MENNONITE EDUCATION AGENCY, INC.
AND AFFILIATE
Elkhart, Indiana

CONSOLIDATED
FINANCIAL STATEMENTS
June 30, 2020 and 2019

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mennonite Education Agency, Inc. and Affiliate
Elkhart, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mennonite Education Agency, Inc. and Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit also involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mennonite Education Agency, Inc. and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the consolidated financial statements, the Organization has adopted ASU 2014-09 - *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08 - *Not-for-Profit Entities* (Topic 958) for the year ended June 30, 2020. Our opinion is not modified with respect to these matters.

Crowe LLP

Crowe LLP

South Bend, Indiana
October 16, 2020

	2020	2019
ASSETS		
Cash and cash equivalents	$ 343,811	$ 126,773
Investment in insurance reserve	45,163	61,009
Accounts receivable, net	65,660	147,728
Equipment		
Office equipment	41,345	42,395
Less accumulated depreciation	(26,465)	(20,789)
Net equipment	14,880	21,606
Investments	567,887	530,901
Investments - Agencies	159,259,700	163,119,863
	159,827,587	163,650,764
	$ 160,297,101	$ 164,007,880
LIABILITIES AND NET ASSETS		
Accounts payable and other liabilities	$ 237,060	$ 289,617
Accrued payroll and related taxes	20,038	3,974
Benefits payable	29,659	33,089
Capital lease obligation	13,233	17,020
Due to Agencies	159,259,700	163,119,863
Total liabilities	159,559,690	163,463,563
Net assets		
Without donor restrictions		
Undesignated	356,976	217,037
Board designated	119,219	119,224
Total without donor restrictions	476,195	336,261
With donor restrictions	261,216	208,056
Total net assets	737,411	544,317
	$ 160,297,101	$ 164,007,880

See accompanying notes to consolidated financial statements.

MENNONITE EDUCATION AGENCY, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains						
Contributions - conferences and congregations	$ 154,957	$ -	$ 154,957	$ 137,524	$ -	$ 137,524
Contributions - Hispanic Ministries	-	90,572	90,572	-	69,280	69,280
Contributions - Racial/Ethnic Leadership Education	-	35,322	35,322	-	32,688	32,688
Contributions - other	153,312	87,235	240,547	82,579	1,039	83,618
Program support from institutions	310,320	-	310,320	317,932	-	317,932
Bequests	30,970	-	30,970	22,927	-	22,927
Program service revenue - Hispanic Ministries	37,155	-	37,155	58,408	-	58,408
Program service revenue - consulting income	212,669	-	212,669	16,505	-	16,505
Program service revenue - investment fund expense reimbursement	241,804	-	241,804	235,510	-	235,510
Investment income	14,224	7,985	22,209	11,966	5,303	17,269
Other	4,986	-	4,986	16,079	-	16,079
Gain on sale of equipment	-	-	-	340	-	340
Net realized and unrealized gains (losses) on investments	(13,001)	(9,041)	(22,042)	1,925	2,608	4,533
Net assets released from purpose and time restrictions	158,913	(158,913)	-	130,352	(130,352)	-
Total revenue, support, and gains	1,306,309	53,160	1,359,469	1,032,047	(19,434)	1,012,613
Expenses						
Program						
Institutional relations	498,650	-	498,650	504,482	-	504,482
Hispanic Ministries	162,841	-	162,841	156,760	-	156,760
Racial/Ethnic Leadership Education	18,233	-	18,233	18,058	-	18,058
Church relations	101,182	-	101,182	115,679	-	115,679
Special projects	191,780	-	191,780	18,654	-	18,654
Total program	972,686	-	972,686	813,633	-	813,633
Supporting services						
General and administrative	117,636	-	117,636	127,967	-	127,967
Fundraising	16,049	-	16,049	17,076	-	17,076
First Fruits to Mennonite Church USA Executive Board	60,004	-	60,004	64,227	-	64,227
Total supporting services	193,689	-	193,689	209,270	-	209,270
Total expenses	1,166,375	-	1,166,375	1,022,903	-	1,022,903
Change in net assets	139,934	53,160	193,094	9,144	(19,434)	(10,290)
Net assets, beginning of year	336,261	208,056	544,317	327,117	227,490	554,607
Net assets, end of year	$ 476,195	$ 261,216	$ 737,411	$ 336,261	$ 208,056	$ 544,317

See accompanying notes to consolidated financial statements.

