NEVADA BLIND CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

ELLSWORTH • STOUT

CPAs and Consultants

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Independent Auditor's Report

To the Board of Directors of
Nevada Blind Children's Foundation

We have audited the accompanying financial statements of Nevada Blind Children's 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 Nevada Blind Children's 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.

Prior Period Financial Statements
The financial statements of Nevada Blind Children's Foundation as of and for the year ended June 30, 2018 were audited by other auditors whose report dated October 25, 2018, expressed an unmodified opinion on those statements.

Ellsworth & Stout, LLC

Las Vegas, Nevada
October 16, 2019

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NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 316,773	$ 168,963
Accounts receivable	12,600	-
Unconditional promises to give, net	262,500	297,000
Prepaid expenses	2,317	12,036
Total current assets	594,190	477,999
Property and Equipment, net	62,044	27,208
Other Assets:		
Investments	65,151	61,652
Unconditional promise to give, net of current portion	32,500	209,000
Deposits and other assets	64,829	74,240
Total other assets	162,480	344,892
Total Assets	$ 818,714	$ 850,099
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 15,084	$ 2,008
Accrued expenses	31,452	20,188
Total current liabilities	46,536	22,196
Total Liabilities	46,536	22,196
Net Assets:		
Without donor restrictions	513,492	747,194
With donor restrictions	258,686	80,709
Total net assets	772,178	827,903
Total Liabilities and Net Assets	$ 818,714	$ 850,099

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Net Assets without Donor Restrictions		
Revenue and other support:		
Contributions	$ 129,394	$ 648,043
Special events, net of expenses of $103,581 and $129,685	359,616	257,043
Program revenue	4,277	4,288
In-kind donations	106,241	31,210
Investment income, net of expenses of $1,226 and $1,234	1,170	431
Net assets released from donor restrictions	186,523	84,904
	787,221	1,025,919
Expenses:		
Program services	805,083	556,550
Supporting services:		
Fundraising	144,166	92,210
Management and general	74,661	55,284
	1,023,910	704,044
Other income (expense):		
Gain (loss) on disposal of fixed asset	-	(240)
Net realized and unrealized gain on investments	2,987	2,451
	2,987	2,211
Increase in net assets without donor restrictions	(233,702)	324,086
Net Assets with Donor Restrictions		
Contributions	364,500	20,709
Net assets released from donor restrictions	(186,523)	(84,904)
	177,977	(64,195)
Increase (Decrease) in Net Assets	(55,725)	259,891
Net Assets, Beginning of Year	827,903	568,012
Net Assets, End of Year	$ 772,178	$ 827,903

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Fundraising	Management and General	Total
Advertising	$ 4,504	$ 3,003	$ -	$ 7,507
Bad debt	-	31,000	-	31,000
Depreciation	11,881	2,376	1,584	15,841
Fundraising	-	8,327	-	8,327
Insurance	13,528	-	1,503	15,031
Merchant fees	-	14,309	-	14,309
Office and other expenses	31,817	9,132	5,545	46,494
Professional services	69,632	19,952	11,207	100,791
Program expenses	58,612	-	-	58,612
Rent	162,994	9,055	9,055	181,104
Repairs and maintenance	10,036	1,172	889	12,097
Salaries, benefits and related expenses	393,115	43,730	42,768	479,613
Travel and conferences	10,986	-	-	10,986
Utilities	37,978	2,110	2,110	42,198
	$ 805,083	$ 144,166	$ 74,661	$ 1,023,910

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services	Fundraising	Management and General	Total
Advertising	$ 8,425	$ 5,616	$ -	$ 14,041
Depreciation	9,062	1,812	1,209	12,083
Fundraising	-	17,239	-	17,239
Insurance	9,258	-	1,029	10,287
Merchant fees	-	4,488	-	4,488
Office and other expenses	25,566	7,519	4,512	37,597
Professional services	50,899	14,753	8,114	73,766
Program expenses	19,349	-	-	19,349
Rent	86,694	4,816	4,817	96,327
Repairs and maintenance	10,074	1,214	849	12,137
Salaries, benefits and related expenses	306,701	33,662	33,662	374,025
Travel and conferences	10,877	-	-	10,877
Utilities	19,645	1,091	1,092	21,828
	$ 556,550	$ 92,210	$ 55,284	$ 704,044

