

ALBANY PUBLIC SCHOOLS FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

ALBANY PUBLIC SCHOOLS FOUNDATION

BOARD OF DIRECTORS

June 30, 2019

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Suzanne Bodlovic, Vice President

Bob Stalick and Monica Banks-Figueroa, Co-Secretaries

Stephanie Black and Elaine Wells, Co-Treasurers

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Melissa Goff

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EXECUTIVE DIRECTOR

Aimee Addison

Albany Public Schools Foundation

PO Box 1772

Albany, OR 97321

ALBANY PUBLIC SCHOOLS FOUNDATION

TABLE OF CONTENTS

June 30, 2019

	<u>PAGE NUMBER</u>
INTRODUCTORY SECTION	
Title Page	
Board of Directors	
Table of Contents	
FINANCIAL SECTION	
Independent Auditor's Report	1
Basic Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Basic Financial Statements	7

FINANCIAL SECTION

**RAUCH, MCFETRIDGE,
CLEVELAND & STEIN**
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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Lebanon, Oregon 97355
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Albany Public Schools Foundation
Albany, Oregon 97321

We have audited the accompanying financial statements of Albany Public Schools Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Rauch McFetridge Cleveland & Stein

Rauch, McFetridge, Cleveland & Stein CPA's LLC

Lebanon, Oregon

February 6, 2020

BASIC FINANCIAL STATEMENTS

ALBANY PUBLIC SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS	
Cash and cash equivalents	\$ 155,370
Pledges receivable, net	7,135
Prepaid expenses	7,312
Receivable from temporarily restricted funds	98,403
TOTAL CURRENT ASSETS	268,220
Investments	1,053,385
Permanent endowments	907,325
TOTAL ASSETS	2,228,930
 LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and credit cards payable	70
Accrued payroll liabilities	1,945
Accrued scholarship liabilities	110,406
Payable to unrestricted funds	98,403
TOTAL CURRENT LIABILITIES	210,824
 Net Assets	
Without donor restrictions	600,053
With donor restrictions	
Purpose restricted	732,979
Perpetual in nature	685,074
TOTAL NET ASSETS	2,018,106
TOTAL LIABILITIES AND NET ASSETS	\$ 2,228,930

The accompanying notes are an integral part of these financial statements.

ALBANY PUBLIC SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Perpetual in Nature	
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 249,130	\$ 137,226	\$ 55,315	\$ 441,671
Grants	-	44,880	-	44,880
Fundraising events	156,335	-	-	156,335
Fund management fees	20,019	-	-	20,019
Investment income	59,152	50,029	-	109,181
Net assets released from restrictions	(21,625)	(1,541)	23,166	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>463,011</u>	<u>230,594</u>	<u>78,481</u>	<u>772,086</u>
EXPENSES AND LOSSES				
Program services	255,053	-	-	255,053
Support services	85,640	-	-	85,640
Fundraising	181,944	-	-	181,944
TOTAL EXPENSES	<u>522,637</u>	<u>-</u>	<u>-</u>	<u>522,637</u>
CHANGE IN NET ASSETS	(59,626)	230,594	78,481	249,449
NET ASSETS AT BEGINNING OF YEAR	<u>659,679</u>	<u>502,385</u>	<u>606,593</u>	<u>1,768,657</u>
NET ASSETS AT END OF YEAR	<u>\$ 600,053</u>	<u>\$ 732,979</u>	<u>\$ 685,074</u>	<u>\$ 2,018,106</u>

The accompanying notes are an integral part of these financial statements.

