

# **Altrusa International Foundation, Inc.**

**Financial Statements**

**Years Ended May 31, 2021 and 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Altrusa International Foundation, Inc.  
Chicago, Illinois

We have audited the accompanying financial statements of Altrusa International Foundation, Inc., a nonprofit organization, which comprise the statement of financial position as of May 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

## INDEPENDENT AUDITOR'S REPORT - Continued

### Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Altrusa International Foundation, Inc. as of May 31, 2021 and 2020, 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.

*Mann Weitz & Associates LLC*

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois  
July 31, 2021

Altru  
**STATEMENT OF FINANCIAL POSITION**  
**MAY 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - Note 2	\$ 136,706	\$ 94,813
Accounts receivable	395	395
Contributions receivable	27,664	24,095
Prepaid expenses	<u>2,138</u>	<u>7,097</u>
Total Current Assets	<u>166,903</u>	<u>126,400</u>
<b>Other Assets</b>		
Investments - Notes 4 and 5	3,967,169	3,609,636
Beneficial interest in assets held in trust by others - Notes 4 and 6	<u>469,900</u>	<u>385,611</u>
Total Other Assets	<u>4,437,069</u>	<u>3,995,247</u>
Total Assets	<u><u>\$ 4,603,972</u></u>	<u><u>\$ 4,121,647</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 20,492	\$ 34,977
Loan payable, Paycheck Protection Program - Note 11	<u>14,250</u>	<u></u>
Total Liabilities	<u>34,742</u>	<u>34,977</u>
<b>Net Assets</b>		
Without donor restrictions	2,769,327	2,512,482
With donor restrictions - Notes 6 and 8	<u>1,799,903</u>	<u>1,574,188</u>
Total Net Assets	<u>4,569,230</u>	<u>4,086,670</u>
Total Liabilities and Net Assets	<u><u>\$ 4,603,972</u></u>	<u><u>\$ 4,121,647</u></u>

The accompanying notes are an integral part of this statement.

ALTRUSA INTERNATIONAL FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
YEARS ENDED MAY 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>						
Contributions	\$ 128,236	\$ 43,359	\$ 171,595	\$ 46,753	\$ 81,535	\$ 128,288
Beneficial interest in assets held in trust by others						
Trust distributions	19,748		19,748	20,323		20,323
Change in value of beneficial interest in assets held in trust by others - Note 4		84,289	84,289		(6,491)	(6,491)
Net realized and unrealized gains on investments	578,880	170,294	749,174	254,314	82,852	337,166
Dividends and interest, net of investment fees of \$24,953 and \$25,566 in 2021 and 2020, respectively	27,864	8,197	36,061	32,564	10,591	43,155
Other income				259		259
<b>Total Revenues and Gains</b>	<b>754,728</b>	<b>306,139</b>	<b>1,060,867</b>	<b>354,213</b>	<b>168,487</b>	<b>522,700</b>
Net assets released from restrictions - Note 6	80,424	(80,424)		102,691	(102,691)	
<b>Total Revenues, Gains and Other Support</b>	<b>835,152</b>	<b>225,715</b>	<b>1,060,867</b>	<b>456,904</b>	<b>65,796</b>	<b>522,700</b>
<b>Expenses</b>						
Program Services						
Grants and awards	318,750		318,750	268,396		268,396
Disaster relief	32,676		32,676	28,001		28,001
Club 21	37,783		37,783	40,114		40,114
<b>Total Program Services</b>	<b>389,209</b>		<b>389,209</b>	<b>336,511</b>		<b>336,511</b>
Supporting Services						
Management and general	151,101		151,101	175,584		175,584
Fundraising	37,997		37,997	21,489		21,489
<b>Total Supporting Services</b>	<b>189,098</b>		<b>189,098</b>	<b>197,073</b>		<b>197,073</b>
<b>Total Expenses</b>	<b>578,307</b>		<b>578,307</b>	<b>533,584</b>		<b>533,584</b>
<b>Change in Net Assets</b>	<b>256,845</b>	<b>225,715</b>	<b>482,560</b>	<b>(76,680)</b>	<b>65,796</b>	<b>(10,884)</b>
<b>Net Assets</b>						
Beginning of year	2,512,482	1,574,188	4,086,670	2,589,162	1,508,392	4,097,554
End of year	<u>\$ 2,769,327</u>	<u>\$ 1,799,903</u>	<u>\$ 4,569,230</u>	<u>\$ 2,512,482</u>	<u>\$ 1,574,188</u>	<u>\$ 4,086,670</u>

The accompanying notes are an integral part of this statement.

