

**ST. MARY'S COLLEGE OF MARYLAND  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
St. Mary's College of Maryland Foundation, Inc.  
St. Mary's City, Maryland

### Report on Financial Statements

We have audited the accompanying financial statements of St. Mary's College of Maryland Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
St. Mary's College of Maryland Foundation, Inc.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 of the financial statements, management has adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 23, 2020

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 1,737,973	\$ 1,329,159
Investments	37,750,597	37,800,393
Investments - Gift Annuity	998,782	1,016,596
Accrued Interest Receivable	56,308	11,223
Other Assets	447,224	179,058
Promises to Give, Net	1,061,598	1,210,896
Property and Equipment, Net	1,201	1,201
Total Assets	<b>\$ 42,053,683</b>	<b>\$ 41,548,526</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 48,784	\$ 37,758
Deferred Revenue	-	7,500
Gift Annuity	698,886	696,548
Total Liabilities	747,670	741,806
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	1,697,145	1,552,457
Board-Designated - Quasi-Endowment	201,847	201,847
Subtotal	1,898,992	1,754,304
With Donor Restrictions	39,407,021	39,052,416
Total Net Assets	41,306,013	40,806,720
Total Liabilities and Net Assets	<b>\$ 42,053,683</b>	<b>\$ 41,548,526</b>

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 245,386	\$ 2,861,821	\$ 3,107,207	\$ 282,331	\$ 1,866,235	\$ 2,148,566
Donated Services	1,564,704	-	1,564,704	1,412,341	-	1,412,341
Event Revenue	85,685	-	85,685	167,383	-	167,383
Other Revenues	-	10,391	10,391	-	38,949	38,949
Investment Income	246,622	527,372	773,994	244,617	1,511,771	1,756,388
Net Assets Released from Restrictions	3,044,979	(3,044,979)	-	5,392,097	(5,392,097)	-
Total Support and Revenue	<u>5,187,376</u>	<u>354,605</u>	<u>5,541,981</u>	<u>7,498,769</u>	<u>(1,975,142)</u>	<u>5,523,627</u>
<b>EXPENSES</b>						
Program Services:						
Support to St. Mary's College of Maryland						
Academic Chair/Faculty Support	220,197	-	220,197	234,704	-	234,704
Alumni Activities	70,270	-	70,270	125,353	-	125,353
Center for the Study of Democracy	75,495	-	75,495	23,065	-	23,065
College Department/Division Support	1,426,895	-	1,426,895	3,882,918	-	3,882,918
Scholarships and Awards	964,475	-	964,475	831,031	-	831,031
Total Program Services	<u>2,757,332</u>	<u>-</u>	<u>2,757,332</u>	<u>5,097,071</u>	<u>-</u>	<u>5,097,071</u>
Supporting Services:						
Management and General	1,265,591	-	1,265,591	1,101,251	-	1,101,251
Fundraising	1,019,765	-	1,019,765	936,838	-	936,838
Total Supporting Services	<u>2,285,356</u>	<u>-</u>	<u>2,285,356</u>	<u>2,038,089</u>	<u>-</u>	<u>2,038,089</u>
Total Expenses	<u>5,042,688</u>	<u>-</u>	<u>5,042,688</u>	<u>7,135,160</u>	<u>-</u>	<u>7,135,160</u>
<b>CHANGE IN NET ASSETS</b>	144,688	354,605	499,293	363,609	(1,975,142)	(1,611,533)
<b>Net Assets - Beginning of Year</b>	<u>1,754,304</u>	<u>39,052,416</u>	<u>40,806,720</u>	<u>1,390,695</u>	<u>41,027,558</u>	<u>42,418,253</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,898,992</u>	<u>\$ 39,407,021</u>	<u>\$ 41,306,013</u>	<u>\$ 1,754,304</u>	<u>\$ 39,052,416</u>	<u>\$ 40,806,720</u>