MENNONITE EDUCATION AGENCY, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 193,094	$ (10,290)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	6,726	6,098
Net realized and unrealized losses (gains) on investments	22,042	(4,533)
Change in fair value of investment in insurance pool	15,846	(15,186)
Change in assets and liabilities		
Accounts receivable	82,068	(120,264)
Prepaid expenses	-	1,000
Accounts payable and other liabilities	(52,557)	3,240
Accrued payroll and related taxes	16,064	(6,445)
Benefits payable	(3,430)	(1,745)
Net cash from operating activities	279,853	(148,125)
Cash flows used in investing activities		
Purchases of equipment	-	(1,854)
Proceeds from sale of equipment	-	340
Proceeds from sale of investments	9,000	12,316
Purchases of investments	(68,028)	(17,585)
Net cash used in investing activities	(59,028)	(6,783)
Cash flows used in financing activities		
Principal payments on capital lease obligation	(3,787)	(4,731)
Net cash used in financing activities	(3,787)	(4,731)
Net change in cash and cash equivalents	217,038	(159,639)
Cash and cash equivalents at beginning of year	126,773	286,412
Cash and cash equivalents at end of year	$ 343,811	$ 126,773
Supplemental disclosure		
Investments - Agencies operating activity:		
Net realized and unrealized gains and losses	$ 253,673	$ 4,603,848
Net cash activity	(4,037,850)	(4,148,982)
Total increase in Investments - Agencies and Due to Agencies	$ (3,784,177)	$ 454,866
Non-cash investing and financing activity:		
Purchase of equipment under capital lease	$ -	$ 19,899

See accompanying notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Mennonite Education Agency, Inc. (MEA) works with elementary and secondary schools, colleges, universities, and seminaries to provide a Mennonite education experience to almost 10,000 students of all ages. MEA also works with conferences, congregations, and individuals throughout the church involved in the unique qualities of Mennonite education.

The Mennonite Education Agency Investment Fund LLC (the Fund) performs the duties of the investment committee. MEA is the sole member of the Fund and appoints 100% of the Fund's Board of Managers. The Fund is responsible for the continued oversight and direction of the pooled endowment fund.

MEA is one of five church-wide program boards of Mennonite Church USA. The other affiliated program boards consist of Mennonite Mission Network, Everence, Mennonite Publishing Network, and Mennonite Health Services Alliance. Mennonite Church USA consists of congregations that are affiliated with one another in regional district conferences. The conferences serve as the main administrative structure for congregations. The conferences are represented at a General Assembly that meets every two years to act in matters of interest to the Mennonite Church USA constituency. The Executive Board of Mennonite Church USA functions on behalf of the General Assembly when the Assembly is not in session.

MEA contributes approximately 10% of its next fiscal year's projected unrestricted revenue, adjusted for investment management fees and net assets released from restriction, to Mennonite Church USA as its contribution under the First Fruits Program. For the years ended June 30, 2020 and 2019, amounts contributed to Mennonite Church USA were $60,004 and $64,227 respectively.

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of Mennonite Education Agency, Inc. and Mennonite Education Agency Investment Fund LLC (collectively referred to as the Organization). All inter-organization accounts and transactions between affiliated organizations have been eliminated in consolidation.

Basis of Accounting: The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation: The consolidated financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as net assets without donor restrictions or net assets with donor restrictions and are detailed as follows:

> Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board designated net assets represent those assets that are internally designated for endowment.
>
> Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of the Organization or by the passage of time.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to $250,000. Additionally, for purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents included in Investments - Agencies is for investment by the Agencies only and is not considered operating cash.

Investments: Investments are valued at their fair values in the consolidated statements of financial position. Unrealized gains from investments owned by MEA are included in the change in net assets. See Notes 3 and 10 for additional information on the nature of the Organization's investments.

