

**THE EDEN PRAIRIE
COMMUNITY FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

**THE EDEN PRAIRIE
COMMUNITY FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| Financial Statements: | |
| Statements of Assets, Liabilities and Net Assets – Modified Cash Basis | 3 |
| Statements of Support, Revenue and Expenses, and Changes in Net Assets – Modified Cash Basis..... | 4 |
| Statements of Functional Expenses – Modified Cash Basis..... | 6 |
| Notes to Financial Statements – Modified Cash Basis | 8 |
| Supplementary Information: | |
| Schedule of Event Revenue and Expenses – Modified Cash Basis..... | 19 |
| Schedule of Foundation Grants and Scholarships – Modified Cash Basis..... | 20 |

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

(952) 946-7900

FAX (952) 946-7901

MEMBERS

Minnesota Society of
Certified Public Accountants

American Institute of
Certified Public Accountants

MICHAEL A. CASEY, RETIRED
JOHN F. MENDEN, C.P.A.
DOUGLAS J. FAUST, C.P.A.
JOHN C. NELSON, C.P.A.
MICHAEL A. CASEY, JR., C.P.A.
SCOTT M. CALLAHAN, C.P.A.
DONALD G. LANGEWISCH, C.P.A.
PAULA M. MIEDL, C.P.A.
MICHAEL P. MENDEN, C.P.A.
JESSICA J. MAGRUM, C.P.A.
PAUL J. MCDONALD, C.P.A.
MICHAEL B. ANDERSON, C.P.A.
STEPHEN R. AUCHSTETTER, C.P.A.
BRADLEY D. BREEGEMANN, C.P.A.
ANDREW M. CASEY
CATHY L. DALRYMPLE
BRENDA L. NAASZ
KIMBERLY A. PETTIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Eden Prairie Community Foundation
Eden Prairie, Minnesota

We have audited the accompanying financial statements of The Eden Prairie Community Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2020, and the related statement of support, revenue, and expenses and changes in net assets - modified cash basis and statement of functional expenses - modified cash basis, for the year then ended, and the related notes to the financial statements - modified cash basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audit. We conducted our audit 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 assets, liabilities, and net assets of The Eden Prairie Community Foundation as of June 30, 2020, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Event Revenue and Expenses - Modified Cash Basis and Schedule of Foundation Grants and Scholarships - Modified Cash Basis on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The Eden Prairie Community Foundation's 2019 modified cash basis financial statements, and we expressed an unmodified audit opinion on those audited modified cash basis financial statements in our report dated November 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited modified cash basis financial statements from which it has been derived.

Casey, Menden, Faust & Nelson, P.A.

December 7, 2020

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS

JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|--------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 133,904 | \$ 68,585 |
| Investments | 1,012,648 | 1,000,706 |
| Prepaid expenses | 10,394 | - |
| Total Current Assets | <u>1,156,946</u> | <u>1,069,291</u> |
| Property and Equipment: | | |
| Equipment | - | - |
| Less Accumulated Depreciation | - | - |
| Net Property and Equipment | <u>-</u> | <u>-</u> |
| | | |
| Total Assets | <u>\$ 1,156,946</u> | <u>\$1,069,291</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 800 | \$ - |
| Payroll Withholdings | 1,844 | 1,865 |
| Total Current Liabilities | <u>2,644</u> | <u>1,865</u> |
| Non-Current Liabilities: | | |
| Paycheck Protection Program Loan | 14,500 | - |
| Total Non-Current Liabilities | <u>14,500</u> | <u>-</u> |
| Net assets | | |
| Unrestricted: | | |
| Undesignated | 65,054 | 52,218 |
| Board Designated | 150,320 | 168,074 |
| Total Unrestricted | <u>215,374</u> | <u>220,292</u> |
| Temporarily Restricted: | | |
| Temporarily Restricted | 89,266 | 57,725 |
| Donor Advised Funds | 375,992 | 421,690 |
| Total Temporarily Restricted | <u>465,258</u> | <u>479,415</u> |
| Permanently Restricted | 459,170 | 367,719 |
| Total Net Assets | <u>1,139,802</u> | <u>1,067,426</u> |
| | | |
| Total Liabilities and Net Assets | <u>\$ 1,156,946</u> | <u>\$1,069,291</u> |

