

FRIENDS OF WOODSTOCK SCHOOL, INC.

FINANCIAL STATEMENTS

With Independent Accountant's Review Report

YEARS ENDED JUNE 30, 2021 AND 2020

FRIENDS OF WOODSTOCK SCHOOL, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT	2 - 3
STATEMENTS OF FINANCIAL POSITION	
June 30, 2021 and 2020	4
STATEMENTS OF ACTIVITIES	
Years ended June 30, 2021 and 2020	5
STATEMENTS OF FUNCTIONAL EXPENSES	
Years ended June 30, 2021 and 2020	6
STATEMENTS OF CASH FLOWS	
Years ended June 30, 2021 and 2020	7
NOTES TO FINANCIAL STATEMENTS	8 - 17

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

April 13, 2022

Board of Directors
Friends of Woodstock School, Inc.
Freeland, Washington

We have reviewed the accompanying statement of financial position of Friends of Woodstock School, Inc. (a nonprofit corporation), as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The June 30, 2020 financial statements were reviewed by other accountants and their report thereon, dated March 22, 2021, stated they were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	\$ 85,386	\$ 106,757
Investments	3,034,703	2,972,224
Promise to Give	18,000	-
Prepays and Deposits	7,409	4,395
	<u>3,145,498</u>	<u>3,083,376</u>
Total Current Assets		
Promise to Give - Long-Term	-	18,000
Assets Held in Trust	328,640	281,567
Endowment Investments	3,447,598	2,848,450
	<u>\$ 6,921,736</u>	<u>\$ 6,231,393</u>

<u>LIABILITIES AND NET ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Current Liabilities		
Accounts Payable	\$ 73	\$ 67
Grants Payable	46,000	46,000
	<u>46,073</u>	<u>46,067</u>
Total Current Liabilities		
Net Assets		
Without Donor Restriction	<u>2,793,406</u>	<u>2,526,115</u>
With Donor Restriction		
Purpose Restrictions	1,510,351	1,168,466
Perpetual Restrictions	2,571,906	2,490,745
Total With Donor Restrictions	<u>4,082,257</u>	<u>3,659,211</u>
Total Net Assets	<u>6,875,663</u>	<u>6,185,326</u>
	<u>\$ 6,921,736</u>	<u>\$ 6,231,393</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	With Donor Restrictions				With Donor Restrictions			
	Without donor restrictions	Purpose restriction	Perpetual in nature	Total	Without donor restrictions	Purpose restriction	Perpetual in nature	Total
Public Support and Revenue								
Contributions	\$ 77,244	\$ 123,819	\$ 22,752	\$ 223,815	\$ 82,557	\$ 92,464	\$ 22,896	\$ 197,917
Conference Revenue	-			-	53,936			53,936
Interest and Dividends	55,544	42,076		97,620	41,894	59,735		101,629
Return on Investments	625,594	623,722		1,249,316	(40,191)	(37,879)		(78,070)
Change in Assets Held in Trust	47,073			47,073	(10,121)			(10,121)
Pledge Bad Debt Write-Off	-			-	8,000		(8,000)	-
Other Revenue	470			470	7,006			7,006
Transfer for Mandatory Accumulation	(340)	(58,069)	58,409	-	120	(14,427)	14,307	-
Net Assets Released from Restrictions	389,663	(389,663)		-	54,653	(54,653)		-
Total Public Support and Revenue	1,195,248	341,885	81,161	1,618,294	197,854	45,240	29,203	272,297
Expenses								
Program Services	824,804			824,804	140,200			140,200
Management and General	75,666			75,666	86,694			86,694
Fundraising	27,487			27,487	27,986			27,986
Total Expenses	927,957			927,957	254,880			254,880
Total Change in Net Assets	267,291	341,885	81,161	690,337	(57,026)	45,240	29,203	17,417
Net Assets - Beginning of Year	2,526,115	1,168,466	2,490,745	6,185,326	2,583,141	1,123,226	2,461,542	6,167,909
Net Assets - End of Year	\$ 2,793,406	\$ 1,510,351	\$ 2,571,906	\$ 6,875,663	\$ 2,526,115	\$ 1,168,466	\$ 2,490,745	\$ 6,185,326

