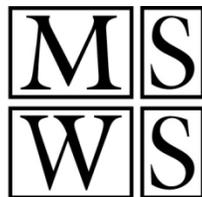


JUBILEE FOUNDATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020

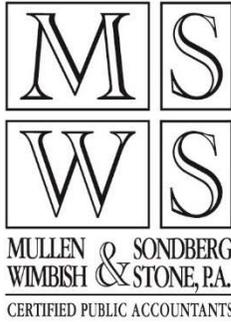


MULLEN SONDBERG WIMBISH & STONE, PA

CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>Page</u>
Independent auditor's report	1 - 2
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to the financial statements	7 - 18



888 Bestgate Road • Suite 310 • Annapolis, Maryland 21401

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Jubilee Foundation, Inc.
Kensington, Maryland

We have audited the accompanying financial statements of Jubilee Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, 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 of material misstatement.

An audit includes 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.

To the Board of Directors of
Jubilee Foundation, Inc.

Opinion

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

Report on Summarized Comparative Information

We have previously audited Jubilee Foundation, Inc.'s 2019 financial statements, and our report dated October 7, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
October 5, 2020

Jubilee Foundation, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS		2020	2019
CURRENT ASSETS			
Cash and cash equivalents		\$ 322,767	\$ 252,790
Investments		1,463,229	1,323,353
Other receivables		5,606	6,184
Unconditional promises to give		4,600	-
Prepaid expenses		-	2,803
Total current assets		1,796,202	1,585,130
PROPERTY AND EQUIPMENT			
Net of accumulated depreciation		164,753	163,353
OTHER ASSETS			
Unconditional promises to give, net of allowance and discount		12,119	-
Total assets		\$ 1,973,074	\$ 1,748,483
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ -	\$ 5,865
Deferred revenue		-	215
Total current liabilities		-	6,080
NET ASSETS			
Without donor restrictions			
Undesignated		477,542	265,236
Board-designated		298,301	283,888
Total without donor restrictions		775,843	549,124
With donor restrictions			
		1,197,231	1,193,279
Total net assets		1,973,074	1,742,403
Total liabilities and net assets		\$ 1,973,074	\$ 1,748,483

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

Jubilee Foundation, Inc.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020
With Summarized Financial Information for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
REVENUES, GAINS AND OTHER SUPPORT				
Contributions and fundraising	\$ 174,811	\$ 20,830	\$ 195,641	\$ 295,350
Special event, net of direct expenses	70,988	-	70,988	130,076
Investment income, net of fees	29,584	-	29,584	72,298
Rental income	23,400	-	23,400	23,400
Special events contributions	8,005	-	8,005	30,688
	<u>306,788</u>	<u>20,830</u>	<u>327,618</u>	<u>551,812</u>
Net assets released from restrictions	<u>16,878</u>	<u>(16,878)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>323,666</u>	<u>3,952</u>	<u>327,618</u>	<u>551,812</u>
EXPENSES				
Program services				
Grants to Association	52,700	-	52,700	200,000
Other programs	12,698	-	12,698	68,319
Total program services	<u>65,398</u>	<u>-</u>	<u>65,398</u>	<u>268,319</u>
Supporting services				
Fundraising	7,549	-	7,549	70,440
Management and general	24,000	-	24,000	56,483
Total supporting services	<u>31,549</u>	<u>-</u>	<u>31,549</u>	<u>126,923</u>
Total expenses	<u>96,947</u>	<u>-</u>	<u>96,947</u>	<u>395,242</u>
Change in net assets	226,719	3,952	230,671	156,570
NET ASSETS AT BEGINNING OF YEAR	<u>549,124</u>	<u>1,193,279</u>	<u>1,742,403</u>	<u>1,585,833</u>
NET ASSETS AT END OF YEAR	<u>\$ 775,843</u>	<u>\$ 1,197,231</u>	<u>\$ 1,973,074</u>	<u>\$ 1,742,403</u>

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

Jubilee Foundation, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020
With Summarized Financial Information for the Year Ended June 30, 2019

