MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

ROBERT CROWN CENTER FOR HEALTH EDUCATION

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

MUELLER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Robert Crown Center for Health Education
Hinsdale, Illinois

Report on the Financial Statements

We have audited the accompanying statements of financial position of Robert Crown Center for Health Education, 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 Robert Crown Center for Health Education 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.

Emphasis of Matter

As discussed in Note 2 of the financial statements, for the year ended June 30, 2020, Robert Crown Center for Health Education adopted Accounting Standards Update No. 2018-08, *Not for Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Mueller & Co., LLP

Chicago, Illinois
November 16, 2020

ROBERT CROWN CENTER FOR HEALTH EDUCATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

ASSETS

		2020	2019
Current assets:			
Cash and cash equivalents	$	332,957	374,111
Investments		4,977,019	5,084,952
Student fees and admissions receivable		4,030	15,785
Accounts and state grants receivable		23,201	36,351
Corporate and foundation grants receivable		38,557	57,465
Deposits and prepaid expenses		7,646	17,460
Other assets		3,991	3,991
Total current assets		5,387,401	5,590,115
Property and equipment:			
Furniture and fixtures		194,583	185,718
Less accumulated depreciation and amortization		(130,770)	(101,493)
		63,813	84,225
Total assets	$	5,451,214	$ 5,674,340

LIABILITIES AND NET ASSETS

		2020	2019
Current liabilities:			
Accounts payable and accrued liabilities	$	51,141	48,181
Deferred revenue		53,535	17,505
Refundable advances		20,027	-
Total current liabilities		124,703	65,686
Noncurrent liabilities:			
Deferred rent		14,901	13,248
Paycheck Protection Program loan payable		10,000	-
Total noncurrent liabilities		24,901	13,248
Net assets without donor restrictions		1,199,625	1,578,189
Net assets with donor restrictions:			
Time and purpose restrictions		450,171	365,403
Perpetual restrictions		3,651,814	3,651,814
		4,101,985	4,017,217
Total net assets		5,301,610	5,595,406
Total liabilities and net assets	$	5,451,214	5,674,340

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

ROBERT CROWN CENTER FOR HEALTH EDUCATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020					2019				
		WITH DONOR RESTRICTIONS					WITH DONOR RESTRICTIONS			
	WITHOUT DONOR RESTRICTIONS	TIME AND PURPOSE RESTRICTIONS	PERPETUAL RESTRICTIONS	TOTAL WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	TIME AND PURPOSE RESTRICTIONS	PERPETUAL RESTRICTIONS	TOTAL WITH DONOR RESTRICTIONS	TOTAL
Support and revenue:										
Contributions	$ 75,015	-	-	-	75,015	64,556	-	-	-	64,556
Foundation grants	57,342	134,973	-	134,973	192,315	10,000	134,737	-	134,737	144,737
State grants	181,680	-	-	-	181,680	203,693	-	-	-	203,693
Paycheck Protection Program grant	156,200	-	-	-	156,200	-	-	-	-	-
Student fees and admissions	561,277	-	-	-	561,277	789,918	-	-	-	789,918
Miscellaneous income	-	-	-	-	-	8,997	-	-	-	8,997
Special events, net of fundraising costs of $860 and $64,584, respectively	7,686	-	-	-	7,686	101,209	-	-	-	101,209
Investment return, net	(99,779)	144,395	-	144,395	44,616	23,063	81,671	-	81,671	104,734
Net assets released from restrictions	194,600	(194,600)	-	(194,600)	-	127,029	(127,029)	-	(127,029)	-
Total support and revenue	1,134,021	84,768	-	84,768	1,218,789	1,328,465	89,379	-	89,379	1,417,844
Expenses:										
Program	1,178,464	-	-	-	1,178,464	1,094,777	-	-	-	1,094,777
Management and general	219,936	-	-	-	219,936	203,722	-	-	-	203,722
Fundraising	114,185	-	-	-	114,185	73,659	-	-	-	73,659
Total expenses	1,512,585	-	-	-	1,512,585	1,372,158	-	-	-	1,372,158
Change in net assets	(378,564)	84,768	-	84,768	(293,796)	(43,693)	89,379	-	89,379	45,686
Net assets - beginning of year	1,578,189	365,403	3,651,814	4,017,217	5,595,406	1,621,882	276,024	3,651,814	3,927,838	5,549,720
Net assets - end of year	$ 1,199,625	450,171	3,651,814	4,101,985	5,301,610	1,578,189	365,403	3,651,814	4,017,217	5,595,406

