,121)	-	-	(10,121)	2	-	-	2
Pledge and life insurance income payments	-	-	-	-	(110,000)	110,000	-	-
Pledge bad debt write-off	8,000	-	(8,000)	-	-	-	-	-
Transfer for mandatory accumulation	120	(14,427)	14,307	-	-	(22,366)	22,366	-
Net assets reclassified from restrictions	54,653	(54,653)	-	-	629,272	(629,272)	-	-
Total Public Support, Revenue & Other Support	<u>233,250</u>	<u>45,240</u>	<u>29,203</u>	<u>307,693</u>	<u>853,574</u>	<u>(204,261)</u>	<u>64,944</u>	<u>714,257</u>
Expenses								
Program	140,200	-	-	140,200	635,402	-	-	635,402
Management and general	86,694	-	-	86,694	100,861	-	-	100,861
Fundraising	63,382	-	-	63,382	44,808	-	-	44,808
Total Expenses	<u>290,276</u>	<u>-</u>	<u>-</u>	<u>290,276</u>	<u>781,071</u>	<u>-</u>	<u>-</u>	<u>781,071</u>
Change in Net Assets	(57,026)	45,240	29,203	17,417	72,503	(204,261)	64,944	(66,814)
Net Assets - beginning of the year	2,583,141	1,123,226	2,461,542	6,167,909	2,510,638	1,327,487	2,396,598	6,234,723
Net Assets - end of the year	<u>\$ 2,526,115</u>	<u>\$ 1,168,466</u>	<u>\$ 2,490,745</u>	<u>\$ 6,185,326</u>	<u>\$ 2,583,141</u>	<u>\$ 1,123,226</u>	<u>\$ 2,461,542</u>	<u>\$ 6,167,909</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020 (REVIEWED)				2019 (AUDITED)			
	Program Services	Management and General	Fundraising Activities	Total	Program Services	Management and General	Fundraising Activities	Total
Salaries and wages	\$ 20,969	\$ 37,547	\$ 20,445	\$ 78,961	\$ 20,894	\$ 36,360	\$ 21,020	\$ 78,274
Payroll taxes		6,866	-	6,866		6,602	-	6,602
Employee benefits	1,006	2,415	604	4,025	1,006	2,415	604	4,025
Total personnel expenses	21,975	46,828	21,049	89,852	21,900	45,377	21,624	88,901
Designated grants	41,153	-	-	41,153	211,783	-	-	211,783
Conference	57,083	-	-	57,083	89,731	-	-	89,731
Bank fees	-	6,915	-	6,915	-	7,130	-	7,130
Travel	435	999	250	1,684	715	3,913	429	5,057
Professional fees	331	8,664	199	9,194	61	18,679	37	18,777
Printing	315	997	1,720	3,032	486	4,579	5,000	10,065
Miscellaneous	-	87	896	983	-	16	-	16
Occupancy	2,378	5,708	1,427	9,513	2,222	5,333	1,333	8,888
Investment expenses	-	-	35,396	35,396	-	-	37,206	37,206
Insurance	611	1,465	366	2,442	-	2,448	-	2,448
Staff development grants	-	-	-	-	65,423	-	-	65,423
Maintenance	409	1,221	245	1,875	130	1,435	78	1,643
Postage and shipping	204	750	751	1,705	281	788	1,626	2,695
Scholarship grants	13,500	-	-	13,500	240,855	-	-	240,855
Telephone	1,297	3,114	778	5,189	1,376	3,405	826	5,607
Meetings	-	-	-	-	-	5,669	-	5,669
Alumni enrichment activity	-	-	-	-	-	-	1,386	1,386
Supplies	509	840	305	1,654	439	2,089	263	2,791
Office relocation	-	1,106	-	1,106	-	-	-	-
Bad debt expense	-	8,000	-	8,000	-	-	(25,000)	(25,000)
	<u>\$ 140,200</u>	<u>\$ 86,694</u>	<u>\$ 63,382</u>	<u>\$ 290,276</u>	<u>\$ 635,402</u>	<u>\$ 100,861</u>	<u>\$ 44,808</u>	<u>\$ 781,071</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020 <u>(REVIEWED)</u>	2019 <u>(AUDITED)</u>
Cash Flows from Operating Activities		
Cash received from donors	\$ 205,777	\$ 324,806
Cash received from program participants	60,942	10,392
Cash received from investments	77,290	82,396
Cash paid for grants	(103,153)	(415,911)
Cash paid to vendors	(145,771)	(239,532)
Cash paid to employees	(89,852)	(88,901)
Net cash from (used) by operating activities	<u>5,233</u>	<u>(326,750)</u>
Cash Flows from Investing Activities		
Purchase of investments	(3,602,153)	(591,668)
Proceeds from sale of investments	3,583,978	937,103
Net cash from (used) by investing activities	<u>(18,175)</u>	<u>345,435</u>
Cash Flows provided by Financing Activities		
Proceeds from (contributions to) restricted to endowments	(5,897)	21,099
Net cash from (used) by financing activities	<u>(5,897)</u>	<u>21,099</u>
Change in cash and cash equivalents	(18,839)	39,784
Cash and cash equivalents - beginning of year	125,596	85,812
Cash and cash equivalents - end of year	<u>\$ 106,757</u>	<u>\$ 125,596</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH

	2020 <u>(REVIEWED)</u>	2019 <u>(AUDITED)</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,417	\$ (66,814)
Adjustments to reconcile change in net assets to net cash Used by operating activities		
Loss (gain) on investments	78,070	(259,935)
Loss (gain) on assets held in trust	10,121	(2)
Reinvested investment earnings	(55,790)	(62,595)
Contributions restricted to endowment	-	(13,959)
Change in asset and liability accounts		
Promises to give	7,860	83,775
Prepays and deposits	(3,945)	26,593
Accounts payable	-	-
Deferred revenue	-	(70,540)
Grants payable	(48,500)	36,727
Net cash use by operating activities	<u>\$ 5,233</u>	<u>\$ (326,750)</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Friends of Woodstock School (FWS) is organized and operated exclusively for charitable and educational purposes, in particular, to furnish financial and administrative aid and support for educational programs in the United States and foreign countries.

Basis of presentation

In accordance with financial accounting standards, FWS is required to report information regarding its financial position and activities according to classes of net assets.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Purpose restrictions net assets are as follows:

	<u>June 30, 2019</u>		<u>Additions</u>		<u>Releases</u>		<u>Transfers</u>		<u>June 30, 2020</u>
Designated projects	\$ 324,801	\$	52,591	\$	(41,153)	\$	(120)	\$	336,119
Scholarships	330,318		52,214		(13,500)		-		369,032
Staff development	187,884		1,105				-		188,989
Staff recruitment	50,577		-				-		50,577
Legacy	229,646		8,410		-		(14,307)		223,749
	<u>\$ 1,123,226</u>	\$	<u>114,320</u>	\$	<u>(54,653)</u>	\$	<u>(14,427)</u>	\$	<u>1,168,466</u>

Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity and the income may be used in support of various programs.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

Income taxes

The Internal Revenue Service has recognized Friends of Woodstock School, Inc. as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Cash and cash equivalents

Cash and cash equivalents represent checking and money market accounts.

Investments

Investments are reported at their fair market values in the statements of financial position.

Furniture and equipment

Furniture and equipment are stated at cost or if donated at fair market value at the date of donation. Furniture and equipment costing over \$1,000 are capitalized and depreciated over their useful lives of three to five years using the straight-line method. As of June 30, 2019, property and equipment of \$909 was depreciated, and they were fully depreciated.