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program services	Management and general	Fundraising activities	Total	Program services	Management and general	Fundraising activities	Total
Salaries and Wages	\$ 20,710	\$ 36,432	\$ 20,594	\$ 77,736	\$ 20,969	\$ 37,547	\$ 20,445	\$ 78,961
Payroll Taxes	1,628	3,905	976	6,509	-	6,866	-	6,866
Employee Benefits	1,010	2,423	605	4,038	1,006	2,415	604	4,025
	<u>23,348</u>	<u>42,760</u>	<u>22,175</u>	<u>88,283</u>	<u>21,975</u>	<u>46,828</u>	<u>21,049</u>	<u>89,852</u>
Designated Grants	676,022	-	-	676,022	41,153	-	-	41,153
Scholarship Grants	116,579	-	-	116,579	13,500	-	-	13,500
Professional Fees	2,170	7,758	1,302	11,230	331	8,664	199	9,194
Occupancy	2,791	6,698	1,675	11,164	2,378	5,708	1,427	9,513
Printing/Publications	1,229	5,428	737	7,394	315	997	1,720	3,032
Bank Fees	-	6,135	-	6,135	-	6,915	-	6,915
Maintenance	1,013	2,430	608	4,051	409	1,221	245	1,875
Insurance	609	1,460	365	2,434	611	1,465	366	2,442
Telephone/Internet/Conference Calls	426	926	255	1,607	1,297	3,114	778	5,189
Postage and Shipping	265	1,136	160	1,561	204	750	751	1,705
Office Supplies	343	878	205	1,426	509	840	305	1,654
Miscellaneous	9	41	5	55	-	87	896	983
Travel	-	16	-	16	435	999	250	1,684
Conferences	-	-	-	-	57,083	-	-	57,083
Bad Debt	-	-	-	-	-	8,000	-	8,000
Office Relocation	-	-	-	-	-	1,106	-	1,106
Total Expenses	<u>\$ 824,804</u>	<u>\$ 75,666</u>	<u>\$ 27,487</u>	<u>\$ 927,957</u>	<u>\$ 140,200</u>	<u>\$ 86,694</u>	<u>\$ 27,986</u>	<u>\$ 254,880</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash Received from:		
Donors	\$ 201,063	\$ 205,777
Investment	-	77,290
Other revenue	470	60,942
Cash Paid for:		
Grants	(795,615)	(103,153)
Personnel	(77,736)	(89,852)
Services and supplies	<u>(57,614)</u>	<u>(145,771)</u>
Net Cash (Used) Provided by Operating Activities	<u>(729,432)</u>	<u>5,233</u>
Cash Flows from Investing Activities		
Purchases of investments	-	(3,602,153)
Proceeds from sale of investments	<u>685,309</u>	<u>3,583,978</u>
Net Cash Provided (Used) by Investing Activities	<u>685,309</u>	<u>(18,175)</u>
Cash Flows Provided by Financing Activities		
Proceeds from contributions restricted to endowments	<u>22,752</u>	<u>(5,897)</u>
Changes in Cash and Cash Equivalents	(21,371)	(18,839)
Cash and Cash Equivalents - Beginning of Year	<u>106,757</u>	<u>125,596</u>
Cash and Cash Equivalents - End of Year	<u>\$ 85,386</u>	<u>\$ 106,757</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Friends of Woodstock School (FWS) is organized and operated exclusively for charitable and educational purposes, in particular, to furnish financial and administrative aid and support for educational programs in the United States and foreign countries.

Basis of Presentation

Friends of Woodstock School presents its financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, Friends of Woodstock School is required to report information regarding its financial position and activities based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net assets with donor restrictions consist of the following:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Purpose Restrictions:					
Designated Projects	\$ 336,119	\$ 104,991	\$ (222,507)	\$ 240	\$ 218,843
Scholarships	369,032	420,156	(116,579)	100	672,709
Staff Development	188,989	1,130	-	-	190,119
Staff Recruitment	50,577	-	(50,577)	-	-
Legacy	<u>223,749</u>	<u>263,340</u>	<u>-</u>	<u>(58,409)</u>	<u>428,680</u>
	1,168,466	789,617	(389,663)	(58,069)	1,510,351
Perpetual Restrictions	<u>2,490,745</u>	<u>22,752</u>	<u>-</u>	<u>58,409</u>	<u>2,571,906</u>
	<u>\$ 3,659,211</u>	<u>\$ 812,369</u>	<u>\$ (389,663)</u>	<u>\$ 340</u>	<u>\$ 4,082,257</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Internal Revenue Service has recognized Friends of Woodstock School, Inc. as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Cash and Cash Equivalents

Cash and cash equivalents represent checking and money market accounts.

