

GWINNETT COUNTY PUBLIC SCHOOLS
FOUNDATION FUND, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020 AND 2019

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Gwinnett County Public Schools Foundation Fund, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Gwinnett County Public Schools Foundation Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and 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 audits 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 Gwinnett County Public Schools Foundation Fund, Inc. as of June 30, 2020 and 2019, 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.

Atlanta, Georgia
November 24, 2020

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GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,104,594	\$ 840,445
Certificates of deposit	500,000	500,000
Pledges receivable	17,500	86,100
Investments	236,064	228,049
Property and equipment, net	<u>4,593</u>	<u>7,218</u>
 Total assets	 \$ <u>1,862,751</u>	 \$ <u>1,661,812</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ <u>54,000</u>	\$ <u>-</u>
 Total liabilities	 <u>54,000</u>	 <u>-</u>
 Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Designated	308,098	427,422
Available for operations	<u>556,692</u>	<u>319,941</u>
Total net assets without donor restrictions	864,790	747,363
With donor restrictions:		
Purpose restricted	723,191	693,679
Perpetual in nature	<u>220,770</u>	<u>220,770</u>
Total net assets with donor restrictions	<u>943,961</u>	<u>914,449</u>
 Total net assets	 <u>1,808,751</u>	 <u>1,661,812</u>
 Total liabilities and net assets	 \$ <u>1,862,751</u>	 \$ <u>1,661,812</u>

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

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Net assets without donor restrictions:		
Support and revenue:		
Contributions	\$ 489,721	\$ 538,155
Contributed services	348,099	328,737
Special events, net of direct expenses of \$26,857 and \$138,988, respectively	51,061	220,562
Program service fee	100,000	-
Investment return, net	12,118	10,553
Net assets released from restrictions	319,306	342,122
Total support and revenue without donor restrictions	1,320,305	1,440,129
Expenses:		
Program services	1,006,192	1,091,337
General and administrative	157,349	149,473
Fundraising	39,337	41,865
Total expenses	1,202,878	1,282,675
Increase in net assets without donor restrictions	117,427	157,454
Net assets with donor restrictions:		
Contributions	338,769	395,115
Investment return, net	10,049	8,886
Net assets released from restrictions	(319,306)	(342,122)
Increase in net assets with donor restrictions	29,512	61,879
Increase in net assets	146,939	219,333
Net assets, beginning of year	1,661,812	1,442,479
Net assets, end of year	\$ 1,808,751	\$ 1,661,812

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

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Scholarships and awards	\$ 93,050	\$ -	\$ -	\$ 93,050
Contributed services	191,118	124,157	32,824	348,099
Professional fees	3,075	22,334	-	25,409
Bank fees	-	4,558	-	4,558
Local school support	714,714	-	-	714,714
Conferences and meetings	1,289	371	-	1,660
Advertising and promotion	750	-	3,650	4,400
Supplies	-	409	-	409
Insurance	-	1,852	2,777	4,629
Depreciation	2,196	343	86	2,625
Other	-	3,325	-	3,325
Total expenses	<u>\$ 1,006,192</u>	<u>\$ 157,349</u>	<u>\$ 39,337</u>	<u>\$ 1,202,878</u>

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

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	General and Administrative	Fundraising	Total Expenses
Scholarships and awards	\$ 95,673	\$ -	\$ -	\$ 95,673
Contributed services	180,497	117,033	31,206	328,736
Professional fees	2,703	17,932	2,750	23,385
Bank fees	-	5,785	-	5,785
Local school support	803,736	-	-	803,736
Conferences and meetings	4,411	2,472	-	6,883
Advertising and promotion	-	-	3,600	3,600
Supplies	1,689	1,660	401	3,750
Insurance	-	2,547	3,821	6,368
Depreciation	2,232	306	87	2,625
Other	396	1,738	-	2,134
Total expenses	\$ 1,091,337	\$ 149,473	\$ 41,865	\$ 1,282,675

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

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 146,939	\$ 219,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,625	2,625
Net realized/unrealized gain on investments	(15,812)	(14,665)
Change in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	68,600	13,600
Increase (decrease) in:		
Accounts payable	54,000	(7,000)
Net cash provided by operating activities	256,352	213,893
Cash flows from investing activities:		
Purchase of investments	(12,453)	(12,752)
Proceeds from sale of investments	20,250	24,037
Net cash provided by investing activities	7,797	11,285
Increase in cash and cash equivalents	264,149	225,178
Cash and cash equivalents, beginning of year	840,445	615,267
Cash and cash equivalents, end of year	\$ 1,104,594	\$ 840,445