The Organization manages pooled long-term investment funds for 18 educational institutions and other church affiliated not-for-profit organizations (Investments - Agencies) along with investments owned by MEA. These investments are carried at fair value. Various administrative tasks are performed by Mennonite Foundation Inc., a subsidiary of the Everence board of directors, and managed by selected investment asset managers. The objective of the pooled long-term investment funds is to maximize capital appreciation and to protect the principal portion of the fund while following socially responsible investing and environmental, social, and governance (ESG) criteria. Asset managers, where possible, are required to follow specific guidelines set forth by the Organization. The Organization also determines an allowable payout rate from the earnings on these investments.

Accounts Receivable: The Organization's accounts receivable consists primarily of amounts due from Mennonite schools and other organizations. Management periodically reviews the accounts receivable aging and writes off any accounts that appear to be uncollectible.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is determined by management based on the Organization's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. The Organization does not accrue interest on past due accounts.

There is no allowance for doubtful accounts recorded at June 30, 2020 as management believes all amounts to be collectible. Management has recorded an allowance for doubtful accounts of $0 at June 30, 2019.

Equipment: Equipment is stated at cost or, if donated to the Organization, at fair value on the date of acquisition. Additions and improvements are capitalized; expenditures for routine maintenance are charged to operations. Depreciation is provided over the estimated useful lives of the various classes of assets on the straight-line method. Depreciation expense for the years ended June 30, 2020 and 2019 was $6,134 and $6,098, respectively. Assets held under capital leases are being amortized over the shorter of their expected useful lives or the term of their respective lease agreements.

Due to Agencies: Due to agencies represents the pooled investment funds held for 18 educational institutions and other church affiliated not-for-profit organizations titled Investments - Agencies in the consolidated statements of financial position. The presentation reflects the agency relationship that the Organization maintains with each pool participant.

Contributions: Contributions received are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence of donor restrictions and the nature of such restrictions, if they exist. Conditional promises to give, which are those that include a barrier and right of return, are recognized only when the conditions on which they depend are met.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from purpose and time restrictions.

Donor restricted gifts that are received for which their restricted purpose is met during the same year are initially recorded as net assets with donor restrictions and then reported as net assets released from restrictions and reclassified as net assets without donor restrictions.

Program Service Revenue: Program service revenue is measured at the fair value of the consideration received or receivable and consists of support from institutions, tuition for various educational programs, consulting income, and investment management fees. Program service revenue is recognized when earned, which is when the related performance obligations are provided.

Fair Value of Financial Instruments: The Organization's carrying amount for its financial instruments include cash and cash equivalents, Investments - Agencies, investment in insurance reserve, accounts receivable, accounts payable and other current liabilities, benefits payable, and capital lease obligation approximate fair value.

Income Taxes: MEA is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

MEA does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. MEA recognizes interest and/or penalties related to income tax matters in income tax expense. MEA did not have any amounts accrued for interest and penalties at June 30, 2020 or 2019.

Since the Fund is a single member limited liability company, all income is included in the taxable income of the individual member (MEA); thus, no federal or state income taxes are included in these consolidated financial statements.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recently Adopted Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchanged for those goods or services. The Organizationl implemented this guidance for the year ended June 30, 2020 using a full retrospective method of application to contracts. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The Organization applied the amendments in this ASU for the year ended June 30, 2020 using a retrospective method of application. There were no material changes to the recognition or presentation of revenue as result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

Reclassifications: Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on net income or net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements for the year ended June 30, 2020. Management has performed their analysis through October 16, 2020, the date the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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 the following (including amounts the Board could undesignate):

	2020	2019
Cash and cash equivalents	$ 343,811	$ 126,773
Accounts receivable, net	65,660	147,728
Investments	567,165	530,901
	976,636	805,402
Less net assets with donor restrictions	(261,216)	(208,056)
	$ 715,420	$ 597,346

The Organization has a policy of maintaining cash reserves equal to 25% of the operating expense budget for the next fiscal year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization typically collects accounts receivable within one year of the date of service.

The Organization's endowment fund consists of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Of the total amount of investments, $119,219 and $119,224 are designated by the Board of Directors as of June 30, 2020 and 2019, respectively, and must be undesignated to be spent for general expenditures.

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NOTE 3 - INVESTMENTS

MEA's investments are in a pooled fund which is sponsored by the Fund. The following schedule reflects the fair value at June 30, 2020 and 2019 of the investments owned by MEA by net asset classification. See Note 10 for more information.

