

Edinboro University Foundation

Financial Statements

June 30, 2021

SKM

SCHAFFNER KNIGHT MINNAUGH & CO.

Certified Public Accountants

www.skmco.com

Erie, PA  Jamestown, NY

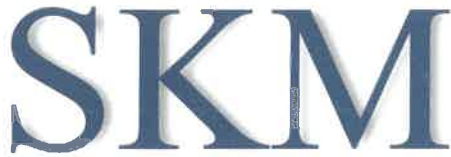
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**Edinboro University Foundation
Financial Statements**

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Edinboro University Foundation
Edinboro, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Edinboro University Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edinboro University Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schiffman, Knight, Minerva & Company P.C.

Erie, Pennsylvania
August 31, 2021

Edinboro University Foundation
Statements of Financial Position

	June 30	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,130,165	\$ 1,830,751
Due from affiliated entities	2,882	5,118
Other current assets	215,545	183,883
Total current assets	1,348,592	2,019,752
Investments	37,268,997	29,505,456
Fixed assets, net of accumulated depreciation	5,504	7,338
Restricted investments	2,690,305	2,308,204
Other assets	870,913	713,533
Total assets	\$ 42,184,311	\$ 34,554,283
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 59,271	\$ 58,824
Due to affiliated entities	69,527	4,298
Current portion of long-term debt	-	20,956
Total current liabilities	128,798	84,078
Endowments held on behalf of others:		
Funds under investment management for:		
Edinboro University of Pennsylvania	23,226,213	18,760,242
Edinboro University Alumni Association	2,212,748	1,890,060
Total endowments held on behalf of others	25,438,961	20,650,302
Long-term debt, less current portion	-	26,693
Other long-term liabilities	2,165,575	2,165,575
Total liabilities	27,733,334	22,926,648
Net assets:		
Unrestricted, undesignated	1,082,307	740,438
Accumulated losses on donor-restricted endowments	(13,900)	(50,791)
Total without donor restrictions	1,068,407	689,647
With donor restrictions	13,382,570	10,937,988
Total net assets	14,450,977	11,627,635
Total liabilities and net assets	\$ 42,184,311	\$ 34,554,283

See notes to financial statements.

Edinboro University Foundation
Statements of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Unrealized (loss) gain on investments	\$ (21,390)	\$ 1,900,787	\$ 1,879,397
Contributions	16	644,784	644,800
Interest and dividend income, net of investment expenses	39,291	66,848	106,139
Portfolio management fee income	420,648	-	420,648
Realized gains on investments	405	533,609	534,014
Debt forgiveness income	47,649	-	47,649
Other income	300,000	774	300,774
Adjustment to cash surrender value of life insurance	-	1,081	1,081
Net assets released from restrictions:			
Satisfaction of purpose restrictions	703,301	(703,301)	-
Total public support and revenues	1,489,920	2,444,582	3,934,502
Expenses:			
Program services	866,726	-	866,726
Supporting services	244,434	-	244,434
Total expenses	1,111,160	-	1,111,160
Increase in net assets	378,760	2,444,582	2,823,342
Beginning net assets	689,647	10,937,988	11,627,635
Ending net assets	\$ 1,068,407	\$ 13,382,570	\$ 14,450,977

See notes to financial statements.

Edinboro University Foundation
Statements of Activities (continued)
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Unrealized gains on investments	\$ 47,028	\$ 56,505	\$ 103,533
Contributions	16	605,780	605,796
Interest and dividend income (loss), net of investment expenses	63,209	(44,924)	18,285
Portfolio management fee income	422,610	-	422,610
Realized gains on investments	-	168,000	168,000
Other income	-	933	933
Adjustment to cash surrender value of life insurance	-	4,154	4,154
Loss on disposal of fixed assets	(844)	-	(844)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	871,590	(871,590)	-
Total public support and revenues	1,403,609	(81,142)	1,322,467
Expenses:			
Program services	1,095,694	-	1,095,694
Supporting services	123,503	-	123,503
Total expenses	1,219,197	-	1,219,197
Increase (decrease) in net assets	184,412	(81,142)	103,270
Beginning net assets	505,235	11,019,130	11,524,365
Ending net assets	\$ 689,647	\$ 10,937,988	\$ 11,627,635

See notes to financial statements.

