

Financial Report



foundation
for the children
of the californias

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foundation for the Children of the Californias
San Diego, California

We have audited the accompanying financial statements of Foundation for the Children of the Californias (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 Foundation for the Children of the Californias as of December 31, 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.

Report on Summarized Comparative Information

We have previously audited Foundation for the Children of the Californias' financial statements, and our report dated August 28, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "West Rhode & Roberts".

WEST RHODE & ROBERTS

San Diego, California
December 17, 2020

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

(With Summarized Financial Information for the December 31, 2018)

	2019	2018 (Note 12)
ASSETS		
Cash and cash equivalents	\$ 188,877	\$ 172,437
Investments	6,171,367	4,242,642
Accounts receivable	28,384	27,969
Prepaid expenses	7,842	7,596
Furniture and equipment	335	671
Total assets	<u>\$ 6,396,805</u>	<u>\$ 4,451,315</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 9,869	\$ 8,813
Total liabilities	<u>9,869</u>	<u>8,813</u>
Commitments (Note 6)		
Net assets:		
Without donor restrictions:		
Board designated for operating reserves	1,933,348	2,194,150
Board designated for indigent care	160,512	23,628
Board designated for other programs	6,343	47,371
Undesignated	<u>323,345</u>	<u>216,769</u>
	2,423,548	2,481,918
With donor restrictions	<u>3,963,388</u>	<u>1,960,584</u>
Total net assets	<u>6,386,936</u>	<u>4,442,502</u>
Total liabilities and net assets	<u>\$ 6,396,805</u>	<u>\$ 4,451,315</u>

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With Summarized Financial Information for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018 (Note 12)
<u>Operating activities</u>				
SUPPORT AND REVENUE				
Contributions and grants	\$ 154,822	\$ 2,411,047	\$ 2,565,869	\$ 411,973
Special events	137,019	-	137,019	165,840
Net assets released from restrictions	440,912	(440,912)	-	-
Total support and revenues	732,753	1,970,135	2,702,888	577,813
OPERATING EXPENSES				
Program services	670,997	-	670,997	651,867
Supporting services:				
General and administrative	99,365	-	99,365	82,796
Fundraising	144,511	-	144,511	137,223
Total program and supporting services	914,873	-	914,873	871,886
Costs of direct benefits to donors	72,013	-	72,013	139,287
Total operating expenses	986,886	-	986,886	1,011,173
Operating (deficit) excess	(254,133)	1,970,135	1,716,002	(433,360)
<u>Nonoperating activities</u>				
Net investment income	101,974	32,697	134,671	122,878
Unrealized gain (loss) on investments	93,789	(28)	93,761	(82,726)
Total nonoperating activities	195,763	32,669	228,432	40,152
Change in net assets	(58,370)	2,002,804	1,944,434	(393,208)
NET ASSETS AT BEGINNING OF YEAR	2,481,918	1,960,584	4,442,502	4,835,710
NET ASSETS AT END OF YEAR	\$ 2,423,548	\$ 3,963,388	\$ 6,386,936	\$ 4,442,502

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With Summarized Financial Information for the Year Ended December 31, 2018)

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>	<u>2018 (Note 12)</u>
Salaries	\$ 101,753	\$ 50,877	\$ 101,753	\$ 254,383	\$ 238,146
Payroll taxes and employee benefits	20,260	10,131	20,260	50,651	51,947
	<u>122,013</u>	<u>61,008</u>	<u>122,013</u>	<u>305,034</u>	<u>290,093</u>
Indigent care	152,554	-	-	152,554	182,118
Clinic - programs	117,814	-	-	117,814	122,291
HIC CURARTE building expense	116,184	-	-	116,184	58,138
U.S. nutrition education	61,854	-	-	61,854	65,746
Physical therapy	42,307	-	-	42,307	46,107
Telemedicine	32,586	-	-	32,586	36,265
Professional services	12,000	16,500	-	28,500	16,500
Rent	8,108	4,053	8,108	20,269	19,395
Office expense	4,215	7,265	6,021	17,501	18,066
Meeting and travel	629	8,057	629	9,315	9,037
Miscellaneous	733	2,482	5,895	9,110	3,973
Marketing	-	-	1,845	1,845	4,157
Total expenses	<u>\$ 670,997</u>	<u>\$ 99,365</u>	<u>\$ 144,511</u>	<u>\$ 914,873</u>	<u>\$ 871,886</u>