	2020	2019
Pooled Funds:		
Without donor restrictions:		
Undesignated	$ 216,638	$ 216,709
Designated	119,219	119,224
Total without donor restrictions	335,857	335,933
With donor restrictions	232,030	194,968
	$ 567,887	$ 530,901

The following schedule summarizes the investment return for the years ended June 30:

	2020	2019
Interest and dividends	$ 22,209	$ 17,269
Net realized and unrealized gains (losses)	(22,042)	4,533
	$ 167	$ 21,802

NOTE 4 - INVESTMENTS - AGENCIES

The Organization manages pooled long-term investment funds for 18 educational institutions and other church affiliated not-for-profit organizations along with investments owned by MEA. The following schedule reflects the fair value at June 30, 2020 and 2019 of these pooled investments. See Note 10 for the detailed composition of the underlying assets in which the endowment pool is invested.

	2020	2019
Pooled endowment funds	$ 159,076,898	$ 162,861,075
Pooled annuity funds	182,802	258,788
	$ 159,259,700	$ 163,119,863

There were various withdrawals from the pooled endowment by endowment pool participants totaling approximately $623,000 and $2,820,000 during the years ended June 30, 2020 and 2019, respectively. There was one new endowment pool participant during the year ended June 30, 2020 and no new endowment pool participants during the year ended June 30, 2019. During the years ended June 30, 2020 and 2019, there were also various cash additions to the pooled endowment of approximately $3,336,000 and $3,181,000, respectively.

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NOTE 5 - BENEFITS PAYABLE

A former CEO of Mennonite Board of Education, Inc. (the predecessor to MEA) was also under contract with Goshen College. As a Goshen College employee, the CEO was entitled to benefits provided by the college, which included full health insurance coverage for the faculty member and spouse until the time of death. It was concluded that Goshen College would manage the benefit and assume a portion of the liability based on the employee's years of service to Goshen College, and MEA would assume the balance. Goshen College pays 23.1% of the liability, and MEA pays 76.9% of the liability. MEA's portion of the liability was $29,659 and $33,089 at June 30, 2020 and 2019, respectively.

NOTE 6 - LEASE COMMITMENT

The Organization leases office space with no stated termination date in the lease agreement. The Organization has no intentions of leaving the leased space.

Minimum lease commitments for the next five years are as follows:

2021	$ 21,600
2022	21,600
2023	21,600
2024	21,600
2025	21,600
	$ 108,000

Total rent expense was $23,348 and $22,052 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions are donor-restricted for specific purposes. At June 30, net assets restricted by purpose are as follows:

	2020	2019
Racial/Ethnic Leadership Education	$ 9,070	$ 5,981
LaJunta Mennonite School of Nursing (Note 11)	232,031	194,968
Anabaptist Servant Scholarship	115	7,107
AMBS Student Loan Seed	20,000	-
	$ 261,216	$ 208,056

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

	2020	2019
Racial/Ethnic Leadership Education	$ 32,233	$ 41,558
LaJunta Mennonite School of Nursing	9,018	7,500
Hispanic Ministries	109,662	69,280
Anabaptist Servant Scholarship	8,000	12,014
	$ 158,913	$ 130,352

(Continued)

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Organization contributed an amount equal to 3.0% and 7.5% of compensation to a defined contribution plan for each employee working 20 hours or more each week for the years ended June 30, 2020 and 2019, respectively. Total contributions were $19,007 and $30,347 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 - INVESTMENT IN INSURANCE RESERVE

The Organization is in a pool with five other entities, referred to as the Mennonite Educators Benefit Plan (MEBP), to pay for major medical expenses of covered employees. Each participating entity made an initial investment into the MEBP. The participating entities submit to the plan health care claims incurred by their employees during the fiscal year. At fiscal year end the participating entities are responsible for their proportionate share of the claims incurred. Each entity's proportionate share is determined by the MEBP.

The MEBP has established policies for determining the ownership of the net assets of the MEBP. The amount recorded as "investment in insurance reserve" has been determined based on these policies as of June 30, 2020 and 2019 to be $45,163 and $61,009, respectively. The Organization's share of income or loss of the pool is recorded in the consolidated statements of activities and changes in net assets.

Should the MEBP ever dissolve, final disposition is subject to MEBP membership policies.