	Program Services		Supporting Services		Total	
	Grants to Association	Other Programs	Fundraising	Management and General	2020	2019
Grants to Jubilee Association	\$ 52,700	\$ -	\$ -	\$ -	\$ 52,700	\$ 200,000
Management fees	-	-	-	24,000	24,000	128,580
Depreciation	-	9,400	-	-	9,400	8,591
Advertising/fundraising	-	-	6,144	-	6,144	66,600
Postage and printing	-	-	5,740	-	5,740	25,621
Bad debt	-	-	4,700	-	4,700	-
Credit card fees	-	-	2,850	-	2,850	5,794
Repairs and maintenance	-	1,678	-	-	1,678	7,262
Professional fees	-	-	1,250	-	1,250	50,705
Jubilee client expenses	-	1,068	-	-	1,068	10,375
Utilities	-	552	-	-	552	520
Conferences and seminars	-	-	-	-	-	5,315
Software/computer services	-	-	-	-	-	3,550
Dues and subscriptions	-	-	-	-	-	1,874
Miscellaneous	-	-	-	-	-	11,262
Office supplies	-	-	-	-	-	1,091
Registration fees	-	-	-	-	-	300
Mileage	-	-	-	-	-	18
Total expenses	52,700	12,698	20,684	24,000	110,082	527,458
Less: special events expenses included with revenue in the statement of activities	-	-	(13,135)	-	(13,135)	(132,216)
Total expenses reported in the statement of activities	\$ 52,700	\$ 12,698	\$ 7,549	\$ 24,000	\$ 96,947	\$ 395,242

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

Jubilee Foundation, Inc.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 230,671	\$ 156,570
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,400	8,591
Contributions restricted for long term purpose	(18,600)	-
Change in discount and allowance on uncollectible pledges	1,881	-
Realized/unrealized (gain) loss on investments	18,114	(22,200)
(Increase) decrease in operating assets:		
Other receivables	578	42,566
Prepaid expenses	2,803	(2,803)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,865)	329
Deferred revenue	(215)	(1,735)
	<u>238,767</u>	<u>181,318</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments and reinvested earnings	(165,840)	(57,889)
Proceeds from sale of investments	7,850	67,801
Purchase of property and equipment	(10,800)	(10,709)
	<u>(168,790)</u>	<u>(797)</u>
Net cash used in investing activities		
Net change in cash and cash equivalents	69,977	180,521
Cash and cash equivalents at beginning of year	<u>252,790</u>	<u>72,269</u>
Cash and cash equivalents at end of year	<u>\$ 322,767</u>	<u>\$ 252,790</u>

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

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Nature and Organization

Jubilee Foundation, Inc. (the Foundation) was formed to support Jubilee Association of Maryland, Inc. (the Association), by, but not limited to, soliciting contributions, publicizing the work of the Association, granting funds to the Association, and acquiring and owning property for the benefit of the Association. The Association provides community-based residential services for individuals with developmental disabilities.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

The financial statement presentation follows the recommendations of ASC 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, the Foundation is required 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 Foundation. 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 other 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, where by 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.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Financial Statement Presentation (Cont.)

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Revenue Recognition – Contributions and Fundraising

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor-imposed restriction. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes, as the Foundation has had no significant unrelated business income.

Income Tax Position

The Foundation follows the guidance of ASC 740-10, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Foundation's financial statements.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Income Tax Position (Cont.)

The Foundation analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax exempt organization, activities performed by volunteers and Board Members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland State statute. The Foundation does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Foundation's financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after June 30, 2017 remain subject to examination by federal and state authorities.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, except those held in a brokerage account as part of an investment portfolio.

Investments

Investments consist of mutual funds and money market funds held in a brokerage account as part of an investment portfolio, and are presented in the financial statements at quoted fair values. The net realized and unrealized appreciation (depreciation) in market value of investments is reflected in the statement of activities.

Other Receivables

Other receivables include unpaid balances for sponsorships and advertising related to fundraising events, and amounts due from Jubilee Association of Maryland (see Note 7). Other receivables are stated at the amount management expects to collect from outstanding balances. The Foundation provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on management's assessment of the current status of individual accounts. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The balance of the allowance for doubtful accounts related to other receivables at June 30, 2020 and 2019 was \$-0-.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Unconditional Promises to Give

Contributions are recognized when the donor makes a pledge to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions.

The Foundation uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises to give. The allowance for uncollectible unconditional promises to give totaled \$1,800 as of June 30, 2020.

Concentration of Cash Balances

At June 30, 2020 and 2019 and at various times during the fiscal years then ended, the Organizations maintained cash balances in excess of the federally insured limit. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2020 and 2019 amounts held in excess of the FDIC insured coverage limit were approximately \$70,000 and \$3,000, respectively.