The accompanying notes are an integral part of these financial statements

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | | | 2019 | |
|-------------------------|--------------|---------------------------|---------------------------|-----------|-----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total (Summarized) |
| Support and Revenue: | | | | | |
| Century Club | 16,831 | \$ - | \$ - | \$ 16,831 | \$ 11,145 |
| Event Receipts | 34,461 | - | - | 34,461 | 136,828 |
| Donations | 68,784 | - | - | 68,784 | 29,829 |
| Jean Harris Scholarship | - | - | 1,500 | 1,500 | 1,550 |
| Society of Founders | - | - | - | - | 1,520 |
| Youth Initiative PROP | - | 3,517 | - | 3,517 | 6,786 |
| Donor Advised Funds | - | 67,800 | - | 67,800 | 72,800 |
| EP Players | - | 1,015 | - | 1,015 | 1,228 |
| Endowments | - | - | 80,158 | 80,158 | 96,625 |
| Grants Fund | - | - | - | - | 5,040 |
| Miracle Field | - | - | - | - | 23 |
| EP Reads Program | - | 75 | - | 75 | 100 |
| Beyond Yellow Ribbon | - | - | - | - | 243 |
| Lion's United | - | - | - | - | 183,555 |
| Interfaith Circle | - | 1,050 | - | 1,050 | 500 |
| EP Youth Housing | - | 3,355 | - | 3,355 | 3,735 |
| School Supply Fund | - | 1,210 | - | 1,210 | 4,772 |
| Covid-19 | - | 62,206 | - | 62,206 | - |
| Marilyn's Two Can | - | 1,800 | - | 1,800 | - |
| SW Pride | - | 200 | - | 200 | - |
| Investment Income | 528 | 10,819 | 11,784 | 23,131 | 62,842 |
| Fiduciary Agent Fee | 3,382 | - | - | 3,382 | - |

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | | | 2019 | |
|---------------------------------------|--------------|---------------------------|---------------------------|-------------|-----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total (Summarized) |
| Other Revenue | - | - | - | - | - |
| Net Assets Released from Restriction: | | | | | |
| Satisfaction of Donor Restrictions | 169,195 | (167,204) | (1,991) | - | - |
| Total Support and Revenue | 293,181 | (14,157) | 91,451 | 370,475 | 619,121 |
| Expenses: | | | | | |
| Program Services: | | | | | |
| Community Support | 210,874 | - | - | 210,874 | 385,345 |
| Events | 12,186 | - | - | 12,186 | 41,147 |
| Total Program Expenses | 223,060 | - | - | 223,060 | 426,492 |
| Supporting Services: | | | | | |
| General and Administrative | 42,721 | - | - | 42,721 | 50,107 |
| Fundraising | 32,318 | - | - | 32,318 | 44,181 |
| Total Support Expenses | 75,039 | - | - | 75,039 | 94,288 |
| Total Expenses | 298,099 | - | - | 298,099 | 520,780 |
| Change in Net Assets | (4,918) | (14,157) | 91,451 | 72,376 | 98,341 |
| Net Assets: | | | | | |
| Beginning of Year | 220,292 | 479,415 | 367,719 | 1,067,426 | 969,085 |
| End of Year | \$ 215,374 | \$ 465,258 | \$ 459,170 | \$1,139,802 | \$1,067,426 |

The accompanying notes are an integral part of these financial statements

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | | | | 2019 | |
|-------------------------|-------------------|---------|----------------------------|--------------|------------|------------|
| | Program Services | | Supporting Services | | Total | Total |
| | Community Support | Events | General and Administrative | Fund-Raising | | |
| Grants and Scholarships | \$ 183,508 | \$ - | \$ - | - | \$ 183,508 | \$ 354,695 |
| Payroll | 24,500 | 7,000 | 17,500 | 21,000 | 70,000 | 78,550 |
| Payroll Taxes | 1,874 | 536 | 1,339 | 1,607 | 5,355 | 6,009 |
| Dinner | - | 3,064 | - | - | 3,064 | 13,629 |
| Audit and Accounting | - | - | 11,597 | - | 11,597 | 12,404 |
| Invitations | 87 | - | - | 2,099 | 2,186 | 3,817 |
| Auction Items | - | (3,852) | - | - | (3,852) | 13,101 |
| Other-Event | - | 3,498 | - | 1,646 | 5,144 | 5,931 |
| Entertainment | - | 1,067 | - | - | 1,067 | 625 |
| Advertising | - | - | - | 1,088 | 1,088 | 1,907 |
| Bank, Credit Card Fees | - | - | - | 2,097 | 2,097 | 2,992 |
| Deposits | - | - | - | - | - | 5,500 |
| Marketing | 83 | 330 | - | 413 | 825 | 2,136 |
| Donor Mailings | 189 | 189 | - | 1,511 | 1,889 | 1,278 |