Promises to give

Promises to give are shown at net realizable value. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give recognized when the conditions on which they depend are substantially met. Unconditional promises to give as of June 30, 2020 were due as follows:

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Prior year gross receivable	\$	58,000
Write-off		(8,000)
		<hr/>
Pledges receivable		50,000
Less allowance or uncollectible promises to give		(25,000)
Less discount to present value		(7,000)
		<hr/>
Net pledges receivable	\$	<u>18,000</u>

Promises to give receivable in more than one year are discounted to present value using a risk-free rate of return of 3.5%.

Grants payable

Grants payable consist of unconditional funding commitments made to Woodstock School.

Restricted and unrestricted support

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is when a stipulated time restricted ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred revenue

Deferred revenue consists of payments received in advance of the annual conference. Revenue is recognized in the period to which it applies.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Donated assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair value at the date of donation.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as 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. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis as of June 30, 2020 and 2019 are as follows:

	Quoted Price in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Input (Level 3)	Total
As of June 30, 2020				
US Equity	\$ 1,504,047	\$ -	\$ -	\$ 1,504,047
International Equity	467,618	-	-	467,618
Global High Yield Fixed Income Fund	-	310,137	-	310,137
Emerging Markets	141,182	-	-	141,182
Intermediate Duration	739,863	-	-	739,863
Global Equity	462,646	-	-	462,646
Bernstein FSOF II	151,177	-	-	151,177
Bernstein MML	266,967	-	-	266,967
Bernstein Multi-Manage Alternative	601,671	-	-	601,671
Bernstein Intl Equity	416,395	-	-	416,395
Global Fixed Income Funds	-	758,971	-	758,971
	<u>4,751,566</u>	<u>1,069,108</u>	<u>-</u>	<u>5,820,674</u>
Cash Surrender Value of Life Insurance	-	-	93,756	93,756
Hezlep Trust	-	-	187,811	187,811
Assets Held in Trust	-	-	281,567	281,567
Total Assets shown at Fair Value	<u>\$ 4,751,566</u>	<u>\$ 1,069,108</u>	<u>\$ 281,567</u>	<u>\$ 6,102,241</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

As of June 30, 2019	Quoted Price in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Input <u>(Level 3)</u>	<u>Total</u>
US Equity	\$ 1,547,389	\$ -	\$ -	\$ 1,547,389
International Equity	260,434	-	-	260,434
AB Global Real Estate Fund	251,615	-	-	251,615
Emerging Markets	127,446	-	-	127,446
Intermediate Duration	1,850,269	-	-	1,850,269
Fixed Income Funds	-	359,438	-	359,438
Bernstein FSOF II	252,268	-	-	252,268
Bernstein MML	264,829	-	-	264,829
AB Small Cap Equity	274,092	-	-	274,092
Bernstein Small Cap Equity	190,929	-	-	190,929
Bernstein GRI	427,766	-	-	427,766
Global Fixed Income Funds	-	12,410	-	12,410
	<u>5,447,037</u>	<u>371,848</u>	<u>-</u>	<u>5,818,882</u>
Cash Surrender Value of Life Insurance				
Life Income Gifts	-	-	97,104	97,104
Hezlep Trust	-	-	194,584	194,584
Assets Held in Trust	-	-	291,688	291,688
Total Assets shown at Fair Value	<u>\$ 5,447,037</u>	<u>\$ 371,848</u>	<u>\$ 291,688</u>	<u>\$ 6,110,570</u>

Alternative investments consist of the Alliance Bernstein Unconstrained Bond Fund. The fund is valued at Net Asset Value and has been audited annually by Ernst and Young LLP. The objective of the fund is to generate income consistent with the preservation of capital. Investments in this category for which there is no readily determinable market value are classified as Level 3, as the valuation is based on significant unobservable inputs. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the fund manager. These investments have no restrictions on redemption.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis using significant unobservable input (Level 3):