**Edinboro University Foundation
Statements of Functional Expenses**

For the Year Ended June 30, 2021

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Scholarships and Grants</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Expenses:							
Personnel expenses	\$ 75,345	\$ 90,413	\$ 165,758	\$ 43,054	\$ 6,458	\$ 49,512	\$ 215,270
Professional fees	-	-	-	159,936	-	159,936	159,936
Miscellaneous	-	-	-	4,090	-	4,090	4,090
Software and maintenance agreements	-	-	-	13,132	-	13,132	13,132
Insurance	3,476	-	3,476	13,834	-	13,834	17,310
Office supplies	-	-	-	1,310	-	1,310	1,310
Dues and memberships	-	-	-	786	-	786	786
Depreciation expense	-	-	-	1,834	-	1,834	1,834
Credit card processing fees	2,530	2,530	5,060	-	-	-	5,060
Scholarship payments	371,159	-	371,159	-	-	-	371,159
Gifts to Edinboro University	-	310,850	310,850	-	-	-	310,850
Projects and special events	-	10,423	10,423	-	-	-	10,423
Total expenses	<u>\$ 452,510</u>	<u>\$ 414,216</u>	<u>\$ 866,726</u>	<u>\$ 237,976</u>	<u>\$ 6,458</u>	<u>\$ 244,434</u>	<u>\$ 1,111,160</u>

See notes to financial statements.

Edinboro University Foundation
Statements of Functional Expenses (continued)

For the Year Ended June 30, 2020

	Program Services			Supporting Services			Total Expenses
	Scholarships and Grants	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Expenses:							
Personnel expenses	\$ 72,894	\$ 125,679	\$ 198,573	\$ 32,677	\$ 20,109	\$ 52,786	\$ 251,359
Professional fees	-	-	-	33,030	-	33,030	33,030
Miscellaneous	-	-	-	5,969	-	5,969	5,969
Software and maintenance agreements	-	-	-	12,040	-	12,040	12,040
Insurance	3,396	-	3,396	16,346	-	16,346	19,742
Office supplies	-	-	-	1,052	-	1,052	1,052
Dues and memberships	-	-	-	445	-	445	445
Depreciation expense	-	-	-	1,835	-	1,835	1,835
Credit card processing fees	2,728	2,728	5,456	-	-	-	5,456
Student housing facility expense	-	7,013	7,013	-	-	-	7,013
Scholarship payments	358,564	-	358,564	-	-	-	358,564
Gifts to Edinboro University	-	519,207	519,207	-	-	-	519,207
Projects and special events	-	3,485	3,485	-	-	-	3,485
Total expenses	\$ 437,582	\$ 658,112	\$ 1,095,694	\$ 103,394	\$ 20,109	\$ 123,503	\$ 1,219,197

See notes to financial statements.

Edinboro University Foundation
Statements of Cash Flows

	For the Years Ended June 30	
	2021	2020
Operating Activities:		
Increase in net assets	\$ 2,823,342	\$ 103,270
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,834	1,835
Unrealized investment gains	(1,879,397)	(103,553)
Adjustment to cash surrender value of life insurance	1,081	4,154
Realized investment gains, net	(534,014)	(168,000)
Loss on disposal of fixed assets	-	844
Debt forgiveness income	(47,649)	-
Change in operating assets and liabilities providing (using) cash:		
Due from affiliated entities	2,236	1,402
Other assets	(190,123)	(12,998)
Accounts payable and accrued liabilities	447	(6,096)
Due to affiliated entities	65,229	(4,071)
Net cash provided by (used in) operating activities	242,986	(183,213)
Investing Activities:		
Purchases of investments	(586,621)	(192,419)
Purchases of fixed assets	-	(9,173)
Proceeds from sale of investments	144,429	416,987
(Increase) decrease in agency endowment liability	(501,380)	321,416
Net cash (used in) provided by investing activities	(943,572)	536,811
Financing Activities:		
Borrowings under long-term debt	-	47,649
Net cash provided by financing activities	-	47,649
Net change in cash and cash equivalents	(700,586)	401,247
Cash and cash equivalents at beginning of year	1,830,751	1,429,504
Cash and cash equivalents at end of year	\$ 1,130,165	\$ 1,830,751

See notes to financial statements.

Edinboro University Foundation
Notes to the Financial Statements
June 30, 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Edinboro University Foundation (the “Foundation”), a not-for-profit organization, was formed in 1998 for the benefit of the students, faculty, and staff of Edinboro University of Pennsylvania of the State System of Higher Education (the “University”). Dedicating its time and resources to developing private sources of financial support for the University’s mission, the Foundation strives to build permanent endowments that will support the University’s students, faculty, and staff in perpetuity.