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	$ (55,725)	$ 259,891
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Bad debt	31,000	-
Depreciation	15,841	12,083
(Gain) loss on disposal of fixed assets	-	240
Net realized and unrealized (gain) loss on investments	(2,987)	(2,451)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(12,600)	3,500
(Increase) decrease in unconditional promises to give	180,000	(377,629)
(Increase) decrease in prepaid expenses	9,719	(8,665)
(Increase) decrease in deposits and other assets	9,411	(69,629)
Increase (decrease) in accounts payable	13,076	(13,909)
Increase (decrease) in accrued expenses	11,264	3,726
Net cash provided by (used in) operating activities	198,999	(192,843)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(50,677)	(11,536)
Proceeds from sale of investments	133,350	-
Purchase of investments	(133,862)	(2,852)
Net cash used in investing activities	(51,189)	(14,388)
Net Increase (Decrease) in Cash and Cash Equivalents	147,810	(207,231)
Cash and Cash Equivalents, Beginning of Year	168,963	376,194
Cash and Cash Equivalents, End of Year	$ 316,773	$ 168,963

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Nevada Blind Children's Foundation (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Foundation was incorporated in March 2006. The mission of the Foundation is to provide the essential building blocks including extended educational curriculum, extracurricular activities, social opportunities, and transitional skills to children who are visually impaired. The Foundation's mission is fulfilled through the following services provided primarily in the Southern Nevada region:

- Removing obstacles to success by ensuring each visually impaired and/or blind child and their family has access to the basic necessities they need such as: food, personal care items, housing, transportation, family education and support;
- Providing a two-track education path for children from preschool to the age of 22;
- Providing adaptive recreation opportunities to support socialization, independence and educational goals;
- Coordinating health care providers including pediatricians, eye care professionals, and therapists, for referrals and consultations, creating a continuum of care that allows education professionals, parents, and health care professionals to work together;
- Providing life skills and vocational training, being a first place of employment, providing employer education, and transition services;
- Providing each child and his/her family with one point of contact who can work with the family and the community to ensure each child has access to the resources he/she need to thrive.

The Foundation's programs include Book/Time Buddies, Day Camp, Education Series, Fun Friday, Fund with Art Robotics, Scouting, Sensory and Therapy, Special Events, STEAM – Science Technology Engineering Art Math, Supper Summer Theatre, Tech & Task, Teen Programs, Tutoring, and What's Cooking?.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Foundation presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally in the United States of America applicable to not-for-profit organizations, principally Account Standards Codification (ASC) 958, *Not-for-Profit-Entities.* Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Foundation is required to report information regarding its financial position and changed in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

NOTE 1 – 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 judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Reclassification

Certain amounts in the prior financial statements have been reclassified for comparative purposes to conform to the presentation in the current period financial statements.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

At various times throughout the year, the Foundation maintained deposits in financial institutions which exceeded the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. The Foundation has not experienced any losses in these accounts.

Property and Equipment

The Foundation capitalizes significant expenditures for property and equipment at cost. Property and equipment that are contributed to the Foundation are recorded at the approximate fair value at the date of donation. Depreciation is computed using straight line over the estimated useful lives of the assets.

Investments

Investments in marketable equity and debt securities that do not qualify as cash equivalents are reported at fair value based on quoted market prices on national exchanges. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the estimated fair values may differ from the amount that might ultimately be realized and those differences could be material. Gains or losses on sales of investments are determined on a specific cost identification method. Sales and purchases of investments are recognized based upon trade date of each transaction. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Foundation has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

Contributed services are recognized as contributions in accordance with the FASB Codification if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Unpaid volunteers have donated their time to the Foundation's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services. The fair values of in-kind contributions are summarized as follows:

	2019	2018
Bus	$ 29,995	$ -
Donated goods	43,935	17,059
Professional services	32,311	14,151
	$ 106,241	$ 31,210

In addition, unpaid volunteers donated their time to the Foundation. The value of such services has not been reflected in the financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

Income Taxes

In December 2006, the Foundation received notification from the Internal Revenue Service that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

The Foundation is no longer subject to potential income tax examinations by tax authorities for years before 2016.