Fair Value Measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

Investments

Investments are reported at their fair values in the statements of financial position.

Furniture and Equipment

Furniture and equipment are stated at cost or if donated at fair market value at the date of donation. Furniture and equipment costing over \$1,000 are capitalized and depreciated over their useful lives of three to five years using the straight-line method. As of June 30, 2021, property and equipment of \$5,753 was fully depreciated.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Promises to give are shown at net realizable value. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give recognize when the conditions on which they depend are substantially met.

Unconditional promises to give as of June 30, 2021 and 2020 were due as follows:

Receivable in less than one year	\$ 50,000
Receivable in one to five years	<u>-</u>
Total unconditional promises to give	50,000
Less:	
Allowance for uncollectible promises to give	(25,000)
Discount to present value	<u>(7,000)</u>
	<u>\$ 18,000</u>

Promises to give receivable in more than one year are discounted to present value using a risk-free rate of return of 3.5%.

Grants Payable

Grants payable consist of unconditional funding commitments made to Woodstock School.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair value at the date of donation.

Support and Revenue Recognition

FWS recognizes revenue from conference fees in the period the conference is held. FWS recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been met.

Contributions restricted by donors are reported as increases in net assets with donor restrictions when received. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on estimated percentage of time.

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

NOTE B - ASSETS HELD IN TRUST

FWS is named as remainderman in certain charitable remainder trust agreements administered by others (life income gifts and life insurance policies). The terms of these agreements provide for the disbursement of the trust assets to FWS upon the death of the final beneficiary. During the life of the beneficiaries, certain payments are made from trust assets as prescribed in the agreements.

FWS is also the beneficiary of a perpetual trust (Hezlep Trust) administered by a third party. Under the terms of the agreement, interest and dividends are distributed to FWS on a quarterly basis. Assets held in trust are stated at fair value using the net present value of future cash flows, which approximates the value of the underlying investments held in the trust and is a level 3 input.

NOTE C - LIQUIDITY AND AVAILABILITY

Friends of Woodstock School (FWS) regularly monitors liquidity required to meet its operating and program needs, while striving to maximize the investment of its available funds. FWS has various sources of liquidity at its disposal including cash and cash equivalents, and an investment portfolio that can be liquidated to cash on a daily basis. For purposes of analyzing resources available to meet expenditures over a 12-month period, FWS considers all expenditures related to its ongoing needs.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2021</u>	<u>2020</u>
Total Financial Assets	\$6,914,327	\$ 6,226,998
Less: Long term promises	-	(18,000)
Less: Restricted by donor with time or purpose restrictions	<u>(4,082,257)</u>	<u>(3,659,211)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,832,070</u>	<u>\$ 2,549,787</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE D - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis as of June 30 are as follows:

As of June 30, 2021	Level of Fair Value Inputs			Total
	(Level 1)	(Level 2)	(Level 3)	
US Equity	\$ 1,778,755	\$ -	\$ -	\$ 1,778,755
International Equity	515,293	-	-	515,293
Global High Yield Fixed Income Fund	-	365,574	-	365,574
Emerging Markets	180,605	-	-	180,605
Intermediate Duration	771,151	-	-	771,151
Global Equity	601,141	-	-	601,141
Bernstein MML	308,775	-	-	308,775
Bernstein Multi-Manage Alternative	664,606	-	-	664,606
Bernstein Intl. Equity	539,635	-	-	539,635
Global Fixed Income Funds	-	756,766	-	756,766
	<u>5,359,961</u>	<u>1,122,340</u>	<u>-</u>	<u>6,482,301</u>
Cash Surrender Value of Life Insurance	-	-	89,195	89,195
Hezlep Trust	-	-	239,445	239,445
Assets Held in Trust	-	-	328,640	328,640
Total Assets Shown at Fair Value	<u>\$ 5,359,961</u>	<u>\$ 1,122,340</u>	<u>\$ 328,640</u>	<u>\$ 6,810,941</u>