The Foundation administers numerous individual charitable funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from income only, but in some cases, from principal.

Revenue Recognition and Performance Obligations

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation adopted the new standard effective July 1, 2019, using the modified retrospective approach. There was no impact to the Foundation’s financial position, recognition of revenues, costs or reported changes in net assets as a result of adopting this standard.

As part of the adoption of the ASU, the Foundation elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The impact of applying this ASU primarily resulted in the Foundation reevaluating contracts to determine if the performance obligation was satisfied at a point in time or satisfied over time. All contracts were determined to be satisfied at a point in time. The adoption of the standard did not impact reported revenues, costs or changes in net assets for the years ended June 30, 2021 and 2020.

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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include depreciation of property and equipment, and the fair value of investments and financial instruments. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less, excluding trustee held funds and certain short-term instruments classified as investments, to be cash equivalents.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made (this approach does not differ materially from the use of a risk-adjusted rate). Amortization of the discount is included in contribution revenue.

Conditional promises to give are promises for which donor-imposed conditions specify future and uncertain events whose occurrence or failure to occur release the donors from the obligation to transfer the assets in the future. If and when such conditions have been substantially met, these promises cease to be conditional, and revenues are recorded, as appropriate.

Investments

Equity securities with readily determinable fair values and debt securities are valued at fair value, based on quoted market prices as reported by the Foundation's investment custodians. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statement of activities.

The cost assigned to investments received as gifts represents fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in the fair value of investments, and all ordinary income from investments, are reported as changes in net assets without donor restrictions unless their use is temporarily restricted by explicit donor imposed stipulations or by law.

Investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation, computed on a straight-line basis over the lesser of the lease term or the estimated useful lives of the assets. Expenditures for repair and maintenance costs which extend the useful lives of assets are capitalized and routine maintenance and repair costs are expensed as incurred.

Restricted Investments

Restricted investments represent investments held under restriction as to withdrawal or use under the terms of certain agreements related to the transfer of the Foundation's 2008 and 2010 Series bonds to the University.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Other Long-Term Liabilities

Other long-term liabilities represent funds owed in future years based on certain agreements that the Foundation entered into in connection with the transfer of the Foundation's 2008 and 2010 Series bonds to the University.

Endowments Held on Behalf of Others

The Foundation holds and manages transferred assets for other governmental and not-for-profit organizations (namely, the University and the Edinboro University Alumni Association). Such assets, which are included in investments in the accompanying statements of financial position, are reported as endowments held on behalf of others (i.e. agency funds). The University and the Edinboro University Alumni Association establish investment and spending policies which govern these assets; the Foundation manages these assets within such parameters. The Foundation recognizes the fair value of the assets transferred as an increase in its investments and a corresponding liability attributable to the participating governmental and not-for-profit organizations, with the related investment activity being reported as an increase or decrease in the corresponding liability, as appropriate.

Endowment Investment Return

Total endowment investment return is composed of investment income, net realized gains and losses on endowment investments, and net unrealized gains and losses on endowment investments reported at fair value, net of investment fees.

Endowment Spending Policy

Commonwealth of Pennsylvania Act 141 permits the Foundation to allocate to income each year a portion of endowment return. The law allows not-for-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage, which by law must be between 2% and 7%, is elected annually by the Board of Directors. The endowment market value is determined based on an average spanning three years. The Foundation's spending policy allowed for a payout of up to 4.25% and 4% for fiscal years 2021 and 2020, respectively, of the rolling three-year average balances, which is based on market value.

Basis of Net Asset Presentation

The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

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. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

All contributions are considered to be available for unrestricted purposes unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases that net asset class. When a donor restriction expires (i.e. when a stipulated time restriction ends or purpose restriction is accomplished), assets are reclassified as without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Endowments and certain other investments are permanently restricted based on the donor’s specifications. Investment earnings available for distribution or losses are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions.

In-Kind Gifts

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Management believes that such contributions were not material to the financial statements during the years ended June 30, 2021 and 2020.