Property and Equipment

Property and equipment acquisitions over \$1,000 are capitalized and carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Gifts of long-lived assets such as land, buildings or equipment are recorded at their fair values and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Allocation of Functional Expenses

Accounting principles generally accepted in the United States of America require all non-profit organizations to present their expenses on a functional basis, separating program services from management and general and fundraising expenses. Accordingly, certain supporting general and administrative costs have been allocated among the programs and supporting services benefited. Program services include grants to Jubilee Association to support the activities of community residential services provided to adults with developmental disabilities. Management and general services provide for the direction of the overall affairs of the Foundation through executive, financial, and administrative services. Fundraising provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Cont.)

Reclassifications

Certain reclassifications of prior year balances were made to conform to current year presentation.

New Accounting Pronouncement

On July 1, 2019, the Foundation adopted *ASU 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made."* This standard provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contributions versus an exchange. *ASU 2018-08* has been applied retrospectively to all periods presented. The adoption of *ASU 2018-08* did not have any impact on the Foundation's financial position, result of operations or cash flows.

Note 2 - Availability and Liquidity

The following represents the Foundation's financial assets at June 30:

Financial assets at year end:	2020	2019
Cash and cash equivalents	\$ 322,767	\$ 252,790
Investments	1,463,229	1,323,353
Other receivables	5,606	6,184
Unconditional promises to give	16,719	-
Total financial assets	1,791,602	1,582,327
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 1,197,231	\$ 1,193,279
Board designated funds	298,301	283,888
Total amounts not available to be used within one year	1,495,532	1,477,167
Financial assets available to meet general expenditures over next twelve months	\$ 296,070	\$ 105,160

The Foundation's goal is to establish at least 3 months of average recurring operating costs in available liquidity (approximately \$24,000). Monthly average recurring operating costs are calculated by dividing total operating expenses for the year by 12 months.

In addition to the financial assets available to meet general expenditures over the next twelve months listed above, the Foundation also has a Board designated reserve fund available (upon Board committee approval, see Note 8) to meet cash flow needs (if needed).

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 3 - Fair Value Measurement

ASC 820, "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under *FASB ASC 820* are as described as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include:

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

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

Level 3: Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

Money Market Funds

A money market fund is valued at original cost, which equals fair value, it is a mutual fund that invests solely in cash and cash equivalent securities, which are also called money market instruments. These vehicles are very liquid short-term investments with high credit quality.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Unconditional Promises to Give

Valued at present value of estimated future cash flows using a discount rate of 0.29% as of June 30, 2020. The discount rate is based on the five year Daily Treasury Yield Curve Rate as of June 30, 2020.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 3 - Fair Value Measurement (Cont.)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 6,388	\$ -	\$ -	\$ 6,388
Mutual funds:				
Fixed income	357,822	-	-	357,822
International	291,205	-	-	291,205
Large core	207,021	-	-	207,021
Large value	141,686	-	-	141,686
Tactical	108,649	-	-	108,649
Large growth	85,418	-	-	85,418
Small growth	78,048	-	-	78,048
Mid growth	78,252	-	-	78,252
Fixed income international funds	43,261	-	-	43,261
Real estate	61,864	-	-	61,864
Short term	3,615	-	-	3,615
Total mutual funds	<u>1,456,841</u>	<u>-</u>	<u>-</u>	<u>1,456,841</u>
Total investments	<u>\$ 1,463,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,463,229</u>
Unconditional promises to give	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,719</u>	<u>\$ 16,719</u>
	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 7,826	\$ -	\$ -	\$ 7,826
Mutual funds:				
Fixed income	325,902	-	-	325,902
International	264,198	-	-	264,198
Large core	171,745	-	-	171,745
Large value	129,826	-	-	129,826
Tactical	99,009	-	-	99,009
Large growth	73,922	-	-	73,922
Small growth	71,154	-	-	71,154
Mid growth	69,784	-	-	69,784
Fixed income international funds	39,537	-	-	39,537
Real estate	37,651	-	-	37,651
Commodities	32,799	-	-	32,799
Total mutual funds	<u>1,315,527</u>	<u>-</u>	<u>-</u>	<u>1,315,527</u>
Total investments	<u>\$ 1,323,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,353</u>

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 4 - Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2020	2019
Pledges receivable in less than one year	\$ 4,600	\$ -
Pledges receivable due in one to five years	14,000	-
 Total pledges receivable	 18,600	 -
Less: discounts to net present value	(81)	-
Less: allowance for doubtful accounts	(1,800)	-
	\$ 16,719	\$ -

The Foundation elected to follow *FASB ASC 825* to account for changes in fair value for unconditional promises to give. Unconditional promises to give are reflected at present value of estimated future cash flows using a discount rate of 0.29%, based on the five year Daily Treasury Yield Curve Rate as of June 30, 2020.