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | | | | 2019 | |
|----------------------------------|--------------------------|-------------------------|----------------------------|-------------------------|--------------------------|--------------------------|
| | Program Services | | Supporting Services | | Total | Total |
| | Community Support | Events | General and Administrative | Fund-Raising | | |
| Breakfast/Luncheon | - | - | 164 | 164 | 328 | 135 |
| Website/social media | 543 | 136 | 340 | 340 | 1,358 | 1,176 |
| Fundraising | - | - | - | - | - | - |
| Charitable contributions | - | - | - | - | - | - |
| Dues & Subscriptions | - | - | 2,205 | - | 2,205 | 1,949 |
| Insurance | - | - | 912 | - | 912 | 2,168 |
| Miscellaneous Office | - | - | 4,799 | - | 4,799 | 3,548 |
| Rent | 90 | 90 | 90 | 90 | 360 | 360 |
| Shipping and Postage | - | - | 265 | 265 | 529 | 621 |
| Supplies | - | 129 | 129 | - | 258 | 227 |
| Fund administrative fees | - | - | 3,382 | - | 3,382 | 8,023 |
| Fund miscellaneous expenses | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total Expenses by Program | <u>\$ 210,874</u> | <u>\$ 12,186</u> | <u>\$ 42,721</u> | <u>\$ 32,318</u> | <u>\$ 298,099</u> | <u>\$ 520,781</u> |

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION

Foundation

The Eden Prairie Community Foundation (the “Foundation”) is a Minnesota nonprofit organization, which was incorporated in 1981. Its purpose is to foster pride in Eden Prairie through support of community organizations and projects that create a better quality of life and make the city a special place to live and work.

Basis of Presentation

The accompanying financial statements have been prepared on the basis of modified cash receipts and disbursements. The modified cash basis of accounting followed by the Foundation differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not recorded, nor are prepaid expenses deferred. Revenue is reported when cash is received and expenses are reported when they are paid. Depreciation is recorded related to the capitalized property and equipment.

Revenue, expenses, gains and losses, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related changes are classified and reported as follows:

- Unrestricted Net Assets – Resources over which the Board of Directors has discretionary control. Designated amounts represent those net assets which the Board has set aside for a particular purpose.
- Temporarily Restricted Net Assets – Resources 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Support, Revenue and Expenses, and Changes in Net Assets – Modified Cash Basis as net assets released from restrictions. When a restriction is accomplished within the same year of the donation, the funds are shown as unrestricted.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. The donors have permitted the Foundation to use all or part of the income earned, included capital appreciation, for unrestricted or temporarily restricted purposes. Permanently restricted net assets consist of investments restricted for the endowment fund.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Recently Adopted Accounting Pronouncement

In 2020, the Foundation adopted 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*. This update clarified the guidance for evaluating whether a transaction is a reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a material impact on the Foundation's financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard will affect organizations that enter into contracts with customers and provides a five-step process for determining when revenue should be recognized to match the transfer of goods or services. In June 2020, the FASB issued ASU 2020-05, which defers the effective date one year making it effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The Foundation is currently evaluating the impact this standard will have on its financial statements. Topic 606 does not apply to contributions so it is felt its impact on the Foundation will be minimal.

Contributions

Contributions are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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.

Use of Estimates

The preparation of the accompanying financial statements under the modified cash basis, which differs from accounting principles generally accepted in the United States of America, requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation places its cash with high credit quality financial institutions. These monies are FDIC insured up to \$250,000. Monies at this financial institution exceeded FDIC limits in fiscal years 2020 and 2019.

Concentration of Support

Substantially all support is received in the form of contributions from various individuals and corporations in and around Eden Prairie. The continuation of the program of The Eden Prairie Community Foundation is dependent upon future community support.

One donor accounted for 16.20% of revenues for the fiscal year 2020. Two donors accounted for 39.57% of revenues for the fiscal year 2019.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the Statement of Support, Revenue and Expenses, and Changes in Net Assets – Modified Cash Basis. The Foundation capitalizes assets with a cost of \$1,000 or greater.

Depreciation of property and equipment is computed using accelerated methods over the estimated useful lives of the assets ranging from 3 to 5 years.

Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

Functional Allocation of Expenses

The cost of providing the various programs and services are summarized on a functional basis on the Statement of Functional Expenses – Modified Cash Basis. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Income Taxes

The Foundation is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business income tax in 2020 or 2019.

The Foundation reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Foundation recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions.

The Foundation has identified no significant income tax uncertainties. The Foundation files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service. The Foundation's federal and state tax returns are open to examination for fiscal years 2018 through 2020 (tax form years 2017 through 2019).

Fair Value Measurements

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 1 includes various mutual funds, collective funds, and U.S. Treasury futures.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Fair Value Measurements (Continued)

Level 2 - Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, equity futures and corporate debt securities.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

The Foundation holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Foundation's investment securities are determined using level 1 inputs from the brokerage statements.

Uncertainties

Global Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Impacts to the Organization's operations include postponement and/or cancellation of fundraising events, including the spring 2020 E.P. Gives event and the fall 2020 Prairie Brewfest event. Future potential impacts may include further disruptions in fund raising and or soliciting donations and/or contributions. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - INVESTMENTS

Investment securities consisted of the following:

| | June 30, 2020 | | June 30, 2019 | |
|-----------------------------|---------------------|---------------------|-------------------|---------------------|
| | Cost | Market | Cost | Market |
| Equities | \$ 33,292 | \$ 33,292 | \$ 42,785 | \$ 42,785 |
| Mutual Funds - Equity Funds | 991,491 | 979,356 | 941,696 | 957,921 |
| Total | \$ 1,024,783 | \$ 1,012,648 | \$ 984,481 | \$ 1,000,706 |

The Foundation holds investments in a variety of investment funds. In general, their investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near-term and that such changes could be material to the amounts reported in the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis.

NOTE 3 - EVENT RECEIPTS

The EP Gives gala receipts and the Brewfest receipts are as follows:

| | 2020 | 2019 |
|--------------------------------|----------|----------------|
| Ticket sales | \$ - | \$ 12,280 |
| Fund-the-Need Donations | - | 29,275 |
| Sponsorships | - | 33,350 |
| Auction and Raffle Proceeds | - | 28,534 |
| Miscellaneous | - | 1,126 |
| Total EP Gives receipts | - | 104,565 |

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 - EVENT RECEIPTS (Continued)

| | <u>2020</u> | <u>2019</u> |
|-------------------------|------------------|-------------------|
| Sponsorships | 13,500 | 12,500 |
| Ticket Sales | 20,811 | 19,666 |
| Cash contributions | 150 | 97 |
| Raffle Sales | - | - |
| Total Brewfest receipts | <u>34,461</u> | <u>32,263</u> |
| Total Event Receipts | <u>\$ 34,461</u> | <u>\$ 136,828</u> |

The spring 2020 E.P. Gives event was cancelled due to COVID-19. Monies already received from sponsorships and a small number of ticket sales were re-classified and presented as general donations to the Organization, as approved by those that had already paid. The \$9,000 facility deposit paid for the event is currently being held by the hotel as part of the negotiations for the 2022 E.P. Gives event, and is reflected as a prepaid expense in the accompanying financial statements. The 2021 E.P. Gives event is scheduled as a virtual event.

The 2020 Prairie Brewfest event, normally held in September, was cancelled outright before any sponsorships or tickets were sold, due to COVID-19.

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Foundation obtained a Paycheck Protection Program (“PPP”) loan administered by the U.S. Small Business Administration through Flagship Bank for \$14,500. The loan bore interest at 1.0%, was due in April 2022, and the loan could be forgiven if the funds were used for payroll costs, interest on mortgages, rent, and utilities in accordance with program guidance. In November 2020, the Foundation received notice from Flagship Bank that the loan had been fully forgiven and the funds have been received by the bank from the Small Business Administration (SBA).