Legacies and Bequests

The Foundation is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the different program services. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
• Personnel expenses	Time and effort
• Credit card processing fees	Estimate based on average charges
• Student housing facility expense	Actual expenses incurred
• Scholarship payments	Actual scholarships paid
• Gifts to Edinboro University	Actual gifts paid
• Project and special events	Actual benefits paid

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Foundation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The Foundation’s policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in management and general expense. Management determined that there were no tax uncertainties that met the recognition threshold in fiscal years 2021 and 2020. At June 30, 2021 and 2020, there were no unrecognized tax benefits identified or liabilities recorded. With few exceptions, the Foundation is no longer subject to examination by the Internal Revenue Service for the years before June 30, 2018.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosure through August 31, 2021, the date the financial statements were available to be issued.

2. Investments

The carrying values of the Foundation’s investments consist of the following at June 30:

	2021	2020
Mutual funds/Common funds	\$ 32,386,580	\$ 26,437,779
Common stocks	6,469,164	4,884,601
Money market funds	1,103,558	491,280
	\$ 39,959,302	\$ 31,813,660

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements

The Foundation measures its investments and charitable remainder trust at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The Foundation, using available market information and appropriate valuation methodologies, has determined the estimated fair value of its financial instruments. However, considerable judgment is required in interpreting data to develop the estimates of fair value.

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

Fair value of assets measured on a recurring basis is as follows at June 30, 2021:

	Fair Value	Level 1	Level 2	Level 3
Common stocks:				
Consumer discretionary	\$ 949,095	\$ 949,095	\$ -	\$ -
Consumer staples	247,962	247,962	-	-
Energy	114,651	114,651	-	-
Financial	713,537	713,537	-	-
Healthcare	907,506	907,506	-	-
Industrials	733,430	733,430	-	-
Materials	227,468	227,468	-	-
Real estate	176,833	176,833	-	-
Technologies	1,746,561	1,746,561	-	-
Telecommunications	591,652	591,652	-	-
Utilities	60,469	60,469	-	-
Total common stocks	6,469,164	6,469,164	-	-
Debt-based mutual funds	7,715,027	-	7,715,027	-
Equity-based mutual funds:				
Large cap	2,453,628	2,453,628	-	-
Mid cap	1,851,180	1,851,180	-	-
International	2,534,401	2,534,401	-	-
Small cap	1,035,566	1,035,566	-	-
Unclassified	605,455	605,455	-	-
Commonfund:				
Multi-Strategy Equity	9,548,429	-	9,548,429	-
Multi-Strategy Bond	2,108,264	-	2,108,264	-
International Equity	4,534,630	-	4,534,630	-
Total mutual funds	32,386,580	8,480,230	23,906,350	-
Money market funds	1,103,558	1,103,558	-	-
Total investments	33,490,138	9,583,788	23,906,350	-
Total	\$ 39,959,302	\$ 16,052,952	\$ 23,906,350	\$ -

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

Fair value of assets measured on a recurring basis is as follows at June 30, 2020:

	Fair Value	Level 1	Level 2	Level 3
Common stocks:				
Consumer discretionary	\$ 657,411	\$ 657,411	\$ -	\$ -
Consumer staples	279,623	279,623	-	-
Energy	90,776	90,776	-	-
Financial	485,926	485,926	-	-
Healthcare	797,336	797,336	-	-
Industrials	507,990	507,990	-	-
Materials	119,081	119,081	-	-
Real estate	125,195	125,195	-	-
Technologies	1,238,914	1,238,914	-	-
Telecommunications	482,141	482,141	-	-
Utilities	100,208	100,208	-	-
Total common stocks	4,884,601	4,884,601	-	-
Debt-based mutual funds	7,308,601	-	7,308,601	-
Equity-based mutual funds:				
Large cap	1,940,173	1,940,173	-	-
Mid cap	1,298,420	1,298,420	-	-
International	1,473,569	1,473,569	-	-
Small cap	555,549	555,549	-	-
Unclassified	1,388,257	1,388,257	-	-
Commonfund:				
Multi-Strategy Equity	8,754,262	-	8,754,262	-
Multi-Strategy Bond	939,565	-	939,565	-
International Equity	2,779,383	-	2,779,383	-
Total mutual funds	26,437,779	6,655,967	19,781,811	-
Money market funds	491,280	491,280	-	-
Total investments	26,929,059	7,147,248	19,781,811	-
Total	\$ 31,813,660	\$ 12,031,849	\$ 19,781,811	\$ -

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

Common stocks: Valued at closing price reported on the active market on which the individual securities are traded.