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 499,293	\$ (1,611,533)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Contributions Received for Endowment	(561,000)	(755,059)
Contributions Received for Annuities	(50,000)	(60,000)
Change in Value of Gift Annuity	(8,789)	(42,475)
Change in Value of Perpetual Trust	4,148	(80,321)
Realized and Unrealized Gain on Investments	(155,206)	(1,040,520)
Discount and Allowance on Promises to Give	9,575	(3,972)
Bad Debt Expense	6,000	15,862
Effects of Changes in Operating Assets and Liabilities:		
Promises to Give	133,723	222,115
Accrued Interest Receivable	(45,085)	(6,469)
Other Assets	(268,166)	(37,290)
Accounts Payable and Accrued Expenses	11,026	(194,234)
Deferred revenue	(7,500)	7,500
Gift Annuity	2,338	(1,605)
Net Cash Used by Operating Activities	(429,643)	(3,588,001)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(21,368,838)	(9,834,046)
Proceeds from Sale of Investments	21,672,898	10,321,706
Net Cash Provided by Investing Activities	304,060	487,660
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Received for Endowment	561,000	755,059
Contributions Subject to Annuity Agreements	50,000	60,000
Payments on Annuity Contracts	(76,603)	(74,484)
Net Cash Provided by Financing Activities	534,397	740,575
<b>NET INCREASE (DECREASE) IN CASH</b>	408,814	(2,359,766)
Cash - Beginning of Year	1,329,159	3,688,925
<b>CASH - END OF YEAR</b>	\$ 1,737,973	\$ 1,329,159
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES</b>		
Donated Securities	\$ 19,900	\$ 18,800
Transfer of Property and Equipment to College	\$ -	\$ 10,000

See accompanying Notes to Financial Statements.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

St. Mary's College of Maryland Foundation, Inc. (the Foundation) is a nonprofit corporation founded in Maryland in 1971. The Foundation's principal activity is to provide support for the faculty and students of St. Mary's College of Maryland (the College). The Foundation raises funds and receives, holds, invests, manages, uses, disposes of, and administers property, as appropriate. All funds are used for the furtherance of the mission of the College.

A summary of the Foundation's significant accounting policies follows:

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recorded when incurred.

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from the estimates that were used.

**Cash**

All cash and investments, regardless of maturity, held by investment advisors, are considered investments.

**Financial Risk**

The Foundation invests in a professionally managed portfolio that contains fixed income, money market funds, equities, and alternative investments. Such investments are exposed to various risks such as market and credit. Specifically, during the fiscal year, the World Health Organization declared the spread of Coronavirus Disease, (COVID-19), a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements. Additionally, due to the uncertainties surrounding the pandemic, future collections of receivables could be at risk.



**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments with readily determinable fair values are reflected at fair value. The Foundation also holds positions in alternative investments. These alternative investments are recorded at estimated fair value based on net asset value and fund manager estimates. There are inherent limitations in any valuation technique for nonreadily marketable securities. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material. To adjust the carrying value of the investments, unrealized gains and losses are reported in the statements of activities as a part of investment income. Interest and dividends from investments are recorded as investment income when earned.

**Investment Pools**

The Foundation maintains master investment accounts for its donor-restricted endowments and combines these assets into a common investment pool which closely resembles a mutual fund. The Foundation follows a unitization approach to the pool. Each endowment owns a number of units in the pool. Purchases and sales of shares in the pool are based upon the market value per share at the beginning of the quarter the transaction takes place. All net investment income (interest, dividends, realized and unrealized gains and losses, investment manager and Foundation service and administrative fees) from securities in the master investment accounts are allocated quarterly to the individual endowments based upon the number of units each endowment fund holds.

**Promises to Give**

Unconditional promises to give are recognized as revenue or gains in the period acknowledged. Conditional promises to give are only recognized when the conditions on which they depend are substantially met. Unconditional promises to give are carried at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. The provision for doubtful promises based on management's evaluation of the collection of promises was 0.28% of the gross value of the promises due beyond the year ended June 30, 2020, and 0.41% of the gross value of the promises due beyond the year ended June 30, 2019.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donated property and equipment are recognized at appraised value when received. Ownership of purchased or donated property and equipment is routinely transferred to the College. If not transferred, any item with an individual cost exceeding \$1,500 is capitalized, and depreciated using the straight-line method over estimated useful lives of the assets, ranging from five to ten years.

**Impairment of Long-lived Assets**

The Foundation accounts for the valuation of long-lived assets by reviewing for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

**Gift Annuities Payable**

Carrying amounts represent the present value of the contractual payments over the estimated remaining term.