ALBANY PUBLIC SCHOOLS FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Accounting fees	\$ -	\$ 11,343	\$ -	\$ 11,343
Advertising	2,389	576	30,065	33,030
Bank charges	-	140	2,422	2,562
Catering	494	323	16,810	17,627
Contract services	-	-	3,536	3,536
Dues, licenses, fees	-	442	50	492
Event supplies	-	200	49,858	50,058
Grants	137,411	-	-	137,411
Conferences and meetings	-	576	243	819
Insurance	-	2,936	-	2,936
Investment fees	3,779	-	-	3,779
Fund management fees	19,306	-	713	20,019
Miscellaneous	-	201	-	201
Payroll	8,382	40,360	56,696	105,438
Payroll tax and benefit	1,987	9,659	13,395	25,041
Postage and delivery	44	2,703	754	3,501
Rent	73	3,000	500	3,573
Scholarships	81,161	-	-	81,161
Supplies	27	4,792	591	5,410
Technology and software	-	4,247	2,945	7,192
Training and development	-	2,627	1,400	4,027
Travel and mileage	-	60	777	837
Utilities	-	1,455	1,189	2,644
	<u>\$ 255,053</u>	<u>\$ 85,640</u>	<u>\$ 181,944</u>	<u>\$ 522,637</u>

The accompanying notes are an integral part of these financial statements.

ALBANY PUBLIC SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

	2019
Cash Flows from Operating Activities	
Change in net assets	\$ 249,449
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
Realized (gain) loss on disposal of investments	(4,762)
Unrealized (gain) loss on investments	(8,187)
Donated securities included in contributions	(4,393)
Decrease (increase) in:	
Pledges receivable, net	(7,135)
Prepaid expenses	(7,312)
Increase (decrease) in:	
Accounts payable and credit cards payable	70
Accrued payroll liabilities	764
Accrued scholarship liabilities	33,573
Net Cash Provided (Used) by Operating Activities	252,067
Cash Flows from Investing Activities	
Proceeds from sale of investments	753,447
Purchase of investments	(1,055,349)
Net Cash Provided (Used) by Investing Activities	(301,902)
Net Increase (Decrease) in Cash and Cash Equivalents	(49,835)
Beginning Cash and Cash Equivalents	205,205
Ending Cash and Cash Equivalents	\$ 155,370

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – ORGANIZATION

The Albany Public Schools Foundation (the Foundation) was incorporated in 1984, and was established as a nonprofit corporation whose purpose is to promote the best interest of the public education in the Albany area.

The mission of the Albany Public Schools Foundation is to generate and distribute resources that enrich and enhance the education opportunities for all students, encourage teachers to implement innovative education programs, and award scholarships to Albany Public School District students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies utilized in the preparation of the accompanying financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board wherein the Foundation is required to report information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash held in checking, savings, and money market accounts. Funds may be deposited or withdrawn without prior notice or penalty.

Fair Value Measurements

FASB ASC 820-10 (formerly SFAS No. 157), Fair Value Measurements, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others).

Level 3 – Significant unobservable inputs.

The asset or liability's fair value 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in mutual funds and asset backed securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments result in a different value measurement at the reporting date.

Investments include amounts held with Edward Jones.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation has adopted FASB ASC 958, under which investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor, if any, are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Concentration of Credit Risk

Bank accounts are maintained which may exceed depository insurance limits, and therefore be exposed to credit risk. The Foundation has not experienced any losses in such accounts. Management believes there is no exposure to any significant credit risk related to cash in the Foundation's account.

Pledges Receivable

The pledges receivable consist of fund-raising sponsorships and scholarship contributions. The allowance is an estimate based on management's knowledge of historical collection rates and current economic conditions. At June 30, 2019, management has deemed all amounts collectible; therefore, no allowance was established for the year then ended.

Donated Materials and Services

Donated Materials are recorded at fair market value, or estimated fair market value if actual fair market value is not readily available at the time of the donation. The value of contributed time by volunteers is not reflected in the financial statements because it is not susceptible to objective measurement or valuation.

Accounting for Public Support

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Foundation reports gifts of cash and other assets as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction, depending on the nature of restriction. When a restriction

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Public Support (Continued)

expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Functional Allocation of Expenses

The Albany Public Schools Foundation allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

Income Taxes

The Foundation is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an organization that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Management evaluates tax positions annually based on the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. FASB ASC 740 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing, in the financial statements, tax positions taken or expected to be taken on a tax return, including positions that the Foundation is exempt from income taxes or not subject to income taxes on unrelated business income. The foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net asset without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation adopted the ASU effective July 1, 2018. Adoption of the ASU did not result in any restatements to net assets or changes in net assets.

**ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019**

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

These are the following funds with donor restrictions that are temporary in nature:

- **Dollars for Scholars** was established by the board to help fund STEM or CTE programs or scholarships.
- **General Donor Designated** was established to hold one-time donor designated funds. Funds are dispersed immediately if under \$500 or if the donor's funds are over \$500 they will be dispersed once the board approves the disbursement.
- **K-12 Stem Programs** was established for funds designated by donors for K-12 STEM programs.
- **K-6 Underserved** was established for funds designated by donors for K-6 Underserved.
- **Library Books Fund** was established for funds designated for library books for any school.
- **Library Books Fund-Central** was established for funds designated for library books for Central Elementary.
- **Lynn Powers Art Fund** was established to provide art supplies for school programs in memory of Lynn Powers.
- **SAHS Athletic Fund** was established for funds designated for SAHS Athletic Fund.
- **SAHS Avid Program** was established for funds designated for SAHS Avid Program.
- **Student Assistance K-12-AOS** was established for funds raised for the Student Assistance program for any part of the program for AOS.
- **Student Assistance K-12-District** was established for funds raised for the Student Assistance program for any part of the program for any school in the district.
- **WAHS AVID** was established for funds designated for WAHS Avid Program.
- **Enrichment Arts** was established for funds donor designated for Enrichment support.
- **Mullins Fund** was established to provide funds for the Sources of Strength Suicide Prevention program.
- **Albany Options Classroom Grants** was established for donations designated for AOS.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

- **Classroom Grants** was established for funds designated for classroom grants in general.
- **K-2 STEM Classroom Grants** was established for donor designated funds for classroom grants for K-2 STEM.
- **Oak Elementary Classroom Grants** was established for funds designated for Oak Elementary classroom grants.
- **WA Band Classroom Grants** was established for funds designated for WAHS Band classroom grants.
- **West Albany HS Classroom Grants** was established for funds designated for WAHS classroom grants.
- **AMIC Scholarship** was established in 1991 as a scholarship for graduates who are going into the medical imaging field. First scholarship was awarded in 2018-19. Albany Medical Imaging Company is out of business.
- **ATI Scholarship Fund** was established for a scholarship for a graduate from AOS, SAHS, or WAHS, who is going to LBCC in one of their CTE programs. The student must have a financial need, have a GPA of 2.5 or higher, and have an acceptance from the LBCC program.
- **Bilingual Scholarship Award (formerly ALZA)** established a scholarship for a student from SAHS who is of Latino Heritage. New criteria is coming from the scholarship committee and the donors.
- **CWCU Scholarship** was established for a student graduating from AOS, SAHS, or WAHS with a financial need and a GPA of 2.50 or higher.
- **Daughters of the American Revolution – Linn County** was established for a student graduating from AOS, SAHS, or WAHS. This is a one-time scholarship since the DAR is disbanding in 2019.
- **Derek Beattie Scholarship Fund** was established in memory of Derek Beattie for a scholarship for a student graduating from SAHS or WAHS going into the culinary arts. First award was given 2018-19.
- **Diane Smith Memorial Scholarship Fund** established a scholarship for a student from AOS, SAHS, or WAHS with financial need, GPA 2.5 or higher, CTE major or certification program.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