ALTRUSA INTERNATIONAL FOUNDATION, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED MAY 31, 2021

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Grants and Awards	Disaster Relief	Club 21		Management and General	Fundraising		
Association agreement - Note 7	\$ 2,248	\$ 1,806	\$ 736	\$ 4,790	\$ 53,140	\$ 2,670	\$ 55,810	\$ 60,600
Conventions, conferences, meetings					7,517		7,517	7,517
Employee benefits	1,034	831	339	2,204	6,735	1,228	7,963	10,167
Grants and awards	307,330	23,500	34,044	364,874				364,874
MobileCause						5,088	5,088	5,088
Incentive gifts						3,952	3,952	3,952
Other fundraising expenses						3,611	3,611	3,611
Lamplighter program						11,782	11,782	11,782
Insurance					1,010		1,010	1,010
Office expense	1,329	1,068	435	2,832	9,083	1,578	10,661	13,493
Payroll taxes	648	521	212	1,381	4,223	770	4,993	6,374
Professional fees					29,257		29,257	29,257
Salaries	6,161	4,950	2,017	13,128	40,136	7,318	47,454	60,582
<b>Total Expenses</b>	<b>\$ 318,750</b>	<b>\$ 32,676</b>	<b>\$ 37,783</b>	<b>\$ 389,209</b>	<b>\$ 151,101</b>	<b>\$ 37,997</b>	<b>\$ 189,098</b>	<b>\$ 578,307</b>

The accompanying notes are an integral part of this statement.

ALTRUSA INTERNATIONAL FOUNDATION, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED MAY 31, 2020

	Program Services			Total Program Services	Supporting Services		Total	
	Grants and Awards	Disaster Relief	Club 21		Management and General	Fundraising		Total Supporting Services
Association agreement - Note 7	\$ 2,614	\$ 1,634	\$ 817	\$ 5,065	\$ 48,302	\$ 1,470	\$ 49,772	\$ 54,837
Conventions, conferences, meetings					29,948		29,948	29,948
Employee benefits	1,633	1,021	510	3,164	6,125	919	7,044	10,208
Grants and awards	252,285	17,932	35,079	305,296				305,296
Fundraising challenge						4,348	4,348	4,348
Lamplighter program						8,079	8,079	8,079
Insurance					981		981	981
Office expense	1,452	907	454	2,813	6,102	817	6,919	9,732
Payroll taxes	972	607	304	1,883	3,643	546	4,189	6,072
Professional fees					45,083		45,083	45,083
Salaries	9,440	5,900	2,950	18,290	35,400	5,310	40,710	59,000
<b>Total Expenses</b>	<b>\$ 268,396</b>	<b>\$ 28,001</b>	<b>\$ 40,114</b>	<b>\$ 336,511</b>	<b>\$ 175,584</b>	<b>\$ 21,489</b>	<b>\$ 197,073</b>	<b>\$ 533,584</b>

The accompanying notes are an integral part of this statement.



**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 482,560	\$ (10,884)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Net gain on investments	(749,174)	(337,166)
Change in present value of beneficial interest in assets held in trust by others	(84,289)	6,491
Net (increase) decrease in assets		
Accounts receivable		(55)
Contributions receivable	(3,569)	(14,246)
Prepaid expenses	4,959	
Net decrease in liabilities		
Accounts payable and accrued expenses	<u>(14,485)</u>	<u>(107,959)</u>
Net Cash Used for Operating Activities	<u>(363,998)</u>	<u>(463,819)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(614,144)	(1,217,706)
Proceeds from sales of investments	<u>1,005,785</u>	<u>1,400,733</u>
Net Cash Provided by Investing Activities	<u>391,641</u>	<u>183,027</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Paycheck Protection Program	<u>14,250</u>	
<b>Net Increase (Decrease) in Cash</b>	41,893	(280,792)
<b>Cash</b>		
Beginning of year	<u>94,813</u>	<u>375,605</u>
End of year	<u>\$ 136,706</u>	<u>\$ 94,813</u>

The accompanying notes are an integral part of this statement.