As of June 30, 2020	Level of Fair Value Inputs			Total
	(Level 1)	(Level 2)	(Level 3)	
US Equity	\$ 1,504,047	\$ -	\$ -	\$ 1,504,047
International Equity	467,618	-	-	467,618
Global High Yield Fixed Income Fund	-	310,137	-	310,137
Emerging Markets	141,182	-	-	141,182
Intermediate Duration	739,863	-	-	739,863
Global Equity	462,646	-	-	462,646
Bernstein FSOF II	151,177	-	-	151,177
Bernstein MML	266,967	-	-	266,967
Bernstein Multi-Manage Alternative	601,670	-	-	601,670
Bernstein Intl. Equity	416,395	-	-	416,395
Global Fixed Income Funds	-	758,971	-	758,971
	<u>4,751,565</u>	<u>1,069,108</u>	<u>-</u>	<u>5,820,673</u>
Cash Surrender Value of Life Insurance	-	-	93,756	93,756
Hezlep Trust	-	-	187,811	187,811
Assets Held in Trust	-	-	281,567	281,567
Total Assets Shown at Fair Value	<u>\$ 4,751,565</u>	<u>\$ 1,069,108</u>	<u>\$ 281,567</u>	<u>\$ 6,102,240</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE D - FAIR VALUE MEASUREMENTS (continued)

Alternative investments consist of the Alliance Bernstein Unconstrained Bond Fund. This fund is valued at Net Asset Value and has been audited annually by Ernst and Young LLP. The objective of the fund is to generate income consistent with the preservation of capital. Investments in this category for which there is no readily determinable market value are classified as Level 3, as the valuation is based on significant unobservable inputs. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the fund manager. The investments have no restrictions on redemption.

	Cash surrender of <u>life insurance</u>	Hezlep trust	<u>Total</u>
Fair Value as of June 30, 2019	\$ 97,104	\$ 194,584	\$ 291,688
Additions (subtractions)	-	-	-
Total gain (loss) in change in net assets	<u>(3,348)</u>	<u>(6,773)</u>	<u>(10,121)</u>
Fair Value as of June 30, 2020	93,756	187,811	281,567
Additions (subtractions)	-	-	-
Total gain (loss) in change in net assets	<u>(4,561)</u>	<u>51,634</u>	<u>47,073</u>
Fair Value as of June 30, 2021	<u>\$ 89,195</u>	<u>\$ 239,445</u>	<u>\$ 328,640</u>

NOTE E - ENDOWMENTS

FWS' endowment funds consist of six individual funds established for the purpose of providing scholarships and other long-term needs. FWS' endowment funds include one Board-designated endowment fund and five donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. FWS accounts for its endowments in accordance with the "Uniform Prudent Management of Institutional Funds Act," (UPMIFA) as stated in the Revised Code of Washington (RCW) 24.55.

Interpretation of Relevant Law

FWS has determined that requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary is appropriate. As a result of this interpretation, FWS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE E - ENDOWMENTS (continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- (1) The duration and preservation of the fund.
- (2) The purposes of Friends of Woodstock School and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investment.
- (6) Other resources of Friends of Woodstock School.
- (7) The investment policies of Friends of Woodstock School.

Return Objectives and Risk Parameters

FWS has adopted investment policies for endowment assets that focus on long-term results. At a minimum, these policies attempt to provide a predictable stream of funding to programs supported by FWS while seeking to maintain the purchasing power of the endowment assets. Under the policy, the endowment assets are invested in a manner that is intended to produce maximum long-term total returns consistent with reasonable risk to principal for their asset category.

Strategies Employed for Achieving Objectives

To satisfy its long-term total return objectives, FWS relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. FWS targets a diversified asset allocation and has taken steps to move toward alternative investments of up to 15% of the total portfolio while reducing fixed income to 25% of the portfolio. This transition in allocation is expected to occur over a two year period. To facilitate this transition, FWS created an Investment Committee consisting of current Board members. Asset allocation as of June 30, 2021 was 53% equities, 17% fixed income, 22% alternative investments, 3% emerging markets and real estate, and 5% cash.

FWS' investment policy guidelines are reviewed and reconfirmed or revised on at least an annual basis. Performance of FWS' investments is reviewed on a regular basis by the Investment Committee and reported to the Board of Directors.

FWS' Endowed Scholarship Funds were established by written agreements with the originating donors. Under the agreements, the corpus is protected in perpetuity and only the temporarily restricted portion of the fund can be spent unless authorized by the originating donor.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE E - ENDOWMENTS (continued)

The FWS Legacy Endowment (the Fund) was established to provide individuals the opportunity to make charitable gifts to FWS that will become a permanent, general endowment for FWS, and a living memorial to those expressing their support for FWS. The purpose of the Fund is to create earnings for distributions that further the charitable and educational purpose of FWS.