**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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*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 the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions with donor restrictions that are received and expended in the same fiscal year are treated as revenue with donor restrictions and net assets released from restriction in that year.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases those net asset classes.

Event revenue is recognized when the particular event occurs.

**Donated Services and Facilities**

Donated services are recorded as revenue and expense in the financial statements for services received from the College. Donated services from the College are principally related to shared staff time. Contributed office space and facilities are also recorded using the agreed indirect cost rate provided by the College.

**Service Fees**

The Foundation applies an annual service fee of up to 2% on the total value of its endowed funds. The actual service fee rate is fixed annually at a level that is sufficient to cover the core Foundation expenses, including, but not limited to, insurance, accounting, legal, and investment management.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include the Foundation office staff, and certain College personnel donated services. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Donated services are allocated based on estimates of time and effort. Other expenses are charged directly to program services, general and administrative, or fundraising based on specific identification.

**Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization, which is not a private foundation. The Foundation is generally exempt from federal and state income taxes. Unrelated business income may be subject to federal and state income taxes. Management believes that it has no material uncertain tax positions that would require recognition under the accounting codification guidance.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

For the year ended June 30, 2020 the Foundation adopted the Financial Accounting Standards Board's (FASB's), Accounting Standards Update (ASU) 2018-08, *Not-for-profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* issued in June of 2018 and applicable for fiscal years beginning after December 15, 2018, the Foundation's fiscal year 2020, applied prospectively. This clarifying ASU distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. Additionally, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for limited purpose or timing. This clarifying ASU also applies to contributions made by the Foundation. There is no significant impact on the Foundation's financial statements as a result of adoption of this standard.

**NOTE 2 FAIR VALUE MEASUREMENTS**

The Fair Value Topic of the FASB Codification (the Codification) 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.

*Level 2* - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than observable quoted prices for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

The asset or liability's measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to the fair value disclosures of the Codification.

	2020			Total
	Level 1	Level 2	Level 3	
Equities	\$ 17,572,875	\$ -	\$ -	\$ 17,572,875
Cash and Money Market Funds	940,183	-	-	940,183
Fixed Income Securities:				
U.S. Corporate Bonds	12,415,530	-	-	12,415,530
Foreign Exchange and Non-USD Fixed Income	382,247	-	-	382,247
Total Fixed Income Securities	<u>12,797,777</u>	<u>-</u>	<u>-</u>	<u>12,797,777</u>
Alternative Investments:				
Hedge Funds	74,578	-	-	74,578
Real Estate	19,172	-	-	19,172
Hard Assets	1,206,415	-	-	1,206,415
Total Alternative Investments	<u>1,300,165</u>	<u>-</u>	<u>-</u>	<u>1,300,165</u>
Interest Held in Perpetual Trust	<u>-</u>	<u>-</u>	<u>1,440,088</u>	<u>1,440,088</u>
	<u>\$ 32,611,000</u>	<u>\$ -</u>	<u>\$ 1,440,088</u>	34,051,088
Investments Measured at Fair Value Using Net Asset Value per Share				<u>4,698,291</u>
Total Investments				<u>\$ 38,749,379</u>
Gift Annuity Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,886</u>	<u>\$ 698,886</u>

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

	2019			Total
	Level 1	Level 2	Level 3	
Equities	\$ 15,970,591	\$ -	\$ -	\$ 15,970,591
Cash and Money Market Funds	1,227,399	-	-	1,227,399
Fixed Income Securities:				
U.S. Corporate Bonds	11,188,384	-	-	11,188,384
Global Corporate Bonds	52,086	-	-	52,086
Foreign Exchange and Non-USD				
Fixed Income	303,864	-	-	303,864
Total Fixed Income Securities	<u>11,544,334</u>	<u>-</u>	<u>-</u>	<u>11,544,334</u>
Alternative Investments:				
Hedge Funds	122,841	-	-	122,841
Real Estate	1,612,071	-	-	1,612,071
Hard Assets	658,436	-	-	658,436
Total Alternative Investments	<u>2,393,348</u>	<u>-</u>	<u>-</u>	<u>2,393,348</u>
Interest Held in Perpetual Trust	-	-	1,514,236	1,514,236
Total Assets	<u>\$ 31,135,672</u>	<u>\$ -</u>	<u>\$ 1,514,236</u>	32,649,908
Investments Measured at Fair Value				6,167,081
Using Net Asset Value per Share				<u>\$ 38,816,989</u>
Total Investments				
Gift Annuity Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696,548</u>	<u>\$ 696,548</u>

Following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2020 and 2019.

