

FRIENDS OF WOODSTOCK SCHOOL, INC.  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
AND  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022 AND 2021

FRIENDS OF WOODSTOCK SCHOOL, INC.

JUNE 30, 2022

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**PADGETT & PADGETT, PLLC**  
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, 2022, 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. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### *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. We are required to be independent of Friends of Woodstock School, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### *Accountant's Conclusion*

Based on our review, 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.

### *Report on 2021 Financial Statements*

The financial statements of Friends of Woodstock School, Inc. as of June 30, 2021, were reviewed by other accountants whose report dated April 13, 2022, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Padgett & Padgett, PLLC*

Mount Vernon, Washington

April 26, 2023

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED JUNE 30, 2022 and 2021

ASSETS

CURRENT ASSETS	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 239,961	\$ 85,386
Investments	1,990,175	3,034,703
Promises to give - current	-	18,000
Prepays and deposits	6,952	7,409
Total current assets	<u>2,237,088</u>	<u>3,145,498</u>
Promises to give - long-term , net	-	-
Endowment investments	3,003,735	3,447,598
Assets held in trust	297,447	328,640
<b>TOTAL ASSETS</b>	<u><u>\$ 5,538,270</u></u>	<u><u>\$ 6,921,736</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Other payable	\$ 73	\$ 73
Grants payable	-	46,000
Total Current Liabilities	<u>73</u>	<u>46,073</u>
Net Assets		
Without donor restrictions	2,131,733	2,793,406
With donor restrictions		
Purpose restrictions	654,890	1,510,351
Perpetual in nature	2,751,574	2,571,906
Total with donoer restrictions	<u>3,406,464</u>	<u>4,082,257</u>
Total net assets	<u>5,538,197</u>	<u>6,875,663</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,538,270</u></u>	<u><u>\$ 6,921,736</u></u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Without donor restrictions	With donor restrictions Purpose restrictions	Perpetual in nature	Total	Without donor restrictions	With donor restrictions Purpose restrictions	Perpetual in nature	Total
Public Support, Revenue & Other Support								
Contribution	\$ 116,733	\$ 532,269	\$ 78,522	\$ 727,524	\$ 77,244	\$ 123,819	\$ 22,752	\$ 223,815
Other revenue	3,765		-	3,765	470	-	-	470
Interest and dividends	59,302	60,397	-	119,699	55,544	42,076	-	97,620
Net(Loss) gain on investments	(297,515)	(479,431)	-	(776,946)	625,594	623,722	-	1,249,316
Net(Loss) gain on assets held in trust	(31,193)	-	-	(31,193)	47,073	-	-	47,073
Transfer for mandatory accumulation	-	(101,146)	101,146	-	(340)	(58,069)	58,409	-
Net assets reclassified from restrictions	867,550	(867,550)	-	-	389,663	(389,663)	-	-
Total Public Support, Revenue & Other Support	718,642	(855,461)	179,668	42,849	1,195,248	341,885	81,161	1,618,294
Expenses								
Program	1,194,765	-	-	1,194,765	824,804	-	-	824,804
Management and general	107,430	-	-	107,430	75,666	-	-	75,666
Fundraising	78,120	-	-	78,120	27,487	-	-	27,487
Total Expenses	1,380,315	-	-	1,380,315	927,957	-	-	927,957
Change in Net Assets	(661,673)	(855,461)	179,668	(1,337,466)	267,291	341,885	81,161	690,337
Net Assets - beginning of the year	2,793,406	1,510,351	2,571,906	6,875,663	2,526,115	1,168,466	2,490,745	6,185,326
Net Assets - end of the year	\$ 2,131,733	\$ 654,890	\$ 2,751,574	\$ 5,538,197	\$ 2,793,406	\$ 1,510,351	\$ 2,571,906	\$ 6,875,663