- **Dutch Bros Coffee (Albany) Scholarship** established a scholarship for a student from AOS, SAHS, or WAHS.
- **East Albany Lions Club Scholarship** established a scholarship for a student from SAHS or WAHS with a GPA of 3.5 or above.
- **General Scholarship Fund** was established to collect funds for scholarship donation with no specific designation.
- **Howell DKG Scholarship** was established to provide scholarship for students from SAHS and WAHS going into the teaching profession.
- **Howell HS Scholarship** was established to provide scholarship for students from SAHS and WAHS going into the teaching profession.
- **IGA Home Town Proud** was established to provide a scholarship for a graduating senior.
- **Jason Hoerhauf Scholarship Fund** was established in memory of Jason Hoerhauf to provide a scholarship to students seeking a degree in Criminal Justice or Law Enforcement.
- **Latino Heritage Scholarship** was established to provide a scholarship for a graduating senior from SAHS or AOS who is of Latino Heritage, whose first language is Spanish, financial need, minimum GPA 2.5, permanent resident, DACA, U.S. Citizen or eligible non-citizen. Preference given to first generation college goers.
- **LBCC Scholarship Fund** was established to provide a scholarship for a graduating senior going into LBCC CTE programs. Was in partnership with LBCC, Albany Chamber of Commerce, and APSF.
- **Linhart Scholarship** established a scholarship for a student from SAHS or WAHS who has volunteer service to the Albany Community and a minimum GPA of 2.5.
- **Linn Scholarship** is a board designated fund that provides scholarships for graduating seniors from SAHS and WAHS. This fund can be dispersed for other purposes based on the APSF Board's discretion.
- **Lukesic Scholarship** was established to provide scholarships for graduating seniors from WAHS who have a GPA of 3.0 or higher, participated in a community, church, school or city sports program, and has 10 hours of documented community service.
- **Lyle E Swisher Scholarship** was established to provide a scholarship for a graduating senior from WAHS who is the top Math student. WAHS staff pick the winner.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

- **McNabb Scholarship** was established to provide a scholarship for a graduating senior. First award will be given 2019-20.
- **Mid Valley Business Alliance Scholarship** was established to provide a scholarship for a graduating senior going into the Business field.
- **Ms. Marilee Scholarship** was established to provide a scholarship for a graduating senior from AOS, SAHS, or WAHS who went to Periwinkle Elementary. This account is a pre-endowment.
- **No Dinx Art Scholarship** was established to provide a scholarship for a graduating senior from AOS, SAHS, or WAHS who is going into an area of art.
- **Student Assistance Fund-District** was established for donor designation to the Student Assistance Program Scholarship for the District.
- **Student Assistance Fund-AOS** was established for donor designation to the Student Assistance Program Scholarship for AOS.
- **WMRT Scholarship Fund** was established to provide a scholarship for a graduating senior from SAHS or WAHS with a GPA of 3.0 or higher, financial need, and who is going to a University in the state of Oregon.
- **Sustainability Fund** was established to ensure the sustainability of APSF.

These are the following funds with donor restrictions that are perpetual in nature:

- **Arbuthnot Corpus** was established in January of 2019 for the purpose of the Student Assistance Program for AOS.
- **Botkin Endowment Corpus** was established for a graduating WAHS student athlete (male or female) with the best grade point average who will be attending Oregon State University. Established November 2013.
- **Candace Baker Endowment Corpus** was established for a graduating student from AOS, SAHS, or WAHS going to a college, university, or vocational school in Oregon. They must have a 3.0 GPA, have financial need, and work experience and/or community or school service. Established in 2016.
- **Coburn Endowment Corpus** was established for a graduate from AOS, SAHS, or WAHS going into an electrical field.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

- **Jordan Endowment Corpus** was established to provide classroom or sports experiences for underserved kids in K-6.
- **Mann Endowment Corpus** was established to provide scholarships for graduating students from AOS, SAHS, or WAHS.
- **Teddy Brown Endowment Corpus** was established in 2004 to provide a scholarship(s) to a graduating senior from WAHS, based on academic achievement, not on financial need.

NOTE 4 – CASH AND CASH EQUIVALENTS

Deposits are held with three financial institutions in demand deposit accounts. As of June 30, 2019, all cash deposits with financial institutions were fully insured by the Federal Depository Insurance Corporation or the National Credit Union Association. As of June 30, 2019, cash and cash equivalents consisted of the following:

Checking account	\$ 95,392
Savings account	1,224
Demand deposit account	18,507
Money market account	<u>40,247</u>
Total Cash and Cash Equivalents	<u>\$ 155,370</u>

NOTE 5 – LIQUIDITY

At June 30, 2019, the Foundation had \$162,505 cash and equivalents available to meet needs for general expenditures consisting of cash of \$155,370 and \$7,135 of pledges receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Foundation in the next 12 months.