The equity securities, cash and money market funds, fixed income securities, hedge funds, real estate and hard assets above classified as Level 1 are classified as such due to the underlying assets being publicly traded instruments with observable market-based inputs.

The interest held in perpetual trust are classified as Level 3 due to the fact that the valuation of these assets is based on significant unobservable inputs.

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended June 30:

	2020	2019
Beginning Balance	\$ 1,514,236	\$ 1,503,914
Distributions	(70,000)	(70,000)
Change in Value of Perpetual Trust	(4,148)	80,322
Ending Balance	<u>\$ 1,440,088</u>	<u>\$ 1,514,236</u>

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides a summary of changes in fair value of the Foundation's level 3 financial liabilities for the years ended June 30:

	2020	2019
Beginning Balance	\$ 696,548	\$ 698,153
Additions to Gift Annuity Liabilities	24,741	30,789
Reduction to Gift Annuity Liabilities	-	(5,217)
Change in Value of Gift Annuity Liabilities	(22,403)	(27,177)
Ending Balance	<u>\$ 698,886</u>	<u>\$ 696,548</u>

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) for the years ended June 30 are as follows:

	Net Asset Value 2020	Net Asset Value 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Bridgewater Private Investors Offshore Ltd.	\$ -	\$ 294,565	N/A	Quarterly	45 Days Due by Last Day of a Fiscal Month
Coatue Offshore Fund, Ltd., Class B	16,525	547,315	N/A	Monthly	
Eton Park Overseas Fund, Ltd., Class E	364	514	N/A	Quarterly	65 Days
Grosvenor Alternative Investments	1,630,593	-	N/A	Quarterly	70 Days
Lakewood Capital Offshore Fund	-	284,371	N/A	Quarterly	60 Days
Ridge Select: Private Investors Offshore, Ltd. Class A	-	277,085	N/A	Monthly	75 Days
Rose Grove Offshore Fund 1, LTD	-	371,175	N/A	Quarterly	45 Days
The Winton Fund Limited Tranche B	-	269,598	N/A	Monthly	30 Days
Third Point Offshore Fund LTD	-	617,464	N/A	Quarterly	60 Days
Varde Credit Partners (Offshore)	-	328,534	N/A	Semi-annually	90 Days
GSO Private Investors Offshore II	46,623	125,540	219,422	Illiquid	5 Year Investment Horizon
KKR Asian Fund II Private Investors	453,086	545,797	68	Illiquid	5 Year Investment Horizon
PEG Global Private Equity Institutional Investors VIII Offshore Special L.P.	133,447	69,610	867,940	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors VI Offshore Special L.P.	651,169	458,548	348,728	Illiquid	7-10 Year Investment Horizon
PEG Global Private Equity Institutional Investors V Offshore Special L.P.	1,438,068	1,654,427	110,354	Illiquid	7-10 Year Investment Horizon
Clarion Private Investors, LLC	328,416	322,538	N/A	Quarterly	95 Days
	<u>\$ 4,698,291</u>	<u>\$ 6,167,081</u>			

Hedge funds, real estate, and private investments use a variety of strategies, including hedged equity, global trading, market neutral, long and short biased, event driven, and global asset allocation. Hedge funds, real estate, and private investments can invest in a wide variety of both public and private securities including equities, fixed income, commodities, private placements, currencies, real estate, derivatives, and special situation investments.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

During 2000, the Foundation became a named beneficiary to one-fourth of a trust held by a third-party. The trust is restricted to scholarships. Under the terms of the trust, the Foundation will receive a distribution each year of one-fourth of 5% of the value of the trust, even if the 5% is to be paid from the principal. The Foundation records one-fourth of the annual changes in the market value of the trust as investment income, which is reflected as contributions under net assets with donor restrictions on the statements of activities. The value of the Foundation's share of the trust was \$1,440,088 and \$1,514,236 as of June 30, 2020 and 2019, respectively. The Foundation received distributions of \$70,000 for each of the years ended June 30, 2020 and 2019.