FRIENDS OF WOODSTOCK SCHOOL, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising Activities	Total	Program Services	Management and General	Fundraising Activities	Total
Salaries and wages	\$ 23,278	\$ 40,295	\$ 23,552	\$ 87,125	\$ 20,710	\$ 36,432	\$ 20,594	\$ 77,736
Payroll taxes	2,011	2,980	2,457	7,448	1,628	3,905	976	6,509
Employee benefits	1,047	2,512	628	4,187	1,010	2,423	605	4,038
Total personnel expenses	26,336	45,787	26,637	98,760	23,348	42,760	22,175	88,283
Designated grants	1,034,030	-	-	1,034,030	676,022	-	-	676,022
Scholarship grants	122,283	-	-	122,283	116,579	-	-	116,579
Annual conference	6,132	-	-	6,132	-	-	-	-
Bad debt (pledge written off)	-	25,000	-	25,000	-	-	-	-
Bank fees	-	5,977	-	5,977	-	6,135	-	6,135
Travel	14	944	9	967	-	16	-	16
Professional fees	319	14,667	190	15,176	2,170	7,758	1,302	11,230
Printing	883	3,310	7,580	11,773	1,229	5,428	737	7,394
Miscellaneous	42	125	25	192	9	41	5	55
Occupancy	2,914	6,994	1,748	11,656	2,791	6,698	1,675	11,164
Insurance	482	1,156	289	1,927	609	1,460	365	2,434
Maintenance	605	1,453	364	2,422	1,013	2,430	608	4,051
Postage and shipping	157	657	1,925	2,739	265	1,136	160	1,561
Telephone	403	967	242	1,612	426	926	255	1,607
Estimated carried interest	-	-	7,415	7,415	-	-	-	-
Investment fees	-	-	30,926	30,926	-	-	-	-
Supplies	165	395	770	1,330	343	878	205	1,426
	<u>\$ 1,194,765</u>	<u>\$ 107,432</u>	<u>\$ 78,120</u>	<u>\$ 1,380,317</u>	<u>\$ 824,804</u>	<u>\$ 75,666</u>	<u>\$ 27,487</u>	<u>\$ 927,957</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from donors	\$ 745,524	\$ 201,063
Cash received from program participants	3,765	-
Cash received from investments	-	470
Cash paid for grants	(1,156,313)	(795,615)
Cash paid to vendors	(92,826)	(57,614)
Cash paid to employees	(98,761)	(77,736)
Net cash from (used) by operating activities	<u>(598,611)</u>	<u>(729,432)</u>
Cash Flows from Investing Activities		
Purchase of investments	(62,084)	-
Proceeds from sale of investments	799,226	685,309
Net cash from (used) by investing activities	<u>737,142</u>	<u>685,309</u>
Cash Flows provided by Financing Activities		
Proceeds from (contributions to) restricted to endowments	16,044	22,752
Net cash from (used) by financing activities	<u>16,044</u>	<u>22,752</u>
Change in cash and cash equivalents	154,575	(21,371)
Cash and cash equivalents - beginning of year	85,386	106,757
Cash and cash equivalents - end of year	<u>\$ 239,961</u>	<u>\$ 85,386</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 30,2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Transfers</u>	<u>June 30,2022</u>
<b>Purpose restrictions</b>					
Designated projects	\$ 218,843	\$ 523,935	\$ (692,504)	\$ -	\$ 50,274
Scholarships	672,709	(240,190)	(172,283)	-	260,236
Staff development	190,119	730	(2,763)	-	188,086
Staff recruitment	-	-	-	-	-
Legacy	428,680	(171,240)	-	(101,146)	156,294
	<u>1,510,351</u>	<u>113,235</u>	<u>(867,550)</u>	<u>(101,146)</u>	<u>654,890</u>
<b>Perpetual restriction</b>	<u>2,571,906</u>	<u>78,522</u>		<u>101,146</u>	<u>2,751,574</u>
	<u>\$ 4,082,257</u>	<u>\$ 191,757</u>	<u>\$ (867,550)</u>	<u>\$ -</u>	<u>\$ 3,406,464</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, 2022 AND 2021

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. Fixed assets 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, 2022 were due as follows:

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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		(50,000)
Less discount to present value		-
		<hr/>
Net pledges receivable		<u>\$0</u>

The donor passed away and the pledge was unfulfilled subsequently it has been written off.

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, 2022 AND 2021

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 define 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, 2022 AND 2021

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, 2022 AND 2021

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis as of June 30, 2022 and 2021 are as follows:

	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>
As of June 30, 2022				
US Equity	\$ 1,285,791	\$ -	\$ -	\$ 1,285,791
International Equity	363,965	-	-	363,965
Global High Yield Fixed Income Fund	-	294,205	-	294,205
Emerging Markets	118,038	-	-	118,038
Intermediate Duration	608,558	-	-	608,558
Global Equity	390,890	-	-	390,890
Bernstein FSOF II	-	-	-	-
Bernstein MML	348,765	-	-	348,765
Bernstein Multi-Manager Alternative	627,170	-	-	627,170
Bernstein Intl Equity	327,944	-	-	327,944
Global Fixed Income Funds	-	628,584	-	628,584
	<u>4,071,121</u>	<u>922,789</u>	<u>-</u>	<u>4,993,910</u>
Cash Surrender Value of Life Insurance	-	-	83,407	83,407
Hezlep Trust	-	-	214,040	214,040
Assets Held in Trust	-	-	297,447	297,447
Total Assets shown at Fair Value	<u>\$ 4,071,121</u>	<u>\$ 922,789</u>	<u>\$ 297,447</u>	<u>\$ 5,291,357</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

As of June 30, 2021	Quoted Price in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Input (Level 3)	Total
US Equity	\$ 1,778,755	\$ -	\$ -	\$ 1,778,755
International Equity	515,293	-	-	515,293
Global High Yield Fixed Income	-	365,574	-	365,574
Emerging Markets	180,605	-	-	180,605
Intermediate Duration	771,151	-	-	771,151
Global Equity	601,141	-	-	601,141
Bernstein MML	308,775	-	-	308,775
Berstein Multi-manager Alternative	664,606	-	-	664,606
Berstein Intl. Equity	539,635	-	-	539,635
Global Fixed Income Funds	-	756,766	-	756,766
	<u>5,359,961</u>	<u>1,122,340</u>	<u>-</u>	<u>6,482,301</u>
Cash Surrender Value of Life Insurance				
Life Income Gifts	-	-	89,195	89,195
Hezlep Trust	-	-	239,445	239,445
Assets Held in Trust	-	-	328,640	328,640
Total Assets shown at Fair Value	<u>\$ 5,359,961</u>	<u>\$ 1,122,340</u>	<u>\$ 328,640</u>	<u>\$ 6,810,941</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, 2022 AND 2021