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for bad debt, fundraising, merchant fees, program expenses, and travel and conference expenses that are direct expenses.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018, was $7,507 and $14,041, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*. This ASU provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The ASU requires a retrospective application; however, if it is impracticable to apply the guidance retrospectively for some of the issues, the guidance for those issues would be applied prospectively as of the earliest date practicable. The ASU is effective for non-public companies for annual reporting periods beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact the adoption of this guidance will have on its statement of cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU introduced a comprehensive, principles-based framework for recognizing revenue, and, when effective, will supersede the requirements in FASB ASC 605, Revenue Recognition, and virtually all industry-specific revenue recognition guidance in the FASB ASC. However, the standards for the recognition of revenue from contributions by nonprofit organizations will be retained in FASB ASC 958-605, which will be retitled Not-for-Profit Entities—Revenue Recognition—Contributions when ASU 2014-09 is effective. Subsequent to the issuance of ASU 2014-09, the FASB issued a number of ASUs clarifying certain matters in ASU 2014-09. Those subsequent ASUs have the same effective dates as ASU 2014-09 (see discussion in the following paragraph).

In August 2015, the original effective dates of ASU 2014-09 were deferred by one year through the issuance of ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. For most nonprofit organizations, ASU 2014-09 (as revised) is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early application is allowed, but no earlier than annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. Alternatively, the ASU can be applied to annual reporting periods beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the year of initial adoption. Management does not believe the effects of this standard will materially impact the Foundation's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2019 and 2018, the Foundation has $365,125 and $267,695, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents of $90,025 and $87,695, accounts receivable of $12,600 and $0, and unconditional promises to give of $262,500 and $180,000. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Contractual or donor imposed restrictions are not available for general expenditure. Amounts not available include amounts set aside for investing in the board-designated endowment fund of $65,713 that could be drawn upon if the governing board approves the action (as further discussed in Note 6 and Note 7). Although the Foundation does not intend to spend from its board-designated endowment fund other than amounts appropriated for general expenditure as part of its annual budget approval and appropriate process, amounts form its board-designated endowment fund could be made available if necessary.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded as receivables and revenue when received. As of June 30, 2019 and 2018, unconditional promises to give are as follows:

	2019	2018
Receivable in less than one year	$ 262,500	$ 297,000
Receivable in one to five years	32,500	209,000
Total unconditional promises to give	$ 295,000	$ 506,000

Unconditional promises to give due in more than one year are generally recognized at fair value, using present value techniques and a discount rate when the donor makes an unconditional promise to give the Foundation. Management has determined that the unamortized discount on the unconditional promises to give is not material and the stated value of the promise has been recognized.

NOTE 4 – PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Computer equipment	$ 59,152	$ 63,961
Equipment	21,696	8,129
Furniture and fixtures	4,828	4,828
Leasehold improvements	9,994	7,046
Vehicles	29,995	-
	125,665	83,964
Less: accumulated depreciation	(63,621)	(56,756)
	$ 62,044	$ 27,208

Depreciation expense for the years ended June 30, 2019 and 2018 was $15,841 and $12,083, respectively.

NOTE 5 – FAIR VALUE MEASUREMENTS

The Foundation measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Fair values of assets measured at June 30, 2019 are as follows:

	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Pooled investments:				
Bond funds	$ 14,926	$ -	$ 14,926	$ -
Foreigh equity funds	14,854	14,854	-	-
Limited partnerships	893	-	-	893
Money market funds	2,130	2,130		-
Mutual funds	32,348	32,348	-	-
	$ 65,151	$ 49,332	$ 14,926	$ 893

Fair values of assets measured at June 30, 2018 are as follows:

	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Pooled investments:				
Bond funds	$ 15,610	$ -	$ 15,610	$ -
Commodity funds	2,898	2,898	-	-
Equity bonds	19,044	19,044	-	-
Foreigh equity funds	20,086	20,086	-	-
Limited partnerships	740	-	-	740
Money market funds	3,274	3,274		-
	$ 61,652	$ 45,302	$ 15,610	$ 740

Investments are part of the board-designated endowment fund and are managed by an affiliate organization, the Nevada Community Foundation, Inc. ("NCF"). The investments are pooled with master investment accounts of the NCF and are primarily invested in bonds, equities, and mutual funds.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Limited partnerships are investments in limited partnerships that invest primarily in other limited partnerships for the purpose of making investments in international private equity investments, equity securities, warrants or other options that are generally not actively traded at the time of the investment. Generally, the partnership may not transfer or withdraw its investment in limited partnerships prior to their termination. Since the investments are valued using unobservable inputs and do not permit redemption at the measurement date, such investments are classified as Level 3 of the fair value hierarchy. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

The following table presents information about fair value measurements that use significant unobservable inputs (Level 3) for the years ended June 30:

	2019	2018
Limited partnerships		
Balance - Beginning of Year	$ 740	$ 775
Total gains or losses recognized in the change in net assets without donor restrictions:		
Change in value of limited partnerships	153	(35)
Balance - End of Year	$ 893	$ 740

The Board of Directors reviews and approves the Foundation's fair value measurement policies and procedures on an as-needed basis. The Board determines if the valuation techniques used in fair value measurements are still appropriate. The policies, procedures, and valuation techniques used in fair value measurements have remained unchanged for the years ended June 30, 2019 and 2018.