Investment income consists of the following components for the years ended June 30:

	2020	2019
Interest and Dividends	\$ 614,147	\$ 576,736
Realized and Unrealized Gains	155,206	1,056,856
Change in Value of Gift Annuities	8,789	42,475
Change in Value of Interest in Perpetual Trust	(4,148)	80,321
Total	<u>\$ 773,994</u>	<u>\$ 1,756,388</u>

**NOTE 3 PROMISES TO GIVE**

Promises to give consists of the following at June 30:

	2020	2019
Planned Gifts	\$ 1,700,000	\$ 1,700,000
Restricted to \$2.5M Building Challenge Campaign	-	12,300
Restricted to Other Programs	512,027	610,000
Restricted to Scholarships	196,605	226,055
Unconditional Promises to Give Before Unamortized Discount and Allowance for Uncollectibles	2,408,632	2,548,355
Less: Unamortized Discount at 1.89% for FY17 2.68% for FY18, 1.74% for FY19, and 2.35% for FY20	1,345,933	1,336,773
Less: Allowance for Uncollectibles	1,101	686
Total Promises to Give	<u>\$ 1,061,598</u>	<u>\$ 1,210,896</u>

Promises to give are due to be collected in the following periods:

	2020	2019
Less Than One Year	\$ 299,342	\$ 675,295
One to Five Years	404,290	163,060
Five to Ten Years	5,000	10,000
More Than Ten Years	1,700,000	1,700,000
Total	<u>\$ 2,408,632</u>	<u>\$ 2,548,355</u>



**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 3 PROMISES TO GIVE (CONTINUED)**

The Foundation has \$3,817,071 and \$3,985,071 in conditional pledges as of June 30, 2020 and 2019, respectively. Due to the conditional nature of these pledges, they are not recorded in the Foundation's financial statements.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment and accumulated depreciation are as follows at June 30:

2020					
Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Office Equipment and Other	3-7 years	\$ 14,001	\$ 12,800	\$ 1,201	\$ -
2019					
Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Office Equipment and Other	3-7 years	\$ 14,001	\$ 12,800	\$ 1,201	\$ -

**NOTE 5 ASSETS HELD IN CHARITABLE GIFT ANNUITIES**

The Foundation has established 27 gift annuity programs. The programs allow the Foundation to accept a gift from a donor in exchange for the Foundation agreeing to pay the donor's annuity payments until the donor's death. The Foundation evaluates each potential annuity prior to acceptance with the consideration of the age of the donor, terms of the annuity payments, required payments terms, and the gift acceptance policy.

Upon execution of the charitable gift annuities, the Foundation records an asset for the fair market value of charitable gift annuities, and a liability based upon the actuarial present value of amounts expected to be paid to the donors. The net of the gift annuity asset and liability is the remainder interest, the residual amount the Foundation expects to receive from the annuities. The present value is re-adjusted annually, with the value based on an actuarial calculation.

Gift annuities remainder interest expected to be paid out (based on life expectancy tables) in:

	2020	2019
Less Than One Year	\$ 80,371	\$ 76,696
One to Five Years	322,393	308,953
Over Five Years	296,122	310,899
Total	\$ 698,886	\$ 696,548

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 5 ASSETS HELD IN CHARITABLE GIFT ANNUITIES (CONTINUED)**

The following table summarizes activity in the gift annuities for the years ended June 30:

<b>Charitable Gift Annuities Balance at July 1, 2018</b>	\$	999,684
Contributions		60,000
Annuity Payments		(74,484)
Release of Restriction		(11,079)
Change in Value		42,475
<b>Charitable Gift Annuities Balance at June 30, 2019</b>		<u>1,016,596</u>
Contributions		50,000
Annuity Payments		(76,603)
Change in Value		8,789
<b>Charitable Gift Annuities Balance at June 30, 2020</b>	<b>\$</b>	<b><u>998,782</u></b>

Pursuant to charitable gift annuity regulations COMAR 31.09.07.03, the Foundation maintains sufficient assets to equal the sum of the reserves on its outstanding annuity agreements, as noted above.