**ALTRUSA INTERNATIONAL FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Organization**

Altrusa International Foundation, Inc. (Foundation) is a not-for-profit, philanthropic corporation established in 1962 by Altrusa International, Inc., a worldwide volunteer service organization, devoted to contributing to human well-being through the development and implementation of effective local community service programs. The Foundation is dedicated to improving economic well-being and quality of life through a commitment to community services and literacy. The Foundation, headquartered in Chicago, generates its revenue primarily through contributions and investment income.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues and expenses are recognized in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

Information regarding the financial position and activities of the Foundation are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets without donor restrictions are not subject to donor-imposed stipulations but may be subject to board designations. They include all activities of the Foundation, except for those amounts that are restricted by external donors.
- With donor restrictions – Net assets with donor restrictions are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Foundation (purpose restrictions). Net assets with donor restrictions may also be imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended.

**Investments and Earnings**

Investments, excluding certificates of deposit and mutual funds valued at NAV, are carried at fair value. The fair value of investments is generally determined based on quoted market price. Interest and dividends, as well as realized and unrealized gains and losses on investments, are included in the statement of activities. Interest and dividends are reported as increases in net assets without restrictions unless their use is restricted by a donor. Gains and losses on investments are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by relevant state law.

**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Promises to give which are receivable over more than one year are recorded at present value. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions on donor restricted contributions that are permanent in nature never expire; the assets must be invested in perpetuity.

**Uncollectible Accounts**

The Organization considers its receivables to be fully collectible. Accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made. This direct write-off method does not materially differ from the allowance method required by accounting principles generally accepted in the United States of America.

**Beneficial Interest in Assets Held in Trust by Others**

The beneficial interest in assets held in trust by others is recorded at the fair value of the Foundation's proportionate interest of the underlying investments in the trust. These investments, which are not in the possession or under the control of the Foundation, are administered by outside fiscal agents, with the Foundation deriving distributions from the trust as stipulated by the gift instrument.

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis on the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Management and general costs are allocated to the various programs or supporting services based on time and effort and the terms of the biennial agreement with Altrusa International, Inc. See Note 7.

**Use of Estimates in the Preparation of Financial Statements**

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reported period. Actual results could differ from those estimates.

**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code for all business income related to its exempt purpose. The Foundation is subject to income taxes on its unrelated business income after related expenses. There was no unrelated business income for the years ended May 31, 2021 and 2020.

**Evaluation of Tax Positions**

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of May 31, 2021 and 2020, the Foundation had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**Subsequent Events**

The Foundation has evaluated subsequent events for potential recognition and/or disclosures through July 31, 2021, the date the financial statements were available to be issued. No material subsequent events have occurred that require adjustments or disclosures.

**2. CONCENTRATION OF CREDIT RISK**

The Foundation maintains cash in one financial institution. At times during the years ended May 31, 2021 and 2020, balances at this institution exceeded the FDIC insured limits. The Foundation has never experienced any losses in this bank account. Management believes that the Foundation is not subject to significant concentrations of credit risk with respect to cash deposits.

**3. LIQUIDITY AND AVAILABILITY**

The Foundation's goal is to maintain financial assets equal to six months of average recurring operating costs over the prior two financial years.

The following table reflects the Foundation's financial assets as of May 31, 2021 and 2020, reduced by amounts that are not available for general use within one year. Financial assets are considered unavailable when non-liquid or not convertible to cash within one year or because donors have restricted use of funds.