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With Summarized Financial Information for the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u> (Note 12)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,944,434	\$ (393,208)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	336	336
Realized and unrealized (gain) loss on investments	(93,761)	82,726
Change in operating assets and liabilities		
Accounts receivable	(415)	(69)
Prepaid expenses	(246)	1,562
Accounts payable	1,056	1,055
Deferred revenue	-	(52,650)
Net cash provided by (used in) operating activities	<u>1,851,404</u>	<u>(360,248)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales of investments	<u>657,180</u>	<u>347,250</u>
Net cash provided by investing activities	<u>657,180</u>	<u>347,250</u>
Change in cash and cash equivalents	2,508,584	(12,998)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>628,839</u>	<u>641,837</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,137,423</u>	<u>\$ 628,839</u>
Cash and cash equivalents consist of :		
Cash and cash equivalents	\$ 188,877	\$ 172,437
Cash and cash equivalents included in investments	<u>2,948,546</u>	<u>456,402</u>
	<u>\$ 3,137,423</u>	<u>\$ 628,839</u>

Note 1. Organization and Significant Accounting Policies

Organization and Activities

The Foundation for the Children of the Californias (the Foundation) was incorporated in May 1990 as a California non-profit organization for the primary purpose of improving the health and nutrition of children in the border region of San Diego, California and Tijuana, Mexico and in the funding of a pediatric medical complex (Hospital Infantil de las Californias) operated in Tijuana, Mexico by Fundación para los Niños de las Californias, a non-profit Mexican organization.

Significant Accounting Policies

Method of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation – The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition – Contributions are recognized as revenue when they are received or unconditionally pledged. The Foundation reports contributions as restricted if they are received with donor stipulations as to the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as endowment funds. The income earned from such assets is generally considered as purpose restricted.

Cash and Cash Equivalents – The Foundation considers all highly liquid investments with an original maturity of less than three months to be cash equivalents. Cash and cash equivalents include cash in readily available checking accounts.

Investments – Investments are recorded at fair value based on quoted market prices.

Furniture and Equipment – The Foundation capitalizes all furniture and equipment over \$500. Furniture and equipment are depreciated on a straight-line basis over useful lives of 3 years. Depreciation expense for the year ended December 31, 2019 was \$336.

Functional Allocation of Expenses – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of a program or supporting service.

Cost of Direct Benefits to Donors – The costs of special events that represent a direct benefit to donors are separately reported. For the year ended June 30, 2020, there were special event costs of \$72,013.

Income Taxes – The Foundation is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is also exempt from state income taxes. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Foundation has reviewed its positions for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosure.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure 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.

Recently Adopted Accounting Pronouncement – In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (ASU 2016-18)*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

In June 2018, the FASB issued ASU 2018-08, *Not-for-profit Entities, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, this update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The update assists in determining if transactions should be accounted for as exchange transaction or a contribution and determining if a contribution is conditional.

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Foundation recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

The Foundation has evaluated subsequent events through December 17, 2020, which is the date the financial statements are available for issuance, and concluded that the below event needed to be disclosed.

In 2020 the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The ultimate disruption which may be caused by the pandemic is uncertain; however, it may result in a material adverse impact on the Foundation's financial position, operations, and cash flows. Possible effects may include but are not limited to disruptions or restrictions on our employee's ability to work, decline in value of assets held, including property and equipment and marketable securities and changes to the current regulatory environment. We are actively working to mitigate the impact of these and other unforeseen potential disruptions to our operations

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

The Foundation applied for and was approved for a \$55,189 loan under the Paycheck Protection Program created as part of the relief efforts related to the coronavirus pandemic and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Apart from the above events, there were no other events or transactions that needed to be disclosed for the year ended December 31, 2019.

Note 2. Liquidity and Availability of Resources

The Foundation's financial assets available for general expenditure, that is without donor restrictions limiting their use within one year of the statement of position date, are as follows:

Financial Assets	
Cash and cash equivalents	\$ 188,877
Investments	6,171,367
Accounts receivable	<u>28,384</u>
Total financial assets available within one year	<u>6,388,628</u>
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(2,748,069)
Restricted by donors in perpetuity	<u>(1,215,319)</u>
Total amounts unavailable for general expenditures within one year	<u>(3,963,388)</u>
Amounts unavailable to management without Board of Directors approval:	
Designated amounts from the Board for:	
Operating reserves	(1,933,348)
Indigent care	(160,512)
Other	<u>(6,343)</u>
Total amounts unavailable to management without Board of Directors approval	<u>(2,100,203)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 325,037</u>

The Foundation maintains policies of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Fair Value Measurements

Due to the short-term nature of the assets and liabilities, fair value approximates carrying value. In accordance with Financial Accounting Standards Board Codification No. 820 (FASB ASC 820), fair value is defined as the price that the Foundation would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset.