The reserves on the outstanding annuity agreements are consistent with the assumptions underlying the respective rates adopted by the American Council on Gift Annuities which were in effect at the time of the issuance of the respective annuity contracts.

The liabilities are determined based upon the donor's life expectancy and using a discount rate on the date of receipt, provided by Internal Revenue Service valuation tables. At the time of the donor's death, any remaining unamortized liability is recorded as additional donations.

**NOTE 6 CONCENTRATION OF REVENUE RISK**

For the years ended June 30, 2020 and 2019, the Foundation received approximately 43% of total contributions from two funding sources and 22% of total contributions from a single funding source, respectively.

**NOTE 7 NET ASSETS**

Board-designated net assets without donor restrictions represent funds placed in an endowment for the following purposes and consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Anne Skone Weaver Endowed Scholarship Fund	\$ 56,924	\$ 56,924
Maurine Holbert Hogaboom Endowed Scholarship Fund	25,434	25,434
Goodpastor Lectureship Fund	95,000	95,000
Ruth Cooper Memorial Scholarship Fund	24,489	24,489
Total	<u>\$ 201,847</u>	<u>\$ 201,847</u>

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7 NET ASSETS (CONTINUED)**

Net assets with donor restrictions activity consists of the following:

	Balance, June 30, 2019	Additions	Investment Activity	Restriction Accomplished	Balance, June 30, 2020
Purpose Restricted	\$ 3,666,997	\$ 2,107,931	\$ (18)	\$ (1,241,676)	\$ 4,533,234
Interest in Perpetual Trust	1,514,236	-	(4,148)	(70,000)	1,440,088
Invested in Perpetuity	28,879,664	764,281	-	-	29,643,945
Endowment Earnings	4,991,519	-	531,538	(1,733,303)	3,789,754
Total	<u>\$ 39,052,416</u>	<u>\$ 2,872,212</u>	<u>\$ 527,372</u>	<u>\$ (3,044,979)</u>	<u>\$ 39,407,021</u>

  

	Balance, June 30, 2018	Additions	Investment Activity	Restriction Accomplished	Balance, June 30, 2019
Purpose Restricted	\$ 6,316,650	\$ 980,123	\$ (272)	\$ (3,629,504)	\$ 3,666,997
Interest in Perpetual Trust	1,503,915	-	80,321	(70,000)	1,514,236
Invested in Perpetuity	27,954,603	925,061	-	-	28,879,664
Endowment Earnings	5,252,390	-	1,431,722	(1,692,593)	4,991,519
Total	<u>\$ 41,027,558</u>	<u>\$ 1,905,184</u>	<u>\$ 1,511,771</u>	<u>\$ (5,392,097)</u>	<u>\$ 39,052,416</u>

The Foundation adopted a unitization approach to its common endowment investment pool. This approach closely resembles a mutual fund where each individual endowment fund owns shares in the pool. The investment income balance includes the net assets with donor restrictions, as well as net assets with donor restrictions held in perpetuity components of each fund. Investment income is only allocated to funds with a perpetuity component. An allocation of investment loss, in excess of the balance with donor restrictions in the fund, is absorbed by the Foundation's net assets without donor restrictions.

The Center for the Study of Democracy, jointly with Historic St. Mary's City, offers academic and civic engagement opportunities unique to the legacy of the College.

The Waterfront Program provides recreational and athletic opportunities to the College students.

Library support funds are restricted to support library acquisitions and other library resources.

Other programs include support for, but not limited to, the Art, Music, Theater, Biology, Chemistry, Physics, English and Archaeology departments, Athletics, Study Abroad, Museum Studies, Facilities, Faculty Innovation and Development, and Undergraduate Research.

Scholarships and awards are restricted contributions to assist the students of the College based on merit and/or financial need.

During the years ended June 30, 2020 and 2019, net assets were released from donor restriction when expenses satisfying the restricted purposes were incurred, or by occurrence of other events specified by donors.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7 NET ASSETS (CONTINUED)**

Net assets with donor restrictions held in perpetuity represent donor-restricted contributions in which the donor has stipulated that the principal be maintained intact. Unless otherwise stated by the donor, investment income is recorded into net assets with donor restrictions to be used for specific purposes.