**ALTRUSA INTERNATIONAL FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**3. LIQUIDITY AND AVAILABILITY - Continued**

	<u>2021</u>	<u>2020</u>
Cash	\$ 136,706	\$ 94,813
Accounts receivable	395	395
Contributions receivable	27,664	24,095
Investments	<u>3,967,169</u>	<u>3,609,636</u>
Total Financial Assets	4,131,934	3,728,939
Less: Amounts not available for general expenditures within one year		
Net assets with donor restrictions	<u>1,330,003</u>	<u>1,188,577</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 2,801,931</u></u>	<u><u>\$ 2,540,362</u></u>

**4. FAIR VALUE MEASUREMENTS**

FASB Accounting Standards Codification (ASC) 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation’s estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**4. FAIR VALUE MEASUREMENTS - Continued**

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The estimated fair values of financial assets measured on a recurring basis are as follows at May 31:

Description	Total	2021		
		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash	\$ 311,385	\$ 311,385	\$ -	\$ -
Marketable securities	3,094,069	3,094,069		
Beneficial interest in assets held in trust by others	469,900			469,900
Total Financial Assets at Fair Value	<u>\$ 3,875,354</u>	<u>\$ 3,405,454</u>	<u>\$ -</u>	<u>\$ 469,900</u>

  

Description	Total	2020		
		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash	\$ 20,360	\$ 20,360	\$ -	\$ -
Marketable securities	2,590,253	2,590,253		
Beneficial interest in assets held in trust by others	385,611			385,611
Total Financial Assets at Fair Value	<u>\$ 2,996,224</u>	<u>\$ 2,610,613</u>	<u>\$ -</u>	<u>\$ 385,611</u>

**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**4. FAIR VALUE MEASUREMENTS - Continued**

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash:* Cash held in the Foundation's investment accounts are considered investments and are valued at cost, which approximates fair value.

*Marketable Securities:* Shares are traded in active markets and on national and international securities exchanges and are valued at closing prices on the last business day of the fiscal year.

*Beneficial Interest in Assets Held in Trust by Others:* The Foundation's interest is recorded at the present value of the expected future cash flows from the trust, which is best estimated as the fair value of the underlying investments in the trust. These investments, which are not in the possession or under the control of the Foundation, are administered by an outside fiscal agent, with the Foundation deriving distributions from the trust as stipulated by the gift instrument.

The following sets forth the reconciliation of beginning and ending balances related to fair value measurements using significant unobservable inputs (Level 3) during the years ended May 31, 2021 and 2020:

Balance as of May 31, 2019	\$ 392,102
Change in value of beneficial interest in assets held in trust by others	<u>(6,491)</u>
Balance as of May 31, 2020	385,611
Change in value of beneficial interest in assets held in trust by others	<u>84,289</u>
Balance as of May 31, 2021	<u><u>\$ 469,900</u></u>

**5. INVESTMENTS**

Investments consist of the following at May 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 311,385	\$ 20,360
Certificates of deposit	421,715	830,725
Open end mutual funds (valued at NAV)	140,000	168,298
Marketable securities	<u>3,094,069</u>	<u>2,590,253</u>
Total	<u><u>\$ 3,967,169</u></u>	<u><u>\$ 3,609,636</u></u>

**ALTRUSA INTERNATIONAL FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with purpose restrictions consist of the Disaster Relief Fund, Club 21 Fund, and accumulated earnings from the net assets of the donor restricted endowment restricted in perpetuity (Note 8). Disaster Relief provides funding for international disasters, and Club 21 supports summer camps for children who are HIV positive or who have other diseases and disabilities. Net assets restricted in perpetuity include the beneficial interest in assets held in trust by others (Note 4) and the principal of the donor restricted endowment.

Net assets with donor restrictions consist of the following at May 31:

	<u>2021</u>	<u>2020</u>
Purpose restricted		
Disaster Relief	\$ 87,563	\$ 87,563
Grants and awards		
Donor restricted endowment (Note 8)	321,910	188,508
Restricted in perpetuity		
Beneficial interest in assets held in trust by others	469,900	385,611
Donor restricted endowment	<u>920,530</u>	<u>912,506</u>
Total	<u>\$ 1,799,903</u>	<u>\$ 1,574,188</u>

Net assets were released from donor restrictions as follows during the years ended May 31:

	<u>2021</u>	<u>2020</u>
Disaster Relief	\$ 7,150	\$ 28,001
Club 21	18,323	24,528
Grants and awards		
Donor restricted endowment	45,089	44,350
General	<u>9,862</u>	<u>5,812</u>
Total	<u>\$ 80,424</u>	<u>\$ 102,691</u>

**7. RELATED PARTY TRANSACTIONS**

The Foundation cooperates closely with Altrusa International, Inc. (Association). The Association provides some personnel and the working space required for the Foundation to perform its mission. Amounts expended for these services under a biennial agreement with the Association are \$60,600 and \$54,837 for the years ended May 31, 2021 and 2020, respectively. The annual fee will be \$55,610 for both of the years ending May 31, 2022 and 2023. Since neither organization controls the other, consolidated financial statements are not prepared.