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The standard describes three-tier hierarchy of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Investments at December 31, 2019	\$ 6,171,367	\$ 6,171,367	\$ -

The fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Note 4. Investments

Investments at December 31, 2019, consist of the following:

Fixed income	\$ 3,192,451
Money market	2,948,546
Equities	30,370
Total investments	\$ 6,171,367

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

The following is a summary of net investment income for the year ended December 31, 2019:

Interest and dividends	\$ 156,961
Net realized and unrealized gains	93,761
Investment fees	<u>(22,290)</u>
Net investment income	<u>\$ 228,432</u>

Note 5. Furniture and Equipment

Furniture and equipment at December 31, 2019, consists of:

Equipment	\$ 6,646
Less accumulated depreciation	<u>(6,311)</u>
	<u>\$ 335</u>

Note 6. Commitments

The Foundation leases office space under a lease agreement, which expires in June 2020.

In addition, the Foundation leases the office copier under an operating lease that expires in December 2022. For the year ended December 31, 2019, rent expense totaled \$20,269.

Future minimum lease obligations are as follows:

2020	\$ 12,346
2021	2,892
2022	<u>2,651</u>
	<u>\$ 17,889</u>

Note 7. Net Assets without Donor Restrictions

The Foundation's net assets without donor restriction is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2019:

Board designated for operating reserves	1,933,348
Board designated for Indigent Care	160,512
Board designated for other programs	6,343
Undesignated	<u>323,345</u>
	<u>\$ 2,423,548</u>

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS
NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

Medical clinics	\$ 2,279,750
U.S. Education / Nutrition Projects	329,464
Indigent care	80,692
Physical therapy training	35,528
Other programs	14,938
Dr. Dunklee Scholarship Fund	4,850
Telemedicine	1,769
Building fund	1,078
	<u>\$ 2,748,069</u>

Endowments, subject to the Foundation's spending policy and appropriations, the income from which is expendable for:

Langdon Endowment Fund	\$ 913,971
DARTE Endowment PMA Trust	151,219
Nutrition Endowment Fund	150,129
	<u>\$ 1,215,319</u>

Total net assets with donor restrictions at December 31, 2019 is \$3,963,388.

Note 9. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

Indigent care	\$ 142,555
Building fund	136,154
U.S. Education / Nutrition Projects	61,854
Physical therapy training	42,307
Telemedicine	23,231
Medical clinics and equipment	18,435
Other programs	10,843
Dr. Dunklee Scholarship Fund	5,533
	<u>\$ 440,912</u>

Note 10. Endowment

The Foundation follows the standards codified in FASB ASC 958-205-65, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). The endowment includes only donor-restricted endowment funds.

Interpretation of Relevant Law – The Board of Directors of the Foundation has interpreted the UPMIFA 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 this interpretation, the Foundation classifies net assets with donor restrictions – held in perpetuity as, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – held in perpetuity are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment and Spending Policies – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4.25% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year 3% of its endowment fund’s average value over the prior fiscal year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The following table represents the changes in the Foundation’s endowment funds during the year ending December 31, 2019:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 1,183,313
Investment return:	
Net investment income	32,697
Net depreciation (realized and unrealized)	<u>(28)</u>
Total investment return	1,215,982
Appropriation of assets for expenditure	<u>(663)</u>
Endowment net assets, end of year	<u>\$ 1,215,319</u>

Note 11. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts, which at times, exceed federally insured deposit limits. The Foundation adheres to a policy by which cash balances in excess of short-term needs are diversified amongst short-term, low risk investment vehicles. The Foundation has not experienced any losses in such accounts.

In addition, the Foundation invests in various investments, including mutual funds and money market accounts. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect amounts reported on the financial statements.

Note 12. December 31, 2018 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, from which the summarized information was derived. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the changes in net assets.