**NOTE 8 ENDOWMENT NET ASSETS**

**Interpretation**

The Foundation has interpreted the Maryland enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Management has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions held in perpetuity (a) the original value of permanently restricted cash contributions and (b) the discounted value of future permanently restricted cash contributions, net of allowance for uncollectible pledges. The remaining portion of donor-restricted cash contributions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

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

The Foundation has adopted investment and spending policies for cash contributions in perpetuity that attempt to provide a predictable stream of funding to programs, while maintaining purchasing power. Additionally, we have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020 and 2019, a fund with an original gift value of \$1,006,000, fair value of \$780,887 and \$865,231, and a deficiency of \$255,113 and \$140,769 were reported in net assets with donor restrictions.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)**

**Spending Policy**

For the years ended June 30, 2020 and 2019, the Foundation approved a spending policy of 4.25% and 4.00%, respectively, and applied a service fee of 1.50% and 1.50%, respectively, to the earnings of the assets with donor restrictions held in perpetuity based on a twelve quarter rolling average. The service fee rate is fixed at a level that is sufficient to cover the core Foundation expenses, including, but not limited to, insurance, accounting, legal, and investment management. The earnings with donor restrictions held in perpetuity are used in accordance with either the donor's stated purpose or to support the Foundation's operations in general as described in Note 8 to the financial statements.

During the year ended June 30, 2020, the board resolved to set the spending rate to 4.25% and the service fee to 1.50% for fiscal year 2021.

**Investment Policy**

The Foundation's investment policy is approved by the joint investment advisory committee which was established by the Foundation's board of directors. The committee analyzes risk and return and determines target asset allocation. The committee selects investment advisors and provides them with the approved asset allocations. The portfolio must offer sufficient liquidity to meet payments of philanthropic endeavors and operating expenses. The Foundation's intent is to remain in perpetuity, and as such, the portfolio should support this goal.

Endowment fund activity, including funds designated by the board of directors to function as endowments as described in Note 7, for the years ended June 30, 2020 and 2019, consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets, June 30, 2018</b>	\$ 201,847	\$ 32,670,636	\$ 32,872,483
Contributions	-	757,981	757,981
Net Investment Gain	-	1,525,513	1,525,513
Appropriation of Endowment Assets for Expenditure	-	(1,786,384)	(1,786,384)
<b>Endowment Net Assets, June 30, 2019</b>	201,847	33,167,746	33,369,593
Contributions	-	566,925	566,925
Net Investment Gain	-	531,538	531,538
Appropriation of Endowment Assets for Expenditure	-	(1,734,379)	(1,734,379)
<b>Endowment Net Assets, June 30, 2020</b>	<u>\$ 201,847</u>	<u>\$ 32,531,830</u>	<u>\$ 32,733,677</u>

The balances with donor restrictions held in perpetuity above do not include pledges receivables of \$901,871 and \$703,439 for the years ended June 30, 2020 and 2019, respectively. The endowment assets are primarily comprised of the Foundation's investments, as detailed in Note 2. The remaining endowment assets are comprised of cash.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 9 EXPENSES BY NATURE AND FUNCTION**

Functional expenses by natural classification as of June 30, 2020 are as follows:

	2020								
	Program Services					Supporting Services:			Total Expenses
	Academic Chair/Faculty Support	Alumni Activities	Center for the Study of Democracy	College Department /		Scholarships and Awards	Management and General	Fundraising	
				Division Support	Scholarships and Awards				
Contractual Services	\$ 2,500	\$ 6,500	\$ 8,358	\$ 210,691	\$ -	\$ 181,333	\$ 30,000	\$ 439,382	
Meetings and events	2,662	46,043	11,334	51,839	-	77,289	9,391	198,558	
Operations	1,453	17,727	998	107,836	-	789,675	980,374	1,898,063	
Salary Support	213,582	-	54,805	220,723	-	142,294	-	631,404	
Scholarships/Awards/ Internships	-	-	-	-	964,475	-	-	964,475	
Gift to College	-	-	-	835,806	-	75,000	-	910,806	
<b>Total</b>	<b>\$ 220,197</b>	<b>\$ 70,270</b>	<b>\$ 75,495</b>	<b>\$ 1,426,895</b>	<b>\$ 964,475</b>	<b>\$ 1,265,591</b>	<b>\$ 1,019,765</b>	<b>\$ 5,042,688</b>	