Note 5 - Property and Equipment

Property and equipment consisted of the following at June 30:

	Estimated Life	2020	2019
Land	--	\$ 67,500	\$ 67,500
Buildings and improvements	25 years	246,077	235,277
Furniture and equipment	10 years	4,500	4,500
		318,077	307,277
Less accumulated depreciation		(153,324)	(143,924)
		\$ 164,753	\$ 163,353

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$9,400 and \$8,591, respectively.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 6 - Rental Income

The Foundation leases the property at 11611 Channing Drive located in Silver Spring, Maryland. The lease is a month to month agreement.

Rental income for the years ended June 30, 2020 and 2019 was \$23,400.

Note 7 - Related Party Transactions

The Foundation and the Association share common facilities, staff, and other costs which are paid by the Association. The Association established a management contract with the Foundation for these services, which are billed monthly with any additional direct costs incurred by the Association. Management fees for the years ended June 30, 2020 and 2019 amounted to \$24,000 and \$128,580, respectively.

The Foundation was formed to support the Association by, but not limited to, soliciting contributions, publicizing the work of the Association, granting funds to the Association, and acquiring and owning property for the benefit of the Association. Contributions provided by the Foundation to the Association for the years ended June 30, 2020 and 2019 amounted to \$52,700 and \$200,000, respectively.

As of June 30, 2020 and 2019, amounts due from the Association which are included in accounts receivable totaled \$5,606 and \$3,284, respectively.

Note 8 - Board Designated Net Assets Without Donor Restrictions

The Board of Directors has designated a portion of the Foundation's net assets for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Funds functioning as endowment	\$ 288,998	\$ 263,785
Renovations and improvements	<u>9,303</u>	<u>20,103</u>
Total	<u><u>\$ 298,301</u></u>	<u><u>\$ 283,888</u></u>

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30:

	2020	2019
The Employee Recognition fund	\$ 1,050,468	\$ 1,062,678
Kline client social & spiritual fund	123,002	123,252
Unconditional promises to give	16,719	-
Dental fund	5,436	5,743
Julian Pendelton Memorial	1,606	1,606
Total net assets with donor restrictions	\$ 1,197,231	\$ 1,193,279

Note 10 - Endowment Funds

The Foundation has established an endowment fund. Management follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of Maryland. As a result, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies. Although funds without donor restrictions functioning as endowment are not subject to donor restrictions, decisions to spend their principal require the approval of the Board of Directors.

Investment Return Objectives, Risk Parameters and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. In order to maintain the purchasing power of the endowment and the income flow, the long-term annualized rate of return objective is to equal or exceed inflation plus 3%.

Spending Policy: The Foundation has a spending policy where all endowment earnings are to be used to underwrite the benefits. During the year ended June 30, 2020 and 2019 the Board of Director's approved a payout of \$12,700 and \$60,000 respectively.

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 10 - Endowment Funds (Cont.)

Endowment net asset consist of the following for the year ended June 30:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 288,998	\$ 1,050,468	\$ 1,339,466
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 263,785	\$ 1,062,678	\$ 1,326,463

Changes in endowment net assets are as follows for the year ended June 30:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 263,785	\$ 1,062,678	\$ 1,326,463
Contributions	9,100	3,600	12,700
Investment income, net of fees	47,698	-	47,698
Net depreciation	(18,114)	(3,110)	(21,224)
Amounts appropriated for expenditure	(13,471)	(12,700)	(26,171)
Endowment net assets, end of year	\$ 288,998	\$ 1,050,468	\$ 1,339,466

Jubilee Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2020

Note 10 - Endowment Funds (Cont.)

Changes in endowment net assets are as follows for the year ended June 30:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 191,487	\$ 1,119,578	\$ 1,311,065
Contributions	-	3,100	3,100
Investment income, net of fees	50,098	-	50,098
Net appreciation	22,200	-	22,200
Amounts appropriated for expenditure	-	(60,000)	(60,000)
Endowment net assets, end of year	\$ 263,785	\$ 1,062,678	\$ 1,326,463

Note 11 - Special Events

The direct costs of special events have been netted with special events revenue. Special events revenue and direct costs consisted of the following for the years ended June 30:

	2020	2019
Revenues	\$ 84,123	\$ 262,292
Direct expenses	(13,135)	(132,216)
Net revenues	\$ 70,988	\$ 130,076

Note 12 - Subsequent Events

The Foundation has evaluated the impact of significant subsequent events. There have been no subsequent events through October 5, 2020, the date the Foundation's financial statements were available to be issued, that require recognition or disclosure.