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

ROBERT CROWN CENTER FOR HEALTH EDUCATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel expenses	$ 690,990	168,165	79,038	938,193	654,228	157,005	35,306	846,539
Professional fees	25,795	3,370	1,290	30,455	16,298	3,747	1,055	21,100
Outside services	224,117	15,269	6,282	245,668	192,403	10,610	5,952	208,965
Supplies	60,867	1,263	9,578	71,708	60,840	1,956	11,776	74,572
Telecom	9,225	2,063	871	12,159	9,390	1,834	654	11,878
Postage and shipping	130	25	105	260	873	135	997	2,005
Occupancy expense	48,739	9,571	4,081	62,391	43,214	9,368	2,701	55,283
Utilities	1,296	283	123	1,702	1,401	274	92	1,767
Equipment expense	13,609	2,844	1,237	17,690	12,208	2,524	754	15,486
Copying and printing	1,870	-	3,570	5,440	4,272	77	3,619	7,968
Travel mileage and entertainment	19,343	-	-	19,343	23,445	36	-	23,481
IT services	35,551	6,260	2,542	44,353	29,021	5,305	1,659	35,985
Professional development	9,735	3,052	1,297	14,084	6,939	3,438	3,718	14,095
Board activities	1,833	415	196	2,444	1,781	388	114	2,283
Recruiting	1,183	-	190	1,373	1,760	119	162	2,041
Depreciation and amortization	21,665	5,270	2,342	29,277	22,336	5,155	1,145	28,636
Administrative costs	6,556	1,219	987	8,762	7,057	1,046	2,224	10,327
Advertising and public relations	5,960	867	456	7,283	7,311	705	1,731	9,747
	$ 1,178,464	219,936	114,185	1,512,585	1,094,777	203,722	73,659	1,372,158

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

ROBERT CROWN CENTER FOR HEALTH EDUCATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

		2020	2019
Cash provided by (applied to) operating activities:			
Change in net assets	$	(293,796)	45,686
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:			
Depreciation and amortization		29,277	28,636
Net realized and unrealized losses on investments		117,523	57,660
Changes in:			
Student fees and admissions receivable		11,755	(779)
Accounts and state grants receivable		13,150	(5,855)
Corporate and foundation grants receivable		18,908	18,213
Deposits and prepaid expenses		9,814	493
Accounts payable and accrued liabilities		2,960	19,856
Deferred revenue		36,030	(68,426)
Refundable advances		20,027	-
Deferred rent		1,653	2,327
		(32,699)	97,811
Cash provided by (applied to) investing activities:			
Purchase of property and equipment		(8,865)	(1,750)
Purchases of investments		(1,495,145)	(1,221,595)
Proceeds from sales of investments		1,485,555	1,051,636
		(18,455)	(171,709)
Cash provided by financing activities -			
Proceeds from Paycheck Protection Program loan		10,000	-
Net decrease in cash and cash equivalents		(41,154)	(73,898)
Cash and cash equivalents at beginning of year		374,111	448,009
Cash and cash equivalents at end of year	$	332,957	374,111

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

NOTE 1 - NATURE OF OPERATIONS

The Robert Crown Center for Health Education (Organization) is organized for the purpose of positively impacting the physical, social and emotional health of youth through innovative education programs in partnership with parents, schools and communities. Effective August 12, 2020, the Organization was legally renamed to Candor Health Education.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all non-endowment related highly liquid instruments with an original maturity of three months or less to be cash equivalents. All endowment cash equivalents are considered investments.

Concentration of Credit Risk

The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization believes it is not exposed to significant credit risk on these accounts.

Student Fees and Admissions Receivable

The Organization carries its student fees and admissions receivable at the unpaid balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the length of time the receivables are outstanding and the anticipated future collectible amounts based on historical experience. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. There was no allowance for the years ended June 30, 2020 and 2019.

Promises to Give

Promises to give consist accounts and state grants receivable and corporate and foundation grants receivable that are expected to be collected in future years. Unconditional promises to give expected to be collected in future years are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Promises to Give, Continued

Promises to give are written off when deemed uncollectible. At June 30, 2020 and 2019, an allowance for uncollectible promises to give was not deemed necessary.

Investments

Investments in marketable securities and all debt instruments are measured at fair value, determined by quoted market price, in the statements of financial position. Investment income or loss (including gains and losses on investments and interest and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Financial Instruments

Financial instruments, which are included in the Organization's statements of financial position as of June 30, 2020 and 2019, but not required to be measured at fair value on a recurring basis, consist of cash and cash equivalents, student fees and admissions receivable, accounts and state grants receivable, corporate and foundation grants receivable and accounts payable. The carrying amount of these assets and liabilities approximate fair value.