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

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies

Organization

Gwinnett County Public Schools Foundation Fund, Inc. (the Foundation) is a nonprofit organization incorporated in 2006 under the laws of the state of Georgia. The Foundation commenced operations in July 2006. The Foundation's mission is to sustain the world-class standards of Gwinnett County Public Schools by strengthening internal and external community relationships and providing resources and support to improve the educational future of all students. The Foundation is supported primarily through contributions from local businesses and Gwinnett County Public Schools employees.

Method of Reporting

The Foundation's accounts are maintained, and these statements are presented, on the accrual basis of accounting and in accordance with generally accepted accounting principles (GAAP) within the United States. Under this method of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect (i.e., increase or decrease) this net asset category include unrestricted contributions, program service fees, investment income, and fundraising event income and related expenses associated with the Organization's core activities. At times, the governing board may earmark otherwise unrestricted net assets for a specified purpose. Since this is not a donor-imposed restriction, the designated asset is classified and reported as part of net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Program service fee revenue is recognized when earned. In accordance with GAAP, unconditional promises to give and contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of donor restrictions which limit the use of the donated assets.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Revenue Recognition – Continued

Accordingly, the Foundation records gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statements of activities as net assets released from restrictions. All contributions and unconditional promises to give which do not have donor restrictions as to purpose or time are classified as net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Investments

Investments in securities are valued at fair value (generally quoted market prices) in accordance with GAAP. The realized and unrealized depreciation or appreciation on marketable securities is included in the accompanying statements of activities.

Advertising

Advertising costs are expensed as incurred.

Property and Equipment

Property and equipment are stated at either cost, or for donated property, the fair market value at the time of donation. The Foundation capitalizes new assets with a value greater than or equal to \$1,000. Depreciation and amortization are determined using the straight-line basis over the estimated economic life of the related asset. Computer software is depreciated over a three-year life. Website design and development is depreciated over a five-year life.

Donated Facilities, Materials and Services

All non-cash gifts (other than personal services) are recorded as contributions at their estimated fair values at the date of donation. Contribution of services are recognized in the financial statements if the services received (a) enhance or create non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. As a matter of mutual convenience, Gwinnett County Public Schools (the Schools) provides and equips offices to the Foundation, supplies electricity, heat, air conditioning, water, telephone service, and other utilities at no cost to the Foundation, however, these are not significant to record in the financial statements as donated services. The value of certain salaries and benefits provided to the Foundation by the Schools has been recorded as contributed services in the statements of activities totaling \$348,099 and \$328,737 for the years ended June 30, 2020 and 2019, respectively.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Facilities, Materials and Services – Continued

During the years ended June 30, 2020, the Foundation did not receive any donated materials or services in connection with one of their special events. During the year ended June 30, 2019, the Foundation received donated materials and services valued at approximately \$24,000 in connection with one of the Foundation's special events. In addition, during the years ended June 30, 2020 and 2019, the Foundation received donated school supplies and materials valued at approximately \$68,000 and \$134,000. These amounts have been recognized as support and related expense in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include contributed services which are allocated on the basis of time and effort as well as insurance, certain professional services and depreciation which are allocated on the basis of usage and direct expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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 Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements. The Foundation's income tax returns are subjected to examination by the appropriate regulatory authorities for all open years, which include the last three years filed.

Concentration of Credit Risk

The Foundation considers all demand deposits and highly liquid investments with maturities of three months or less to be cash equivalents.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Concentration of Credit Risk – Continued

Cash consists principally of demand deposits at several financial institutions. The balance in the Foundation's accounts, as reflected in the financial institutions' records, is insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) up to \$250,000 at June 30, 2020 and 2019. The Foundation's cash balances as of June 30, 2020 and 2019 exceeded the FDIC insurance coverage by \$430,118 and \$170,853, respectively. Based on the strength of the financial institutions, management believes the credit risk related to these balances is not significant.

Subsequent Events

Subsequent events have been evaluated through November 24, 2020, which is the date the financial statements were available to be issued. No subsequent events were noted as of this date.