NOTE 10 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

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

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

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following tables present the financial instruments carried at fair value on a recurring basis as of June 30, 2020 and 2019, by valuation hierarchy, all of which were based on the market approach, which

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NOTE 10 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

uses prices and other relevant information generated by market transactions involving identical or comparable assets. The tables also present alternative investments that are valued at net asset value (NAV) and are not presented within the fair value hierarchy based on U.S. GAAP.

Assets Measured on a Recurring Basis

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

	Fair Value Measurements at June 30, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Investments:					
Cash and cash equivalents	$ 4,205,455	$ -	$ -	$ -	$ 4,205,455
Equity securities - large cap	47,706,928	-	-	-	47,706,928
Equity securities - international	30,947,240	-	-	-	30,947,240
Equity mutual funds	15,678,261	-	-	-	15,678,261
Fixed income mutual funds	33,265,041	-	-	-	33,265,041
Real estate funds	6,827	-	-	17,797,524	17,804,351
Commodities mutual funds	2,151	-	-	-	2,151
Bond funds of funds	-	-	-	7,742,552	7,742,552
Private equity fund of funds	-	-	-	2,475,608	2,475,608
Total investments	$ 131,811,903	$ -	$ -	$ 28,015,684	$ 159,827,587

	Fair Value Measurements at June 30, 2019				
	Level 1	Level 2	Level 3	NAV	Total
Investments:					
Cash and cash equivalents	$ 2,148,956	$ -	$ -	$ -	$ 2,148,956
Equity securities - large cap	30,827,618	-	-	-	30,827,618
Equity securities - mid cap	10,896,400	-	-	-	10,896,400
Equity securities - small cap	7,861,110	-	-	-	7,861,110
Equity securities - international	30,313,739	-	-	-	30,313,739
Equity mutual funds	8,116,750	-	-	7,801,718	15,918,468
Fixed income mutual funds	31,125,261	-	-	-	31,125,261
Real estate funds	7,595	-	-	16,334,791	16,342,386
Commodities mutual funds	2,024	-	-	-	2,024
Bond funds of funds	-	-	-	16,404,045	16,404,045
Private equity fund of funds	-	-	-	1,810,757	1,810,757
Total investments	$ 121,299,453	$ -	$ -	$ 42,351,311	$ 163,650,764

Inputs and Valuation Techniques

In determining fair value, management uses various valuation approaches. With respect to investments for which quoted prices in active markets are observable (Level 1 inputs), management determines fair value based on the quoted prices at the measurement date.

With respect to investments using significant observable inputs other than Level 1 prices, management determines fair value using the net asset value (NAV). The NAVs of investment vehicles are determined on the accrual basis of accounting in conformity with U.S. GAAP. Investment managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent

(Continued)

NOTE 10 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

the publicly traded values. Holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals, and/or the income approach.

In most instances, the Organization possesses the ability to redeem its investment at the NAV at the measurement date, and in some instances additional restrictions on redemption, such as lock-ups and gates, are in place such that investment redemption at NAV is not possible at the measurement date.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market funds. The fair values of money market funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Equity Securities

The fair values of equity securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Common stocks include a variety of large cap, mid cap, small cap, and international companies which have varying levels of capitalization.

Equity Mutual Funds

Equity mutual funds consist of mutual funds which are primarily invested in equity securities. The funds' objective is to seek long-term growth of capital through investment in world wide publicly traded equities. In pursuing this objective, these funds invest in diversified portfolios of small cap, mid cap, and large cap equity securities in countries other than the United States and are traded on international stock exchanges throughout the world. The fair values of mutual funds, which are readily marketable, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). For equity mutual funds not traded on an active market, management has full transparency to the holdings of the funds, and the fair value of these investments is based on NAV reported by fund managers, which is determined by managers based on the value of underlying holdings of the funds (NAV). At June 30, 2020, the funds have no restrictions on redemption and can be liquidated on a daily basis.

Fixed Income Mutual Funds

Fixed income mutual funds consist of mutual funds which are primarily invested in fixed income securities. The fair values of mutual funds, which are readily marketable, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Real Estate Funds

Real estate funds consist of mutual funds invested in commodities and futures contracts, as well as funds invested in real estate securities and other real estate investments. The fair values of real estate mutual funds consist of publicly traded real estate securities and are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The fair values of the other real estate investments, which includes futures contracts, include investments in private real estate operating companies, private real estate partnerships, and privately held real estate investment trusts (REITs), are based on NAV reported by fund managers, which is determined by managers based on the value of underlying holdings of the funds (NAV). At June 30, 2020, redemption on these funds are subject to a gate ranging from 7 to 12 years.