Property and Equipment

Property and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. The capitalization policy for the Organization is to capitalize all fixed asset acquisitions above $1,000. Depreciation and amortization of property and equipment are provided over the estimated useful lives of the respective assets on a straight-line basis. Renewals and betterments that extend the economic useful lives of the related assets are capitalized and expenditures for repairs and maintenance are expensed as incurred. The useful lives of property and equipment for purposes of computing depreciation and amortization are as follows:

Furniture and fixtures	5-7 years

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Assets, Continued

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if both the condition (that is, the necessary barrier was overcome) and restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

The majority of funding for the Organization's operations is provided by contributions, foundation and corporate grants, and student fee and admissions revenues. Contribution revenues and other support are recognized in the fiscal year that they are received. Foundation and corporate grant revenues are recognized in the fiscal year in which they are awarded. Student fee and admissions revenues are recognized in the period in which the service is provided, advance payments for student fees and admissions are recorded as deferred revenues until the service is provided.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises (those with a measurable performance or other barrier and a right of return) are recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as refundable advances. The Organization reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the condition and restrictions are satisfied.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Expenses, Continued

At June 30, 2020, the Organization had $25,167 for three grants related to rebranding efforts, educational assessment programs, and heroin and drug prevention program for which the conditions have not been satisfied. There were no conditional promises to give at June 30, 2019.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Paycheck Protection Program Loan

In April 2020, pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the Organization applied for a forgivable $156,200 Paycheck Protection Program (PPP) loan. Any unpaid principal balance will bear interest at 1% and will mature in April 2022. The loan will be forgiven as long as the proceeds are used to cover payroll costs and most mortgage interest, rent and utility costs over the 24-week period after the loan is made. In addition, employee and compensation levels are required to be maintained. The Organization has elected to treat the PPP loan in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958 as it relates to conditional government grants. As a result, the Organization recognized revenue for the year ended June 30, 2020 in an amount equal to qualifying expenses incurred by the Organization that meet the criteria for forgiveness. The Organization determined that all conditions were met for full forgiveness at June 30, 2020. The Organization also received an Economic Injury Disaster Loan (EIDL) grant for $10,000 subsequent to the receipt of the PPP loan. Because of the EIDL, the maximum amount available for forgiveness under the PPP loan was $146,200, which was recorded in addition to the EIDL grant of $10,000 as Paycheck Protection Program grant revenue on the statement of activities for the year ended June 30, 2020.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $7,283 and $9,747 for the years ended June 30, 2020 and 2019, respectively.

Functional Expenses

The costs of program and supporting service activities (fundraising and management and general) 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 attributable to more than one program or supporting function.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional Expenses, Continued

Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, which are allocated on the basis of time and effort, as well as occupancy expense, utilities, equipment expense, IT services, and depreciation and amortization, which are allocated on the basis of the personnel time benefitted.

Accounting Estimates

The preparation of financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Change in Accounting Principle – Contributions Received and Made

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made as of January 1, 2019. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. It also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. In 2020, the Organization adopted ASU No. 2018-08 and has adjusted the presentation in these financial statements accordingly. ASU No. 2018-08 has been applied using the modified prospective method.

New Accounting Standard – Revenue from Contracts

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2014-09 and the effect that ASU No. 2014-09 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statements of financial position and the liabilities for the obligations under the lease also be recognized on the statements of financial position. ASU No. 2016-02 requires disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and ASU No. 2018-11 and the effect that ASU No. 2016-02 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

Management Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for the one-year period from the date of our audit report. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for the period from November 16, 2020 to November 16, 2021.

Subsequent Events

Subsequent events have been evaluated through November 16, 2020 the date that the financial statements were available for issue.

During August 2020, the Organization rebranded and changed their legal name to Candor Health Education.