Money market funds: Valued at quoted market prices for identical securities in the active markets that the Foundation had the ability to access at the measurement date.

Commonfund: Valued based upon the unit values (NAV) of the funds held by the Foundation at year end. Unit values are based upon the underlying assets of the funds derived from inputs principally from or corroborated by observable market data, by correlation, or other means. The Foundation invests in the following Commonfund funds:

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

Multi-Strategy Equity – The Multi-Strategy Equity program allocates assets across a broad spectrum of public equity strategies in proportions considered optimal for a fully diversified equity portfolio. The majority of the program’s assets generally are invested directly or indirectly in a portfolio of common stocks and securities convertible into common stocks of U.S. companies. The program’s allocation to the U.S. equity market includes exposure to companies in the S&P 500 Composite index, the benchmark for the program, as well as companies not included in the index. The program seeks to diversify its portfolio by allocating assets to common stocks and other equity securities of foreign companies in both developed and emerging markets. In addition, the program expects to invest in marketable alternative strategies that seek opportunities in domestic and foreign markets for equity-type returns with low correlation to the equity markets. The investment is valued at net asset value per share and has no unfunded commitments or significant redemption restrictions.

Multi-Strategy Bond – The Multi-Strategy Bond program allocates assets across a broad spectrum of fixed income sectors in proportions considered optimal for a fully diversified fixed income portfolio. The majority of the program’s assets generally are invested directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market. The program seeks to diversify its portfolio by allocating assets to other fixed income securities and strategies, including but not limited to global bonds, inflation-indexed bonds, high yield bonds, emerging markets debt and opportunistic credit strategies. Under normal circumstances, at least 80 percent of the net assets of the program will be invested directly or indirectly in fixed income securities or cash. The benchmark for the program is the Barclays Capital U.S. Aggregate Bond index. The investment is valued at net asset value per share and has no unfunded commitments or significant redemption restrictions.

International Equity Fund – The International Equity Fund invests primarily in common stocks and other equity securities of non-U.S. companies (including common stocks, securities convertible into common stocks and warrants to acquire common stocks). Up to 10 percent of the fund can be invested in equity securities of issuers located in emerging markets. The fund is designed to outperform its benchmark, the Morgan Stanley Capital International World ex-U.S. Index, over a full-market cycle, primarily through active stock selection. Portfolio holdings will typically range from 150 to 300 equity securities. The investment is valued at net asset value per share and has no unfunded commitments or significant redemption restrictions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of differing methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Edinboro University Foundation
Notes to the Financial Statements (continued)

4. Fixed Assets

Fixed assets consist of the following as of June 30:

	2021	2020
Furniture and fixtures	\$ 4,832	\$ 4,832
Equipment	213,912	213,912
Total	218,744	218,744
Less: Accumulated depreciation	213,240	211,406
Total fixed assets, net	\$ 5,504	\$ 7,338

Depreciation expense was \$1,834 and \$1,835 for the years ended June 30, 2021 and 2020, respectively.

5. Net Assets with Donor Restrictions

All net assets that have a donor restriction are restricted for the benefit of scholarships for students of Edinboro University. The individual scholarships vary vastly based on the types of degrees, majors, and extracurricular activities. As such, net assets with donor restrictions for the benefit of scholarships are comprised of the following as of June 30:

	2021	2020
Various Edinboro University Foundation scholarships and related programs	\$ 5,253,494	\$ 2,906,777
Investments to be held in perpetuity by donor stipulations or by Pennsylvania law, the income from which is generally available for scholarships and programs	8,023,122	7,926,337
Cash surrender value of donated life insurance policies to benefit scholarship and programs	105,954	104,874
	\$ 13,382,570	\$ 10,937,988

6. Board Designated Net Assets

The Foundation's Board of Directors is able to approve segregations of net assets without donor restrictions to be utilized for specific programs, projects and operational expenses. Such items would be reported as board designated net assets within the net asset category without donor restrictions. At June 30, 2021 and 2020, there were no board designated assets.

7. Long-Term Debt

On April 28, 2020, the Foundation received loan proceeds under a note payable pursuant to the CARES Act and the U.S. Small Business Administration Paycheck Protection Program, totaling \$47,649. On February 15, 2021, the Paycheck Protection Program loan was forgiven and recorded as debt forgiveness income on the statement of activities for the year ended June 30, 2021.