New Accounting Policies

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance requires retrospective application.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, which requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The guidance requires retrospective application.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This new standard clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The guidance in this update should be applied on a modified prospective basis. Retrospective application is permitted.

These accounting policies are effective for fiscal years beginning after December 15, 2018. The Foundation adopted these accounting policies for the year ended June 30, 2020. These new accounting policies did not affect total net assets for either the years ended June 30, 2020 or 2019.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. Liquidity and Availability of Financial Assets

The Foundation is substantially supported by contributions without donor restrictions. However, the Foundation sometimes receives contributions with donor restrictions for various programs. Because a donor's restrictions require funds to be used in a particular manner or in a future period, the Foundation maintains those funds with donor restrictions so that they are available to meet those responsibilities as they are required to be met. Accordingly, these financial assets are not available to the Foundation for its general expenditures. The Foundation considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program or administrative purposes.

The Foundation's financial assets at June 30 (reduced by amounts that are not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

	2020	2019
Cash and cash equivalents	\$ 1,104,594	\$ 840,445
Certificates of deposit	500,000	500,000
Pledges receivable	17,500	86,100
Investments	236,064	228,049
Total financial assets available	1,858,158	1,654,594
Less:		
Assets restricted by donors for time:		
Pledges receivable	(12,500)	(20,000)
Perpetual restriction on investments	(220,770)	(220,770)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,624,888	\$ 1,413,824

The Foundation structures its financial assets to be available as its general expenditure, liabilities, and other obligations come due. As of June 30, 2020 and 2019, restricted assets of \$710,691 and \$673,679 and board designated assets of \$308,098 and \$427,422, respectively, were included in the financial assets available to meet cash needs for general expenditures within one year. In addition to financial assets available to meet general expenditures over the next twelve months, the Foundation utilizes an operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

Beginning in early calendar year 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as consumer confidence, and the broad U.S. and global stock markets have experienced extreme volatility. It is uncertain how this downturn in the financial markets and consumer confidence may affect the operations, investments, funding and contribution income of nonprofit organizations in the near future.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. Liquidity and Availability of Financial Assets – Continued

The Foundation depends heavily on contributions to support its operations. The ability of contributors to continue giving may be dependent on current and future overall economic conditions. While the Foundation believes it has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on many interdependent factors.

3. Pledges Receivable

At June 30, 2020 and 2019, pledges receivable totaled \$17,500 and \$86,100, respectively. Management considers these receivables collectible. Consequently, no allowance for uncollectible pledges was deemed necessary at June 30, 2020 and 2019.

Pledges receivable expected to be received in:

Less than one year	\$	5,000
Two to four years		<u>12,500</u>
Total pledges receivable	\$	<u><u>17,500</u></u>

4. Investments

The Foundation classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with GAAP, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

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

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

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

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. Investments – Continued

The Foundation has its investment assets held in a pooled fund with the Community Foundation of Northeast Georgia. The Foundation categorizes its investments as a pro-rata share of the pooled fund as provided by the Community Foundation.

Investments, stated at fair value, include the following at June 30:

	Level	2020	2019
Equity stocks and mutual funds	1	\$ 147,933	\$ 127,707
Fixed income mutual funds	1	84,490	70,695
Money markets and other cash	1	3,641	29,647
Total investments		\$ 236,064	\$ 228,049

Investment return consists of the following for the years ended June 30:

	2020	2019
Interest and dividends	\$ 6,355	\$ 4,774
Realized/unrealized gain	15,812	14,665
Investment return	\$ 22,167	\$ 19,439

5. Property and Equipment, Net

Property and equipment consist of the following at June 30:

	2020	2019
Computer software	\$ 24,429	\$ 24,429
Website design and development	13,125	13,125
	37,554	37,554
Less accumulated depreciation	(32,961)	(30,336)
Total property and equipment, net	\$ 4,593	\$ 7,218

Depreciation expense for the years ended June 30, 2020 and 2019 was \$2,625 for both years.