(Continued)

NOTE 10 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Commodities Mutual Funds

Commodities mutual funds consist of mutual funds that are primarily invested in commodity-linked futures contracts. The objectives of these funds are to provide an enhancement to investors' portfolios and to provide a partial inflation hedge with an attractive risk return profile as compared to other products using a commodity index as a pool of commodities. To achieve these objectives, these funds invest substantially all of their assets in future contracts. The fair values of commodities mutual funds, which are readily marketable, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The fair values of commodities mutual funds not readily marketable are based on NAV reported by fund managers, which are determined by managers based on the value of underlying holdings of the funds (NAV). At June 30, 2020, the funds have no restrictions on redemption and can be liquidated on a daily basis.

Bond Funds of Funds

Bond funds of funds consists of investments in various fixed income bond funds with investment objectives focused on tactical asset allocation. The primary objective of these funds is to provide returns in a low risk environment using a tactical asset allocation strategy. The fair values of bond funds of funds are based on NAV reported by the fund manager, which are determined by managers based on the value of underlying holdings of the fund (NAV). At June 30, 2020, the funds have no restrictions on redemption and can be liquidated on a daily basis.

Private Equity Fund of Funds

Private equity fund of funds consists of secondary private equity holdings invested in various funds with investment objectives focused on steady cash returns for investors. To achieve this objective, this fund invests in pre-existing investor commitments for investors looking for liquidity. The Organization cannot withdraw funds on an as needed basis but can sell or trade the Organization's interest provided the general partner approves. The fair value of private equity funds of funds is based on NAV reported by the fund manager, which is determined by managers based on the value of underlying holdings of the fund (NAV). At June 30, 2020, redemption on this is subject to a gate ranging from 7 to 12 years.

At June 30, 2020 and 2019, the Organization has $8,996,243 and $8,721,154, respectively, of unfunded commitments to fund these NAV investments.

NOTE 11 - ENDOWMENT COMPOSITION

The Organization's endowment primarily consists of equity, fixed income, real estate, and commodities funds. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by applicable standards, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

NOTE 11 - ENDOWMENT COMPOSITION (Continued)

Endowment net asset composition as of June 30 is as follows:

2020:

	Board Designated	With Donor Restrictions	Total
Board designated	$ 119,219	$ -	$ 119,219
Donor-restricted	-	232,031	232,031
Total endowment	$ 119,219	$ 232,031	$ 351,250

2019:

	Board Designated	With Donor Restrictions	Total
Board designated	$ 119,224	$ -	$ 119,224
Donor-restricted	-	194,968	194,968
Total endowment	$ 119,224	$ 194,968	$ 314,192

Changes in endowment net assets for years ended June 30 were as follows:

2020:

	Board Designated	With Donor Restrictions	Total
Beginning balance	$ 119,224	$ 194,968	$ 314,192
Interest and dividend income	4,053	7,985	12,038
Realized and unrealized loss on investments	(4,058)	(9,041)	(13,099)
Additions	-	47,137	47,137
Appropriations for expenditure	-	(9,018)	(9,018)
Total endowment	$ 119,219	$ 232,031	$ 351,250

2019:

	Board Designated	With Donor Restrictions	Total
Beginning balance	$ 119,321	$ 193,557	$ 312,878
Interest and dividend income	3,570	5,303	8,873
Realized and unrealized gain on investments	1,148	2,608	3,756
Additions	(4,815)	1,000	(3,815)
Appropriations for expenditure	-	(7,500)	(7,500)
Total endowment	$ 119,224	$ 194,968	$ 314,192

Interpretation of UPMIFA: The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

(Continued)

NOTE 11 - ENDOWMENT COMPOSITION (Continued)

As a result of this interpretation, the Organization classifies as net assets with donor restrictions those donor-restricted gifts that are available to be spent for specified purposes or in specific periods, in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization 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 the Organization 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 investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold for a donor-specified period(s) as well as Board-designated funds.