Edinboro University Foundation
Notes to the Financial Statements (continued)

8. Endowment Funds

The Foundation's endowment consists of approximately 200 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Pennsylvania law 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. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation 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 Foundation 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 Foundation
- (7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated fund. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various indices such as the S&P 500, Russell 2000, Barclays Capital U.S. Aggregate Bond and EAFE index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide favorable results against these benchmark comparative indexes. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Over the long term, the Foundation expects the current spending policy to allow its endowment to continue to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Edinboro University Foundation
Notes to the Financial Statements (continued)

8. Endowment Funds (continued)

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Total endowment net assets	\$ (13,900)	\$ 12,715,008	\$ 12,701,108

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ (50,791)	\$ 10,448,803	\$ 10,398,012
Investment return	-	2,506,755	2,506,755
Contributions	-	98,064	98,064
Appropriation of endowment assets for expenditure	-	(298,009)	(298,009)
Other changes:			
Gifts and transfers to University	-	(4,795)	(4,795)
Change in cash surrender value of life insurance	-	1,081	1,081
Other	36,891	(36,891)	-
Endowment net assets, end of year	\$ (13,900)	\$ 12,715,008	\$ 12,701,108

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Total endowment net assets	\$ (50,791)	\$ 10,448,803	\$ 10,398,012

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ (45,102)	\$ 10,439,886	\$ 10,394,784
Investment return	-	151,447	151,447
Contributions	-	114,358	114,358
Appropriation of endowment assets for expenditure	-	(261,226)	(261,226)
Other changes:			
Gifts and transfers to University	-	(5,505)	(5,505)
Change in cash surrender value of life insurance	-	4,154	4,154
Other	(5,689)	5,689	-
Endowment net assets, end of year	\$ (50,791)	\$ 10,448,803	\$ 10,398,012

Edinboro University Foundation
Notes to the Financial Statements (continued)

8. Endowment Funds (continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in donor-restricted endowment funds, which together have an original gift value of \$679,465, a current fair value of \$665,565, and a deficiency of \$13,900 as of June 30, 2021 and as of June 30, 2020, an original gift value of \$529,272, a current fair value of \$478,481, and a deficiency of \$50,791. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

9. Portfolio Management Fees

The Foundation assesses an asset management fee on managed scholarship and other endowment funds to be used to support the programs and mission of the University and Alumni Association. This fee, which is calculated based on a percentage of the total fair value of the investments, amounted to \$420,648 and \$422,610 for the years ended June 30, 2021 and 2020, respectively.

10. Related Party Transactions

The Foundation manages scholarship assets received from the University and Alumni Association under an endowment custodial relationship (Note 1). These contributing organizations did not grant the Foundation variance power (the ability to redirect the corpus) and retained the ownership of the assets.

The Foundation receives and manages contributions from donors of assets intended for the benefit of the University. Direct contributions of these assets are recorded on the Foundation's records as contribution income and held in donor-restricted net assets until the donors' requirements have been satisfied, at which time the assets are released from restrictions and paid to the University for various initiatives. These gifts to the University were \$310,850 and \$519,207 for the years ended June 30, 2021 and 2020, respectively.

11. Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts, which at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to its cash and cash equivalents.

12. Liquidity and Availability of Resources

The Foundation manages its liquidity and reserves following three guiding principles:

1. Operating within a prudent range of financial soundness and stability;
2. Maintaining adequate liquid assets to fund near-term operating needs; and
3. Maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged.

Edinboro University Foundation
Notes to the Financial Statements (continued)

12. Liquidity and Availability of Resources (continued)

The Foundation’s liquidity policy structures its financial assets to be available as general expenditures, liabilities and other obligations become due. In order to adhere to this policy, the Foundation forecasts future cash flows, monitors liquidity, and monitors its reserves. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year.

	June 30	
	2021	2020
Cash and cash equivalents	\$ 179,741	\$ 257,864
Due from affiliated entities	2,882	5,118
Other current assets	47,151	36,319
Financial assets available to meet cash needs for general expenditures within one year	\$ 229,774	\$ 299,301

13. Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) surfaced and has spread throughout the world resulting in 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 global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. As a consequence, the effect on the Foundation’s investments is highly uncertain and cannot be predicted. However, if financial markets and the overall economy are continued to be impacted for an extended period, the Foundation’s investment values and results may be materially affected.