As discussed in Note 10, the Organization entered into a new retirement plan agreement in January of 2020. The Organization began the process of transferring funds from the old retirement plan to the new plan subsequent to year-end.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2020 and 2019:

		2020	2019
Financial assets at year-end:			
Cash and cash equivalents	$	332,957	374,111
Investments		4,977,019	5,084,952
Student fees and admissions receivable		4,030	15,785
Accounts and state grants receivable		23,201	36,351
Corporate and foundation grants receivable		38,557	57,465
		5,375,764	5,568,664
Less: amounts not available for general expenditures within one year, due to:			
Net assets with time restrictions to be met in more than one year		18,557	42,585
Donor-restricted for a specific purpose		411,614	302,818
Perpetual restrictions		3,651,814	3,651,814
		4,081,985	3,997,217
Financial assets available to meet cash needs for general expenditures within one year	$	1,293,779	1,571,447

The Organization's endowment fund consists of perpetually restricted contributions received from donors. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. As of June 30, 2020 and 2019, donor-restricted endowment funds are not available for general expenditure.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in mutual funds and exchange-traded products. The Organization's goal is to maintain available financial assets sufficient to meet 120 days of general operating expenditures.

NOTE 4 - INVESTMENTS

Investments reported at fair value at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Equities, mutual funds and exchange traded funds	$ 4,865,468	4,895,483
Cash and cash equivalents	111,551	189,469
	$ 4,977,019	5,084,952

Investment return for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Interest and dividends	$ 202,262	202,810
Investment fees	(40,123)	(40,416)
Net realized and unrealized losses	(117,523)	(57,660)
	$ 44,616	104,734

NOTE 5 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

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

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

Level 3 — Inputs to the valuation methodology are unobservable and significant to the 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.

NOTE 5 - FAIR VALUE MEASUREMENTS, CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Equities, mutual funds and exchange traded funds: Fair value is measured using quoted prices of the equities or funds in active or inactive markets.

Cash and cash equivalents: Cash reserves and money market accounts maintained in the investment portfolio.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Equities, mutual funds and exchange traded funds	$ 4,865,468	-	-	4,865,468
Cash and cash equivalents	111,551	-	-	111,551
Total assets at fair value	$ 4,977,019	-	-	4,977,019

NOTE 5 - FAIR VALUE MEASUREMENTS, CONTINUED

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Equities, mutual funds and exchange traded funds	$ 4,895,483	-	-	4,895,483
Cash and cash equivalents	189,469	-	-	189,469
Total assets at fair value	$ 5,084,952	-	-	5,084,952

For the years ended June 30, 2020 and 2019, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

NOTE 6 - CORPORATE AND FOUNDATION GRANTS RECEIVABLE

The Organization has received the following unconditional promises to give which are recognized as assets in the statements of financial position. The net present value (NPV) of outstanding grants was discounted at 1.9% as of June 30:

	2020	2019
Less than one year	$ 20,000	20,000
Two to five years	20,000	40,000
Less discount for NPV	(1,443)	(2,535)
	$ 38,557	57,465

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions which expire upon the passage of time or once specific purposes have been fulfilled. At June 30, 2020 and 2019, net assets with donor restrictions were available for the following purposes:

		2020	2019
Science Behind Drugs Program	$	-	23,632
Time restricted for general operating		38,557	62,585
Curriculum development		-	11,967
Endowment return available for future expenditures		411,614	267,219
Perpetual restrictions		3,651,814	3,651,814
	$	4,101,985	4,017,217

Net assets released from donor restrictions during the years ended June 30, 2020 and 2019, because donor restrictions were met by satisfying the stated purpose, time or other event are as follows:

		2020	2019
Science Behind Drugs Program	$	68,632	36,166
Curriculum development		36,967	13,033
Proviso Township		-	50,000
Time restricted for general operating		24,028	27,830
Robert Crown Center rebranding		54,973	-
Staff training		10,000	-
	$	194,600	127,029

NOTE 8 - ENDOWMENT

The Organization's endowment consists of funds established for the purpose of providing an ongoing source of income to the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed stipulations.

Interpretation of Relevant Law

The State of Illinois adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on December 31, 2009.

NOTE 8 - ENDOWMENT, CONTINUED

Interpretation of Relevant Law, Continued

The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the historic value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as perpetually restricted net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income associated with the perpetual endowment is available for use without donor restrictions in accordance with applicable donor gift instrument.

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 various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization's investment policies.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets with donor restrictions is classified as purpose restricted net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization.

Strategies Employed for Achieving Objectives

The Organization expects its endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation. Actual results in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation to achieve its long-term return objective within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy permits appropriations of no more the 3% of the endowment's fair value based on an assumption of gains of the same magnitude. Excess appropriations would only be permitted in years in which endowment earnings are in excess of 3%. In establishing this policy, the Organization considered the long-term expected return on its endowments.