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, 2020	\$ 93,756	\$ -	\$ 187,811	\$ 281,567
Additions(subtractions)				
Total gain(loss) in change in net assets	<u>(4,561)</u>	<u>-</u>	<u>51,634</u>	<u>47,073</u>
Fair value as of June 30, 2021	89,195	-	239,445	328,640
Additions(subtractions)				
Total gain(loss) in change in net assets	<u>(5,788)</u>	<u>-</u>	<u>(25,405)</u>	<u>(31,193)</u>
Fair value as of June 30, 2022	<u>\$ 83,407</u>	<u>\$ -</u>	<u>\$ 214,040</u>	<u>\$ 297,447</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

NOTE 4 – ENDOWMENTS (CONTINUED)

of June 30, 2022 was 47% equities, 21% fixed income, 13% alternative investments, 19% emerging markets and real estate, and 0% cash.

FWS' investment policy guidelines are reviewed and reconfirmed or revised on at least an annual basis. The 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, 2022) 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, 2022 AND 2021

NOTE 4 – ENDOWMENTS (CONTINUED)

Endowment net assets consist of the following on June 30, 2022

	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Bishop Pickett Scholarship	\$ -	\$ 94,700	\$ 169,850	\$ 264,550
Joseph Schoonmaker Scholarship	-	26,527	497,325	523,852
Elizabeth Schillington Scholarship	-	19,823	67,854	87,677
KG Singh Scholarship	-	9,902	100,370	110,272
FWS Legacy Fund	89,199	156,294	1,030,038	1,275,531
Li Chu Scholarship Endowment	-	93,838	648,015	741,853
Total endowment funds	<u>\$ 89,199</u>	<u>\$ 401,084</u>	<u>\$ 2,513,452</u>	<u>\$ 3,003,735</u>

Changes in endowment net assets for the year ended June 30, 2022

	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Endowment net assets, beginning of year	<u>\$ 90,419</u>	<u>\$ 1,023,395</u>	<u>\$ 2,333,784</u>	<u>\$ 3,447,598</u>
Investment return				
Investment income	12,000	62,084	-	74,084
Net appreciation (realized/unrealized)	(13,220)	(479,431)	-	(492,651)
Total investment return	(1,220)	(417,347)	-	(418,567)
Contributions	-	-	78,522	78,522
Appropriated for expenditures	-	(103,818)	-	(103,818)
Transfer for mandatory accumulation	-	(101,146)	101,146	-
Pledge write-off	-	-	-	-
Endowment net assets, end of year	<u>\$ 89,199</u>	<u>\$ 401,084</u>	<u>\$ 2,513,452</u>	<u>\$ 3,003,735</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 4 – ENDOWMENTS (CONTINUED)

Endowment net assets consist of the following on June 30, 2021

	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Bishop Pickett Scholarship	\$ -	\$ 143,441	\$ 169,390	\$ 312,831
Joseph Schoonmaker Scholarship	-	120,529	438,313	558,842
Elizabeth Schillington Scholarship	-	37,521	67,104	104,625
KG Singh Scholarship	-	32,082	100,370	132,452
FWS Legacy Fund	90,419	428,680	910,692	1,429,791
Liu Chu Scholarship Endowment	-	261,142	647,915	909,057
Total endowment funds	<u>\$ 90,419</u>	<u>\$ 1,023,395</u>	<u>\$ 2,333,784</u>	<u>\$ 3,447,598</u>

Changes in endowment net assets for the year ended June 30, 2021

	Without donor restrictions	Without donor restrictions		Total
		Purpose restrictions	Perpetual in nature	
Endowment net assets, beginning of year	\$ 71,059	\$ 524,768	\$ 2,252,623	\$ 2,848,450
Investment return	17,360	665,798	-	683,158
Contributions	2,000	-	22,752	24,752
Appropriated for expenditures	-	(108,762)	-	(108,762)
Transfer for mandatory accumulation	-	(58,409)	58,409	-
Endowment net assets, end of year	<u>\$ 90,419</u>	<u>\$ 1,023,395</u>	<u>\$ 2,333,784</u>	<u>\$ 3,447,598</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

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:

	2022	2021
Financial assets, at year end	\$ 5,531,318	\$ 6,914,327
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(3,406,464)	(4,082,257)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,124,854	\$ 2,832,070

NOTE 6 – OFFICE LEASE AGREEMENT

The lease began on April 1, 2020 and it ends on March 31, 2023. The remaining liability for the lease payments totaled \$6,922.

NOTE 7 – SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring after June 30, 2022 through April 26, 2023, the date the financial statements were available for issuance and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2022 including the estimates inherent in the processing of financial statements.