Donations to the Fund are permanently restricted and invested. A portion of each year's net investment income, equal to the fiscal year's CPI-U(0.2% as of June 30, 2020) plus 1% and known as the "hold back" is reinvested to prevent erosion of the historic dollar value of the Fund. The "hold back" is added to the historic dollar value, and reclassified as permanently restricted. The balance of the net investment income may be spent where most needed as determined by the Board of Directors.

Endowment net assets consist of the following on June 30, 2021:

	Without donor restrictions	<u>With donor restrictions</u> Purpose restrictions	Perpetual in nature	<u>Total</u>
Bishop Pickett Scholarship	\$ -	\$ 143,441	\$ 169,390	\$ 312,831
Joseph Schoonmaker Scholarship	-	120,529	438,313	558,842
Elizabeth Schillington Scholarship	-	37,521	67,104	104,625
KG Singh Scholarship	-	32,082	100,370	132,452
FWS Legacy Fund	90,419	428,680	910,692	1,429,791
Li Chu Scholarship Endowment	-	261,142	647,915	909,057
Total Endowment Funds	<u>\$ 90,419</u>	<u>\$1,023,395</u>	<u>\$2,333,784</u>	<u>\$ 3,447,598</u>

Changes in endowment net assets for the year ended June 30, 2021:

	Without donor restrictions	<u>With donor restrictions</u> Purpose restrictions	Perpetual in nature	<u>Total</u>
Endowment Net Assets				
Beginning of Year	<u>\$ 71,059</u>	<u>\$ 524,768</u>	<u>\$2,252,623</u>	<u>\$ 2,848,450</u>
Investment Return	17,360	665,798	-	683,158
Contributions	2,000	-	22,752	24,752
Appropriated for Expenditures	-	(108,762)	-	(108,762)
Transfer for Mandatory Accumulation	-	(58,409)	58,409	-
Pledge Write-Off	-	-	-	-
Endowment Net Assets - End of Year	<u>\$ 90,419</u>	<u>\$1,023,395</u>	<u>\$2,333,784</u>	<u>\$ 3,447,598</u>

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE E - ENDOWMENTS (continued)

Endowment net assets consist of the following on June 30, 2020:

	<u>Without donor</u> <u>restrictions</u>	<u>Without donor restrictions</u> Purpose	<u>Perpetual in</u> <u>nature</u>	<u>Total</u>
Bishop Pickett Scholarship	\$ -	\$ 91,486	\$ 168,830	\$ 260,316
Joseph Schoonmaker Scholarship	-	29,781	419,236	449,017
Elizabeth Schillington Scholarship	-	22,169	66,104	88,273
KG Singh Scholarship	-	12,238	100,370	112,608
FWS Legacy Fund	71,059	223,749	850,168	1,144,976
Li Chu Scholarship Endowment	-	145,345	647,915	793,260
Total Endowment Funds	<u>\$ 71,059</u>	<u>\$ 524,768</u>	<u>\$2,252,623</u>	<u>\$ 2,848,450</u>

Changes in endowment net assets for the year ended June 30, 2020:

	<u>Without donor</u> <u>restrictions</u>	<u>With donor restrictions</u> Purpose	<u>Perpetual in</u> <u>nature</u>	<u>Total</u>
Endowment Net Assets				
Beginning of Year	<u>\$ 70,494</u>	<u>\$ 505,764</u>	<u>\$2,223,430</u>	<u>\$ 2,799,688</u>
Investment return	565	21,856	-	22,421
Contributions	-	24,955	22,886	47,841
Appropriated for Expenditures	-	(13,500)	-	(13,500)
Transfer for Mandatory Accumulation	-	(14,307)	14,307	-
Pledge Write-Off	-	-	(8,000)	(8,000)
Endowment Net Assets - End of Year	<u>\$ 71,059</u>	<u>\$ 524,768</u>	<u>\$2,252,623</u>	<u>\$ 2,848,450</u>

NOTE F - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. Management is continually evaluating the ongoing impacts of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on FWS' financial position change in net assets and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

FRIENDS OF WOODSTOCK SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE G - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2021 through April 13, 2022 which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2021, including the estimates inherent in the processing of financial statements.