**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**8. ENDOWMENT**

The Foundation's donor restricted endowment consists of funds established to support the Foundation's grant programs and the community leadership award. Net assets with donor restrictions include endowment fund investments that are to be held in perpetuity as per donor-imposed stipulations. Earnings on donor restricted net assets held in perpetuity are classified as purpose restricted. These amounts are included in investments on the statement of financial position. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as 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 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 in perpetuity is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**8. ENDOWMENT - Continued**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

Donor funds received for endowment are invested in a pool of investments managed by an investment advisor at an independent brokerage firm. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The Foundation has adopted investment policies for endowment assets which strive for long-term growth while at the same time generate a reasonable current return for programs supported by its endowment. 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 which includes cash, certificates of deposit, mutual funds, and marketable securities.

Endowment investment returns are allocated to the donor restricted endowment funds based on each fund's pro rata share of the total endowment. Appropriation for grant and award expenditures is done in accordance with donor directives.

For the donor restricted endowment, it is board policy that the Foundation spends an amount not to exceed five percent of the five year moving average amount of the principal as calculated on December 31 during each fiscal year. The Foundation was in compliance with this policy for the years ended May 31, 2021 and 2020.

Changes in endowment net assets for the years ended May 31, 2021 and 2020 are as follows:

	<u>Purpose Restricted</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Balance at June 1, 2019	\$ 139,415	\$ 903,237	\$ 1,042,652
Contributions		9,269	9,269
Investment gains	82,852		82,852
Dividends and interest	10,591		10,591
Amounts appropriated for expenditure	<u>(44,350)</u>		<u>(44,350)</u>
Balance at May 31, 2020	188,508	912,506	1,101,014
Contributions		8,024	8,024
Investment gains	170,294		170,294
Dividends and interest	8,197		8,197
Amounts appropriated for expenditure	<u>(45,089)</u>		<u>(45,089)</u>
Balance at May 31, 2021	<u>\$ 321,910</u>	<u>\$ 920,530</u>	<u>\$ 1,242,440</u>

**ALTRUSA INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**9. VOLUNTEER SERVICES**

A significant amount of volunteer services is contributed to the Foundation by various industry leaders and volunteers to support the Foundation's program and supporting services. These volunteer activities include participating on the board of trustees and numerous other committees. The value of these services has not been included in the financial statements because the criteria for recognition have not been satisfied.

**10. RETIREMENT PLAN**

The Foundation has established a 401(k) plan for its eligible employee by providing benefits through matching contributions as defined in the plan. Matching contributions for the years ended May 31, 2021 and 2020 were \$1,818 and \$1,608, respectively.

**11. LOAN PAYABLE, PAYROLL PROTECTION PROGRAM**

On April 6, 2021, the Foundation entered into an agreement with a lender and the Small Business Administration to obtain a Paycheck Protection Program (PPP) loan offered as a result of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. The PPP loan is intended to help certain small businesses and nonprofits stay afloat during the COVID-19 pandemic. The loan in the amount of \$14,250 provides for interest at a rate of 1% and matures on April 6, 2026. The PPP loan is eligible for forgiveness if the Foundation meets certain criteria including utilization of the loan for eligible expenses and maintaining or restoring employee counts and salary levels to pre-pandemic amounts. The Foundation has adopted the policy to record the PPP loan under the guidance of FASB ASB 470, *Debt*. The Foundation expects the loan to be forgiven during the year ending May 31, 2022, and therefore is classified as a current liability in the accompanying statement of financial position.

111 Deer Lake Road, Suite 125, Deerfield, IL 60015  
Main:847.267.3400 Fax:847.267.3401 Web:mwa.cpa