NOTE 5 - ENDOWMENT FEASIBILITY STUDY

The purpose of an endowment is to provide long-term sustainability for the Foundation. In fiscal year 2016, the Foundation hired a consultant to perform an endowment feasibility study at a cost of \$18,500. \$12,500 of this fee was incurred in 2016, while the remaining \$6,000 was incurred in fiscal year 2017. In August 2016 the consultant reported to the Foundation that an endowment campaign was feasible. Rather than immediately implementing such a campaign, the Board agreed to spend \$6,000 on a four-month project to lay the groundwork for a potential campaign (September 2016 through December 2016 at \$1,500 per month). The foundation employed a consultant at various times during the fiscal year 2017 and into fiscal year 2018. The Foundation formed an Endowment Leadership Committee and began accepting endowment fund pledges shortly thereafter, and continues to solicit and accept endowment donations.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - BOARD DESIGNATED AND RESTRICTED NET ASSETS

At June 30, 2020 and 2019, board designated and restricted net assets include:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|-------------------|
| Board Designated | | |
| Operating Reserve | \$ - | \$ - |
| Grants and Scholarships | <u>150,320</u> | <u>168,074</u> |
| Total Board Designated | <u>\$ 150,320</u> | <u>\$ 168,074</u> |
| Temporarily Restricted: | | |
| Donor Advised Funds | \$ 375,992 | \$ 421,690 |
| Miracle Field | - | 3,612 |
| J. Harris Scholarship | 8,890 | 11,890 |
| EP Youth Scholarship | 9,720 | 9,203 |
| CounterAct Fund | 692 | 692 |
| EP Players | 7,916 | 7,180 |
| EP Disability Awareness | 1,354 | 1,367 |
| EP Reads | 1,098 | 2,536 |
| Beyond the Yellow Ribbon Fund | 829 | 837 |
| EP Fire Relief | 150 | 151 |
| Interfaith Circle | 444 | 1,309 |
| EP Youth Housing | 17,355 | 14,188 |
| School Supply Fund | 3,118 | 4,760 |
| Marilyn's Two Can | 1,795 | - |
| SW Pride | 199 | - |
| Covid-19 | <u>35,706</u> | <u>-</u> |
| Total Temporarily Restricted | <u>\$ 465,258</u> | <u>\$ 479,415</u> |
| Permanently Restricted: | | |
| Society of Founders | \$ 53,819 | \$ 53,819 |
| Endowments | <u>405,351</u> | <u>313,900</u> |
| Total Permanently Restricted | <u>\$ 459,170</u> | <u>\$ 367,719</u> |

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Permanently restricted net assets at June 30, 2020 and 2019 consist of an endowment fund established in 2006 and the Society of Founders Endowment established in 2012 to provide annual investment income to support the Foundation's mission. The original principal of the gift is to be held and invested by the Foundation indefinitely and income is available for support of area projects and organizations.

The Board of Directors of The Eden Prairie Community Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Foundation. In making a determination to appropriate, an organization shall act in good faith with the care that a prudent person would exercise. The donors of the Foundation's endowment funds have permitted an appropriation policy of spending earnings of the endowment fund. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (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.

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

- 1) The duration and preservations of the fund.
- 2) The purpose 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 an investment policy and philosophy that concentrates on maximizing total return within reasonable risk parameters. This is accomplished through a strategic plan that strives to maintain and grow the investment corpus and provide annual earnings to support the Foundation's mission. 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 preserve the inflation-adjusted value of the fund.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Changes in permanently restricted endowment net assets are as follows:

| | <u>2020</u> | <u>2019</u> |
|---------------------------|-------------------|-------------------|
| Beginning of Year Balance | \$ 367,719 | \$ 249,129 |
| Contributions | 81,658 | 99,695 |
| Investment income | 11,784 | 20,735 |
| Donor Requested Transfers | <u>(1,991)</u> | <u>(1,840)</u> |
| End of Year Balance | <u>\$ 459,170</u> | <u>\$ 367,719</u> |

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 7, 2020, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE EDEN PRAIRIE COMMUNITY FOUNDATION

SCHEduLES OF EVENT REVENUE AND EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| Revenue Collected: | | |
| Contributions, Sponsorships | \$ 13,650 | \$ 76,348 |
| Ticket Sales/Auction | 20,811 | 60,480 |
| Total Revenue | <u>34,461</u> | <u>136,828</u> |
| Less Direct Expenses: | | |
| Dinner | 3,064 | 13,629 |
| Deposits | - | - |
| Auction Items | (3,852) | 13,101 |
| Entertainment | 1,067 | 625 |
| Credit Card Fees | - | - |
| Total Direct Expenses | <u>279</u> | <u>27,355</u> |
| Revenue Collected for Event, Net of Direct Expenses | <u>34,182</u> | <u>109,473</u> |
| Other Expenses Paid: | | |
| Payroll | 7,000 | 7,855 |
| Payroll Taxes | 536 | 601 |
| Invitations | - | - |
| Advertising | - | - |
| Telephone | - | - |
| Rent | 90 | 90 |
| Other | 4,282 | 5,246 |
| Total Other Expenses Paid for Event | <u>11,907</u> | <u>13,792</u> |
| Revenue Collected Greater Than Expenses Paid | <u>\$ 22,275</u> | <u>\$ 95,681</u> |