NOTE 8 - ENDOWMENT, CONTINUED

Spending Policy and How the Investment Objectives Relate to Spending Policy, Continued

The spending policy is consistent with the Organization's objective to maintain the fair value of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return. Donor-restricted endowments are spent in accordance with the donors' requirements; distributions are made for purposes that conform to the donors' stated intentions.

No endowment earnings were appropriated by the Board to support current operations for the years ended June 30, 2020 and 2019.

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the historic dollar value at date of gift.

There were no such deficiencies at June 30, 2020 or 2019.

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

			With Donor Restrictions		
		Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment funds	$	-	411,614	3,651,814	4,063,428

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

			With Donor Restrictions		
		Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Endowment net assets, July 1, 2019	$	-	267,219	3,651,814	3,919,033
Endowment contributions		-	-	-	-
		-	267,219	3,651,814	3,919,033
Change in net assets attributable to investment income:					
Net investment return		-	144,395	-	144,395
Appropriation of endowment assets for expenditure:					
Regular appropriation		-	-	-	-
Endowment net assets, June 30, 2020	$	-	411,614	3,651,814	4,063,428

NOTE 8 - ENDOWMENT, CONTINUED

Endowment net asset composition by type of fund as of June 30, 2019:

			With Donor Restrictions		
		Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment funds	$	-	267,219	3,651,814	3,919,033

Changes in endowment net assets for the year ended June 30, 2019:

			With Donor Restrictions		
		Without Donor Restrictions	Time & Purpose Restrictions	Perpetual Restrictions	Total
Endowment net assets, July 1, 2018	$	-	185,548	3,651,814	3,837,362
Endowment contributions		-	-	-	-
		-	185,548	3,651,814	3,837,362
Change in net assets attributable to investment income:					
Net investment return		-	81,671	-	81,671
Appropriation of endowment assets for expenditure:					
Regular appropriation		-	-	-	-
Endowment net assets, June 30, 2019	$	-	267,219	3,651,814	3,919,033

NOTE 9 - OPERATING LEASES

The Organization is obligated under certain operating leases, primarily for certain office space and office equipment which expire on various dates until fiscal year 2025. The lease for the Organization's headquarters in Hinsdale, Illinois expires on October 31, 2024. The lease requires the Organization to be responsible for all utilities, repairs and maintenance of the facilities, and adequate insurance on the facilities.

Total occupancy expense under all operating leases amounted to approximately $62,000 and $55,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 - OPERATING LEASES, CONTINUED

The aggregate future minimum lease commitment on these leases as of June 30, 2020 is as follows:

2021	$	63,575
2022		65,249
2023		67,170
2024		69,150
2025		19,464

NOTE 10 - RETIREMENT PLAN

The Organization sponsored a tax-sheltered annuity plan covering all employees. Full-time and part-time employees were eligible to make contributions to the plan; however, only full-time employees were eligible for employer contributions. The plan was a money purchase plan whereby the Organization could elect to make payments of 5% of the employees' normal compensation. Employees were able to elect to contribute a percent of their own compensation (limited per Internal Revenue Service (IRS) regulations) under the plan. The Organization suspended contributions on April 1, 2009.

During January 2020, the Organization entered into a new plan agreement. This plan is an employer-sponsored retirement savings plan. All employees are eligible for participation into the plan, except for non-resident aliens. Employees can elect to make salary reduction contributions into the plan (limited per IRS regulations). Employer matching contributions are not permitted under the plan; however the Organization may make a discretionary contribution under the plan. The discretionary contribution is a base contribution that all eligible employees can receive. For the year ended June 30, 2020, there were no discretionary contributions made under the plan.

NOTE 11 - TAX STATUS

The Organization has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

The Organization has evaluated the tax positions taken for all open tax years. Currently, the 2016, 2017 and 2018 tax years are open and subject to examination by the IRS; however, the Organization is not currently under audit nor has the Organization been contacted by this jurisdiction.

Based on the evaluation of the Organization's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2020 and 2019.

NOTE 12 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. As a result, the Organization temporarily suspended classes and a substantial amount of school districts moved to an online environment. The Organization's special fundraising events have also been impacted by the pandemic due to limits on large social gatherings, as these events are being rescheduled into the next fiscal year. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while it is expected that this matter will negatively impact the Organization's financial position and changes in net assets, the related financial impact cannot be reasonably estimated at this time. As a result, the Organization is leveraging its statements of financial position and also used proceeds from the PPP loan, as described in Note 2, to increase its cash position and help meet operating needs.

NOTE 13 - RECLASSIFICATIONS

Certain amounts in the 2019 financial statements have been reclassified to conform with the year 2020 presentation.