  

	2019								
	Program Services					Supporting Services:			Total Expenses
	Academic Chair/Faculty Support	Alumni Activities	Center for the Study of Democracy	College Department /		Scholarships and Awards	Management and General	Fundraising	
				Division Support	Scholarships and Awards				
Contractual Services	\$ 1,500	\$ -	\$ 1,871	\$ 160,196	\$ -	\$ 83,834	\$ 42,607	\$ 290,008	
Meetings and events	11,225	123,183	1,306	103,851	-	98,248	7,417	345,230	
Operations	2,199	2,170	861	84,167	-	689,469	886,814	1,665,680	
Salary Support	219,780	-	19,027	139,232	-	154,700	-	532,739	
Scholarships/Awards/ Internships	-	-	-	-	831,031	-	-	831,031	
Gift to College	-	-	-	3,395,472	-	75,000	-	3,470,472	
<b>Total</b>	<b>\$ 234,704</b>	<b>\$ 125,353</b>	<b>\$ 23,065</b>	<b>\$ 3,882,918</b>	<b>\$ 831,031</b>	<b>\$ 1,101,251</b>	<b>\$ 936,838</b>	<b>\$ 7,135,160</b>	

**NOTE 10 RELATED PARTY TRANSACTIONS**

The Foundation receives services from various individuals whose salaries and benefits are paid by the College. In addition, the College provided the Foundation available administrative office space and use of facilities. These donated services and facilities amounted to \$1,564,704 and \$1,412,341 for the years ended June 30, 2020 and 2019, respectively. Such amounts are recorded as both donated services revenue and supporting services expenses.

Additionally, the Foundation provides reimbursements to the College for expenses incurred on behalf of the Foundation and the Foundation supports the College for various programmatic expenses. These reimbursements and support amounted to \$2,699,621 and \$5,049,837 for the years ended June 30, 2020 and 2019, respectively. Such amounts are recorded as program expenses and supporting services expenses. At June 30, 2020 and 2019, the Foundation had a payable outstanding with the College in the amounts of \$12,666 and \$-0-, respectively, for such reimbursements. These amounts have been included in the accounts payable balance on the statement of financial position for the current year.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 11 LIQUIDITY AND AVAILABILITY**

The Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund scholarships, endowed chairs and professorships, and program support. In addition, the Foundation receives support without donor restrictions which fund programs, scholarships and general expenditures with the remainder funded investment income without donor restrictions, and appropriated earnings from gifts with donor restrictions.

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to prudently maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers investment income without donor restrictions, and contributions without donor restriction to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure held in cash and short-term investments.

	<u>2020</u>	<u>2019</u>
Financial Assets at Year-End:		
Cash	\$ 1,737,973	\$ 1,329,159
Promises to Give	1,061,598	1,210,896
Investments	38,749,379	38,816,989
Donor Funded Life Insurance	446,191	146,594
Total	<u>41,995,141</u>	<u>41,503,638</u>
Less Amounts not Available for use within One Year:		
Net Assets with Donor Restrictions	(39,407,021)	(39,052,416)
Board-Designated Quasi-Endowment	(201,847)	(201,847)
Gift Annuities	(998,782)	(1,016,596)
	<u>(40,607,650)</u>	<u>(40,270,859)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,387,491</u>	<u>\$ 1,232,779</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 11 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Foundation's endowment funds consist of donor-restricted endowments and board-designated quasi-endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure with the exception of the service fee applied to the funds. As described in Note 8, the endowment has a service fee of 1.5% for FY20 and FY19, and \$468,138 and \$451,591 of appropriations from the endowment and quasi-endowment will be available within the next 12 months for general expenditures for the years ended June 30, 2020 and 2019, respectively.

**NOTE 12 SUBSEQUENT EVENTS**

Management evaluated subsequent events through September 23, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to September 23, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2020.