The Foundation's goal is generally to maintain financial assets to meet 90 to 120 days of operating expenses. Cash and cash equivalents should not exceed nine percent of total assets.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – INVESTMENTS

The investments consist of cash and marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets (all Level 1 measurements). Market risk could occur and is dependent on the future changes in market prices of the various investments held. Investments consisted of the following as of June 30, 2019:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
CWCU CD, 12 months	\$ 50,000	\$ 50,304	\$ 304
1405 Edward Jones			
Certificate of deposit	100,000	100,088	88
Bonds	83,210	91,518	8,308
Exchange traded and closed end funds	36,208	79,139	42,931
Mutual funds	182,729	209,338	26,609
1412 Edward Jones mutual funds	108,956	124,959	16,003
1422 Edward Jones mutual funds	28,968	35,528	6,560
1427 Edward Jones mutual funds	28,285	31,313	3,028
1501 Edward Jones mutual funds	23,053	23,849	796
1505 Edward Jones mutual funds	40,222	41,934	1,712
1515 Edward Jones mutual funds	257,544	265,414	7,870
1470 Edward Jones pooled endowment	<u>832,454</u>	<u>907,325</u>	<u>74,871</u>
Total	<u>\$ 1,771,629</u>	<u>\$ 1,960,709</u>	<u>\$ 189,080</u>

The following schedule summarizes the investment return for the year ended June 30, 2019.

	<u>Amount</u>
Interest and dividends	\$ 40,056
Capital gains distributions	56,176
Realized gain (loss) on disposal of investments	4,762
Unrealized gain (loss)	<u>8,187</u>
Net investment income	
before external and direct internal investment fees	109,181
Less external and direct internal investment fees	<u>(3,779)</u>
Net investment income	<u>\$ 105,402</u>

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DONOR-RESTRICTED ENDOWMENTS

The Foundation's endowment consists of approximately seven individual funds in a common investment pool. The funds are established with donor restrictions for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as 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. As a result of the interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Foundation has a policy of appropriating for distribution each year an assessment on the three-year rolling average of market value of endowed accounts. The percentage is determined annually and applied annually. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Foundation practice does not allow for distribution from these underwater accounts.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – DONOR-RESTRICTED ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 907,325	\$ 907,325

Changes in endowment net assets as of June 30, 2019 are as follow:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 858,578	\$ 858,578
Contributions	-	55,315	55,315
Investment return, net	-	73,748	73,748
Less amounts appropriated for expenses	-	<u>(80,316)</u>	<u>(80,316)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 907,325</u>	<u>\$ 907,325</u>

NOTE 8 – CREDIT CARDS PAYABLE

The Foundation utilizes one credit card through Central Willamette Credit Union with a limit of \$5,000. The credit cards bear an interest rate up to 13.5% per annum if payments are late. Available credit at June 30, 2019 amounted to \$4,930.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Certain contributions are restricted as to the purpose for which they may be utilized. Failure to utilize the contributions for the purpose intended by the donor could result in the return of contributions.

NOTE 10 – CONCENTRATION IN THE GEOGRAPHIC AREA

The Foundation is supported primarily through contributions from residents of the Albany, Oregon area, thus changes in the economy of the Albany area would possibly impact the amounts of contributions received.

ALBANY PUBLIC SCHOOLS FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 – RELATED PARTY TRANSACTIONS

Greater Albany Public Schools (GAPS) contributed \$10,000 toward administrative support during the current fiscal year. GAPS also contributes in kind use of office space at a value of \$250 per month, for a total of \$3,000 in the current fiscal year.

Board members contribute stock, donations, sponsorships, and auction items on an ongoing basis.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 6, 2020, the date that the financial statements were available to be issued