	Cash Surrender Value of Life Insurance	Life Income Gifts	Hezlep Trust	Total
Fair Value as of June 30, 2018	\$ 99,433	\$ -	\$ 192,251	\$ 291,684
Additions(subtractions)				
Total gain(loss) in change in net assets	<u>(2,329)</u>	<u>-</u>	<u>2,333</u>	<u>4</u>
Fair value as of June 30, 2019	97,104	-	194,584	291,688
Additions(subtractions)				
Total gain(loss) in change in net assets	<u>(3,348)</u>	<u>-</u>	<u>(6,773)</u>	<u>(10,121)</u>
Fair value as of June 30, 2020	<u>\$ 93,756</u>	<u>\$ -</u>	<u>\$ 187,811</u>	<u>\$ 281,567</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 – ASSETS HELD IN TRUST

FWS is named as remainderman in certain charitable remainder trust agreements administered by others (life income gifts and life insurance policies). The terms of these agreements provide for the disbursement of the trust assets to FWS upon the death of the final beneficiary. During the life of the beneficiaries, certain payments are made from trust assets as prescribed in the agreements.

FWS is also the beneficiary of a perpetual trust (Hezlep Trust) administered by a third party. Under the terms of the agreement, interest and dividends are distributed to FWS on a quarterly basis. Assets held in trust are stated at fair value using the net present value of future cash flows which approximates the value of the underlying investments held in the trust and is a level 3 input.

NOTE 4 – ENDOWMENTS

FWS' endowment funds consist of six individual funds established for the purpose of providing scholarships and other long-term needs. FWS' endowment funds include one Board-designated endowment fund and five donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. FWS accounts for its endowments in accordance with the "Uniform Prudent Management of Institutional Funds Act," (UPMIFA) as stated in the Revised Code of Washington (RCW) 24.55.

Interpretation of Relevant Law

FWS has determined that 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 is appropriate. As a result of this interpretation, FWS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 – ENDOWMENTS (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, FWS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investment
- 6) Other resources of the organization and
- 7) The investment policies of the organization

Return Objectives and Risk Parameters

FWS has adopted investment policies for endowment assets that focus on long-term results. At a minimum, these policies attempt to provide a predictable stream of funding to programs supported by FWS while seeking to maintain the purchasing power of the endowment assets. Under the policy, the endowment assets are invested in a manner that is intended to produce maximum long-term total returns consistent with reasonable risk to principal for their asset category.

Strategies Employed for Achieving Objectives

To satisfy its long-term total return objectives, FWS relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. FWS targets a diversified asset allocation and has taken steps to move toward alternative investments of up to 15% of the total portfolio while reducing fixed income to 25% of the portfolio. This transition in allocation is expected to occur over a two year period. To facilitate this transition, FWS created an Investment Committee consisting of current Board members. Asset allocation as

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 – ENDOWMENTS (CONTINUED)

of June 30, 2020 was 49% equities, 18% fixed income, 18% alternative investments, 15% emerging markets and real estate, and 0% cash.

FWS' investment policy guidelines are reviewed and reconfirmed or revised on at least an annual basis. Performance of the organization's investments is reviewed on a regular basis by the Investment Committee and reported to the Board of Directors.

FWS' Endowed Scholarship Funds were established by written agreements with the originating donors. Under the agreements, the corpus is protected in perpetuity and only the temporarily restricted portion of the fund can be spent unless authorized by the originating donor.

The FWS Legacy Endowment (the Fund) was established to provide individuals the opportunity to make charitable gifts to FWS that will become a permanent, general endowment for FWS, and a living memorial to those expressing their support for FWS. The purpose of the Fund is to create earnings for distributions that further the charitable and educational purpose of FWS.