NOTE 6 – NET ASSETS

Net Assets with Donor Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2019	2018
Subject to expenditure for specified purpose and/or passage of time:		
After school program	$ 1,288	$ 20,266
Educational support	72,898	-
Learning center	62,000	60,000
Other	32,500	-
Preschool	90,000	-
STEAM/Robotics	-	443
	$ 258,686	$ 80,709

As of June 30, 2019 and 2018, net assets with donor restrictions consist of cash and cash equivalents of $226,186 and $80,709, and unconditional promises to give of $32,500 and $0, respectively.

NOTE 6 – NET ASSETS (Continued)

Net Assets without Donor Restrictions

As of June 30, 2019 and 2018, the Foundation's governing board has designated, from net assets without donor restrictions of $513,492 and $747,194, respectively, net assets for the purpose of establishing a board-designated endowment fund for the long-term financial security of the Foundation and to support the mission of the Foundation of $65,713 and $62,211.

NOTE 7 – ENDOWMENT

The Board of Directors established an endowment fund ("Fund") administered by the NCF on August 1, 2007 for the long-term security of the Foundation. As of June 30, 2019, the Board of Directors had designated $65,713 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions (as further discussed in Note 6). The principle of the Fund ($50,000) is intended to be held in perpetuity while the income generated by the Fund is intended to be used for programs and operations. The principle and income can be withdrawn from the Fund with approval from three quarters of the Board of Directors of the Foundation. The Fund is classified as a long-term asset on the statement of financial position because the intent of the Board is to hold the Fund for an extended time period.

Laws and regulations allow the governing board to appropriate so much of an endowment fund as is prudent considering the following relevant factors: the duration and preservation of the endowment fund, the purposes of the Foundation and the endowment fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, the Foundation's other resources, and the Foundation's investment policy.

The Foundation has a spending policy in which the principal is not to be spent unless it is absolutely necessary for mission critical expenditures. To achieve that objective, the Foundation has an investment policy and its primary investment goal is to minimize the risk of loss of principal while providing a reasonable level of current and future income, as well as provide for a modest appreciation of principal over time. The investment revenue earned during the year is considered unrestricted and can be used for the Foundation's programs and operations.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions if needed, while growing the fund 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.

The following table presents the composition of and changes in endowment net assets for the years ended June 30:

	2019	2018
Board-designated endowment net assets, beginning of year	$ 62,211	$ 59,720
Investment income	1,741	1,274
Net depreciation	2,987	2,451
Amounts appropriated for expenditure	(1,226)	(1,234)
Board-designated endowment net assets, end of year	$ 65,713	$ 62,211

NOTE 8 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Foundation's board members and employee donations totaled $97,529 and $492,416, which accounted for 11% and 53% of total contributions, respectively.

As of June 30, 2019 and 2018, unconditional promises to give included $255,000 and $406,000 of pledges receivable from the Foundation's board members.

NOTE 9 – CONCENTRATIONS

For the year ended June 30, 2019, approximately 30% of the Foundation's revenues was provided by two major contributors. For the year ended June 30, 2018, approximately 47% of the Foundation's revenues was provided by three major contributors, two of which were related parties. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

NOTE 10 – LEASE AGREEMENTS

The Foundation entered into a commercial lease agreement in August 2017. The lease has an original term of nine months through May 31, 2018, with a three-year extension which has been exercised. Future monthly rent payments are $15,274 with 3% annual increases. In connection with the lease agreement, the Foundation also entered into a lease to purchase option agreement. In consideration of the purchase option, the Foundation paid $50,000 which is a non-refundable deposit but will be applied to the final purchase price in the event that the Foundation exercises the purchase option. The purchase option expires May 31, 2021. Future minimum payments under the lease agreement are as follows:

2020	$ 183,742
2021	173,050
	$ 356,792

Total rent expense for the years ended June 30, 2019 and 2018 was $181,104 and $28,329, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through October 16, 2019, the date on which the financial statements were available to be issued. No additional events were identified that would require additional disclosure.