Strategies Employed for Achieving Objectives: The purpose of the endowment fund is to facilitate donors' desires to make substantial long-term gifts to the Organization to develop a significant source of revenue to support the endeavors of the Organization.

Spending Policy and How the Investment Objectives Relate to Spending Policy: Distributions shall not exceed 5% of the average net asset valuation for the previous 40 quarters in any given fiscal year.

Fund with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Cumulative deficiencies of this nature that are in excess of related amounts with donor restrictions and are reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2020 and 2019.

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NOTE 12 - FUNCTIONAL EXPENSES

The operating expenses of the Organization presented by their natural classification within the consolidated statements of operations and changes in net assets are summarized by function as follows:

	For the year ended June 30, 2020				
	Program Services	General and Administrative	Fundraising	First Fruits	Total
Salaries and employee benefits	$ 114,354	$ 55,318	$ -	$ -	$ 169,672
Payroll taxes	7,291	9,044	-	-	16,335
Contract services	-	7,850	-	-	7,850
Professional fees	135,309	7,636	-	-	142,945
Occupancy	2,448	3,348	-	-	5,796
Depreciation	-	1,077	-	-	1,077
Dues and subscriptions	-	1,487	-	60,004	61,491
Supplies and equipment	18,781	911	16,049	-	35,741
Insurance	-	953	-	-	953
Scholarships	29,018	-	-	-	29,018
Technology fees	3,260	1,306	-	-	4,566
Travel and meetings	230,130	17,955	-	-	248,085
Utilities	540	214	-	-	754
Miscellaneous	11,633	10,537	-	-	22,170
Overhead	419,922	-	-	-	419,922
	$ 972,686	$ 117,636	$ 16,049	$ 60,004	$ 1,166,375

	For the year ended June 30, 2019				
	Program Services	General and Administrative	Fundraising	First Fruits	Total
Salaries and employee benefits	$ 107,649	$ 56,758	$ -	$ -	$ 164,407
Payroll taxes	6,958	10,435	-	-	17,393
Contract services	-	1,292	-	-	1,292
Professional fees	133,874	7,320	-	-	141,194
Occupancy	3,852	-	-	-	3,852
Utilities	491	207	-	-	698
Depreciation	-	958	-	-	958
Dues and subscriptions	-	1,819	-	64,227	66,046
Supplies and equipment	10,279	-	17,076	-	27,355
Insurance	-	841	-	-	841
Scholarship	31,014	-	-	-	31,014
Technology fees	2,722	6,891	-	-	9,613
Travel and meetings	82,020	38,539	-	-	120,559
Miscellaneous	4,063	2,907	-	-	6,970
Overhead	430,711	-	-	-	430,711
	$ 813,633	$ 127,967	$ 17,076	$ 64,227	$ 1,022,903

(Continued)

NOTE 12 - FUNCTIONAL EXPENSES (Continued)

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, which are allocated on the basis of estimates of time and effort, as well as professional fees, and supplies and equipment, which are allocated similarly to the overall salaries and benefits allocation. Overhead is mostly comprised of salaries and employee benefits, supplies and equipment, depreciation and occupancy.

NOTE 13 - COVID-19 IMPACT AND PAYCHECK PROTECTION PROGRAM LOAN

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020.

The operations and business results of the Organization could be materially adversely affected in the future by events resulting from the on-going pandemic. In addition, significant estimates as disclosed in Note 1, such as fair values of investments, may be materially adversely impacted by national, state and local events designed to contain the coronavirus.

In April 2020, the Organization applied for and obtained a Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of $111,647. The Organization is accounting for the PPP Loan as a conditional contribution under ASC 958-605. While formal forgiveness has not yet been obtained, the Organization met substantially all of the conditions on a portion of the PPP loan and recorded contribution revenue of $95,792 during the year ended June 30, 2020. The remaining conditional contribution of $15,855 is recorded as a liability on the June 30, 2020 statement of financial position, and management expects to meet the related conditions for forgiveness during fiscal year 2021. The loan program’s expenditures and results are subject to review and acceptance by the SBA and, as a result of such review, future adjustments could be required. If the SBA does not forgive any portion of the PPP loan, the remaining balance would have a two-year repayment period and the interest rate on the loan would be 1%.