Donations to the Fund are permanently restricted and invested. A portion of each year's net investment income, equal to the fiscal year's CPI-U(0.2% as of June 30, 2020) plus 1% and known as the "hold back" is reinvested to prevent erosion of the historic dollar value of the Fund. The "hold back" is added to the historic dollar value, and reclassified as permanently restricted. The balance of the net investment income may be spent where most needed as determined by the Board of Directors.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 – ENDOWMENTS (CONTINUED)

Endowment net assets consist of the following on June 30, 2020

	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Bishop Pickett Scholarship	\$ -	\$ 91,486	\$ 168,830	\$ 260,316
Joseph Schoonmaker Scholarship	-	29,781	419,236	449,017
Elizabeth Schillington Scholarship	-	22,169	66,104	88,273
KG Singh Scholarship	-	12,238	100,370	112,608
FWS Legacy Fund	71,059	223,749	850,168	1,144,976
Li Chu Scholarship Endowment	-	145,345	647,915	793,260
Total endowment funds	<u>\$ 71,059</u>	<u>\$ 524,768</u>	<u>\$ 2,252,623</u>	<u>\$ 2,848,450</u>

Changes in endowment net assets for the year ended June 30, 2020

	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Endowment net assets, beginning of year	<u>\$ 70,494</u>	<u>\$ 505,764</u>	<u>\$ 2,223,430</u>	<u>\$ 2,799,688</u>
Investment return				
Investment income	1,542	59,735	-	61,277
Net appreciation (realized/unrealized)	(977)	(37,879)	-	(38,856)
Total investment return	565	21,856	-	22,421
Contributions	-	24,955	22,886	47,841
Appropriated for expenditures	-	-	(13,500)	(13,500)
Transfer for mandatory accumulation	-	(14,307)	14,307	-
Pledge write-off	-	-	(8,000)	(8,000)
Endowment net assets, end of year	<u>\$ 71,059</u>	<u>\$ 538,268</u>	<u>\$ 2,239,123</u>	<u>\$ 2,848,450</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 – ENDOWMENTS (CONTINUED)

Endowment net assets consist of the following on June 30, 2019

	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Bishop Pickett Scholarship	\$ -	\$ 89,727	\$ 168,440	\$ 258,167
Joseph Schoonmaker Scholarship	-	1,424	416,736	418,160
Elizabeth Schillington Scholarship	-	21,466	66,029	87,495
KG Singh Scholarship	-	11,341	100,370	111,711
FWS Legacy Fund	70,494	229,646	823,940	1,124,080
Liu Chu Scholarship Endowment	-	152,460	647,915	800,375
Total endowment funds	<u>\$ 70,494</u>	<u>\$ 506,064</u>	<u>\$ 2,223,430</u>	<u>\$ 2,799,988</u>

Changes in endowment net assets for the year ended June 30, 2019

	Without donor restrictions	Without donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Endowment net assets, beginning of year	\$ 52,168	\$ 468,970	\$ 2,158,475	\$ 2,679,613
Investment return				
Investment income	1,418	58,221	-	59,639
Net appreciation (realized/unrealized)	2,949	159,672	-	162,621
Total investment return	4,367	217,893	-	222,260
Contributions	13,959	-	42,589	56,548
Appropriated for expenditures	-	(154,256)	-	(154,256)
Transfer for mandatory accumulation	-	(26,843)	22,366	(4,477)
Endowment net assets, end of year	<u>\$ 70,494</u>	<u>\$ 505,764</u>	<u>\$ 2,223,430</u>	<u>\$ 2,799,688</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	2020	2019
Financial assets, at year end	\$ 3,078,981	\$ 3,148,790
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(1,168,466)</u>	<u>(1,123,226)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,910,515</u>	<u>\$ 2,025,564</u>

NOTE 6 – SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring after June 30, 2020 through March 22, 2021, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements.

In early 2020, the Organization was directly impacted by the coronavirus outbreak (COVID-19). The Organization has been able to remain opened under protocols defined in orders issued by the Governor of the State of Washington. The Organization did not experience any apparent negative effects on its operations due to the coronavirus outbreak (COVID-19) as public support remained strong.