6. Net Assets Without Donor Restrictions

At June 30, 2020 and 2019, net assets designated by the Board of Trustees of the Foundation totaled \$308,098 and \$427,422, respectively, for programs related to various schools of the Gwinnett County Public Schools System and initiatives established by the Foundation.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of funds the Foundation has received subject to donor-imposed restrictions consisting of the following at June 30:

	<u>2020</u>	<u>2019</u>
Purpose/time restrictions:		
Gwinnett School of Math, Science and Technology	\$ 1,096	\$ 19,603
Local school support	254,537	290,308
Education enrichment and enhancements	5,423	6,623
Scholarships	166,151	134,993
Entrepreneurship program	100,000	100,000
Community based mentoring program	52,066	23,555
Self-sufficiency program	25,000	25,000
Sponsorships for future fundraising events	17,500	20,000
Teacher of the year award	79,925	62,257
Other programs and awards	21,493	11,340
Total purpose/time restrictions	<u>723,191</u>	<u>693,679</u>
Perpetual restrictions - endowment fund assets Note 8	<u>220,770</u>	<u>220,770</u>
Total net assets with donor restrictions	<u>\$ 943,961</u>	<u>\$ 914,449</u>

Net assets with donor restrictions were released from donor restrictions as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Community based mentoring program	\$ 22,635	\$ 39,198
Education enrichment and enhancements	51,200	128,062
Scholarships	55,438	66,798
Gwinnett School of Math, Science and Technology	18,507	15,093
Local school support	133,439	55,046
Teacher of the year award	21,332	26,261
Special events sponsorship	2,500	-
Other programs and awards	14,255	11,664
	<u>\$ 319,306</u>	<u>\$ 342,122</u>

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. Endowment Funds

The endowment funds include donor-restricted funds and do not include any funds designated by the Board of Trustees. As required by GAAP, net assets associated with endowment funds, including any funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the "Act"). The Foundation is required to evaluate the gift instrument and related information to determine the directions and intentions of the donor. The Foundation classifies gifts that are not immediately expendable as net assets with donor restrictions. The Foundation's endowments consist of three funds. Two of the funds were established to provide academic scholarships for students of which the earnings are purpose restricted. The other fund was established to provide educational support to the Lanier Cluster Education Foundation of which the earnings are board designated.

From time to time, the fair value of invested 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. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions involve one fund. This fund had a deficiency of approximately \$4,500 for the year ended June 30, 2019. For the year ended June 30, 2020, there were no deficiencies with any of the endowment funds.

Investment Policy

The primary objectives are to provide a combination of capital appreciation and principal protection over the long-term while meeting liquidity needs of the Foundation. The portfolio invests in pooled funds. The investment manager was appointed by the Foundation. The actual securities used in the portfolio are at the discretion of the third party investment manager. This policy governs asset allocations between cash, fixed income, equity investments, and other permissible investments relevant to the prudent investment of endowment assets.

Spending Policy

Withdrawals from the endowment fund investments are at the discretion of the Board of Trustees, unless restricted by the donor for a certain time or purpose. The donors designated the investment earnings on the Foundation's perpetually restricted endowments be used to provide scholarships for students and educational support to the Lanier Cluster Education Foundation.

GWINNETT COUNTY PUBLIC SCHOOLS FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. Endowment Funds – Continued

Changes in endowment net assets consist of the following for the years ended June 30:

<u>June 30, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>	
Endowment net assets, beginning of year	\$ <u>8,696</u>	\$ <u>(1,417)</u>	\$ <u>220,770</u>	\$ <u>228,049</u>
Investment return:				
Investment income	260	443	-	703
Net realized/unrealized gain	<u>6,206</u>	<u>9,606</u>	-	<u>15,812</u>
Total investment return	6,466	10,049	-	16,515
Appropriation of endowment assets for expenditure	<u>(8,500)</u>	-	-	<u>(8,500)</u>
Endowment net assets, end of year	\$ <u><u>6,662</u></u>	\$ <u><u>8,632</u></u>	\$ <u><u>220,770</u></u>	\$ <u><u>236,064</u></u>
<u>June 30, 2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>	
Endowment net assets, beginning of year	\$ <u>14,202</u>	\$ <u>(10,303)</u>	\$ <u>220,770</u>	\$ <u>224,669</u>
Investment return:				
Investment income	274	441	-	715
Net realized/unrealized gain	<u>6,220</u>	<u>8,445</u>	-	<u>14,665</u>
Total investment return	6,494	8,886	-	15,380
Appropriation of endowment assets for expenditure	<u>(12,000)</u>	-	-	<u>(12,000)</u>
Endowment net assets, end of year	\$ <u><u>8,696</u></u>	\$ <u><u>(1,417)</u></u>	\$ <u><u>220,770</u></u>	\$ <u><u>228,049</u></u>