See Independent Auditor's Report

THE EDEN PRAIRIE COMMUNITY FOUNDATION

SCHEDULES FOUNDATION GRANTS AND SCHOLARSHIPS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|---|----------|----------|
| EPCF GRANTS: | | |
| Mothers Tutoring Academy | \$ 2,500 | \$ 2,000 |
| Senior Community Services | 2,000 | - |
| The PROP Shop (including \$9,000 from COVID-19 Response Fund) | 10,500 | 1,050 |
| MoveFwd (formerly Teens Alone) | 1,500 | 2,000 |
| Bloomington/EP Meals on Wheels | 3,500 | 1,500 |
| Jean Harris Scholarship Awards | 4,500 | 1,500 |
| Let's Go Fishing | 1,000 | - |
| Eden Prairie Crime Prevention | - | 2,500 |
| CHOICE, Inc. | - | 2,000 |
| PROP (including \$8,000 from COVID-19 Response Fund) | 10,500 | 2,000 |
| Cornerstone | 2,000 | 2,500 |
| City of Eden Prairie (Staring Lake Amphitheater) | - | 1,800 |
| City of Eden Prairie (PeopleFest Celebration) | 600 | - |
| Fraser (from COVID-19 Response Fund) | 1,500 | - |
| PROP Youth Scholarships (from Youth Initiative) | 3,000 | 6,000 |
| Onward Eden Prairie | 1,800 | 1,800 |
| Eden Prairie TreeHouse | - | 30,775 |
| Star Legacy Foundation (funded by C.H. Robinson Foundation) | - | 3,000 |
| Academy for Young Leaders | 1,000 | - |
| Friends of the Eden Prairie Library | 400 | - |
| The Sheridan Story (from COVID-19 Response Fund) | 5,000 | - |
| Brighter Days Grief Center (from COVID-19 Response Fund) | 3,000 | - |
| Eden Prairie Schools Ready for Kindergarten Program | 1,000 | - |
| ESTHER Homes | 1,350 | - |
| GRANTS FROM DESIGNATED FUNDS: | | |
| Friends of the EP Players | 200 | 575 |
| Eden Prairie Reads | 1,500 | 340 |
| Eden Prairie Miracle Field | 3,613 | - |
| EP Schools - School Supplies Fund | 2,826 | - |
| Lions United | - | 205,021 |
| Eden Prairie Beyond the Yellow Ribbon | - | 533 |
| Interfaith Circle | 1,906 | 475 |

See Independent Auditor's Report

THE EDEN PRAIRIE COMMUNITY FOUNDATION

SCHEDULES FOUNDATION GRANTS AND SCHOLARSHIPS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|------------|------------|
| GRANTS FROM DONOR-ADVISED FUNDS | | |
| EPCF (includes grants to COVID-19 Response Fund) | 15,000 | 2,000 |
| EPCF Endowment Fund | 38,333 | 25,000 |
| Minnesota Historical Society | 1,200 | 1,600 |
| St. Andrew Lutheran Church | 7,800 | 7,800 |
| Camp Gratitude | - | 4,500 |
| Superhero Kids Foundation | - | 10,000 |
| EP Schools Ready for Kindergarten Program | - | 5,000 |
| Mission Animal Hospital | 3,780 | 4,816 |
| True Friends | 4,000 | 4,000 |
| Esther Homes | - | 12,010 |
| Eden Prairie TreeHouse | 5,000 | 2,500 |
| The Nature Conservancy | - | 1,000 |
| EPAM Rotary Foundation | 500 | - |
| North Star Marine Veterans Corp. | 5,500 | - |
| Fraser | 700 | - |
| YMCA of the Greater Twin Cities | 10,000 | - |
| Mount Olivet Rolling Acres | 3,000 | - |
| Women Still Working | 2,500 | - |
| Bluebirds and Blooms | 2,500 | - |
| PiM Arts High School | 7,000 | - |
| Chris Wivholm Foundation | 5,000 | - |
| PROP | 5,000 | 7,000 |
| The PROP Shop | - | 100 |
| | | |
| Total | \$ 183,508 | \$ 354,695 |

See Independent Auditor's Report