

**Redwood City Education Foundation**  
(A California Nonprofit Foundation)

Audited Financial Statements &  
Independent Auditor's Report  
July 31, 2020



**Chavan & Associates, LLP**  
Certified Public Accountants  
1475 Saratoga Ave, Suite 180  
San Jose, CA 95129

**Redwood City Education Foundation**  
(A California Nonprofit Foundation)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Redwood City Education Foundation

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Redwood City Education Foundation (the Foundation) (a California Nonprofit Foundation), which comprise the statement of financial position as of July 31, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the 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 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.



Chavan and Associates, LLP  
Certified Public Accountants

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redwood City Education Foundation as of July 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*C & A LLP*

May 6, 2021  
San Jose, California

## ***Financial Statements***

**Redwood City Education Foundation**  
(A California Nonprofit Organization)  
Statement of Financial Position  
For the Year Ending July 31, 2020

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**ASSETS**

Cash and cash equivalents	\$ 480,451
Beneficial interest in assets held by community foundation	<u>10,376</u>
Total Assets	<u><u>\$ 490,827</u></u>

**LIABILITIES**

PPP loan	\$ 21,800
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**NET ASSETS**

Without donor restrictions:	
Undesignated	335,364
With donor restrictions	<u>133,663</u>
Total Net Assets	<u><u>469,027</u></u>
Total Liabilities and Net Assets	<u><u>\$ 490,827</u></u>

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

**Redwood City Education Foundation**

(A California Nonprofit Organization)

## Statement of Activities

For the Year Ended July 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT AND GAINS</b>			
Contributions:			
Corporate	\$ 179,442	\$ 99,040	\$ 278,482
Individual	115,551	278,848	394,399
Total contributions	294,993	377,888	672,881
Grant revenue:			
Foundations	67,709	62,000	129,709
Governments	-	5,000	5,000
Total grant revenue	67,709	67,000	134,709
Special events:			
Gross special events revenue	36,574	-	36,574
Less cost of direct benefits to donors	(3,128)	-	(3,128)
Net special events revenue	33,446	-	33,446
Net investment return	333	-	333
Other revenue	13,422	-	13,422
Net assets released from restrictions:			
Satisfaction of program restrictions	734,780	(734,780)	-
 Total Revenue and Support	 1,144,683	 (289,892)	 854,791
<b>EXPENSES AND LOSSES</b>			
Program expenses:			
Education support	776,155	-	776,155
Management and general expenses	95,994	-	95,994
Fundraising	38,203	-	38,203
 Total Expenses and Losses	 910,352	 -	 910,352
 Change in Net Assets	 234,331	 (289,892)	 (55,561)
Prior Period Adjustments	51,063	(51,063)	-
Total Net Assets - Beginning	49,970	474,618	524,588
Total Net Assets - Ending	\$ 335,364	\$ 133,663	\$ 469,027

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

**Redwood City Education Foundation**

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## Statement of Functional Expenses

For the Year Ended July 31, 2020

	Program Services Education Support	Management and General	Fundraising	Total Expenses
District funding	\$ 713,746	\$ -	\$ -	\$ 713,746
Salaries and Benefits	27,820	82,935	-	110,755
Professional Fees	26,598	-	30,500	57,098
Professional Development	300	-	-	300
Bank Charges	-	800	-	800
Mailing	-	-	1,434	1,434
Marketing	-	-	3,461	3,461
Online Processing Fees	2,639	-	-	2,639
Conferences and Seminars	394	157	-	551
Dues & Subscriptions	4,548	3,421	-	7,969
Insurance	-	8,681	-	8,681
Printing and Reproduction	110	-	-	110
Production	-	-	5,936	5,936
Total expenses by function	<u>\$ 776,155</u>	<u>\$ 95,994</u>	<u>\$ 41,331</u>	<u>\$ 913,480</u>
Less expenses included with revenues in the statement of activities:				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(3,128)</u>	<u>(3,128)</u>
Total expenses included in the expense section in the statement of activities	<u>\$ 776,155</u>	<u>\$ 95,994</u>	<u>\$ 38,203</u>	<u>\$ 910,352</u>

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



**Redwood City Education Foundation**

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Statement of Cash Flows

For the Year Ended July 31, 2020

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (55,561)
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:	
Change in beneficial interests in assets held by others	87
Changes in operating assets and liabilities:	
Promises to give, net	1,000
Other assets	7,171
Accounts payable	(4,029)
Payroll liabilities	(6,921)
Unearned revenue	21,800
Net cash provided by (used for) operating activities	<u>(36,453)</u>
Net change in cash and cash equivalents	(36,453)
Cash and cash equivalents - beginning of year	<u>516,904</u>
Cash and cash equivalents - end of year	<u><u>\$ 480,451</u></u>

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

## **Redwood City Education Foundation**

(A California Nonprofit Foundation)

Notes to Financial Statements

For the Year Ended July 31, 2020

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### **NOTE 1 - PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

The Foundation and nature of activities: The Redwood City Education Foundation (the Foundation) is a 501(c)(3) nonprofit Foundation benefiting students of the Redwood City public schools. Believing that a quality education inspires children to work toward a successful future, the Foundation is providing music education, innovative teaching mini-grants and outdoor education that encourage children to learn. In existence since 1983, it has an eighteen-member volunteer board of directors. The major activity is fund-raising to support the following programs: music education, outdoor education, innovative teaching mini-grants, health and wellness program. The Foundation's support comes primarily from individual donors' contributions, fundraising events and various government and private foundation grants. The foundation is a nonprofit Foundation as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

#### **Basis of Presentation**

The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit entities (FASB Topic 958, ASU 2016-14).

#### **Cash and Cash Equivalents**

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition, as applicable.

#### **Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due for program support services. When needed, management determines an allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of July 31, 2020, there were no accounts receivable nor an allowance for doubtful accounts.

#### **Promises to Give and Grant Receivable**

The Foundation records unconditional promises to give and grants receivable that are expected to be collected within one year at net realizable value. Unconditional promises to give and grants expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectable promises to give and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give and grant receivable are written off when deemed uncollectable. As of July 31, 2020, the allowance for uncollectable accounts was zero.

## **Redwood City Education Foundation**

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Notes to Financial Statements

For the Year Ended July 31, 2020

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### **Investments**

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### **Property and Equipment**

The Foundation records property and equipment additions at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets of 3 to 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Management did not review the carrying values of property and equipment for impairment because there were none reported in the financial statements as of July 31, 2020.

### **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 (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed (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 and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of

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Notes to Financial Statements

For the Year Ended July 31, 2020

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these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair values of the services received, when applicable

### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$2,961 during the year ended July 31, 2020.

### **Functional Allocation of Expenses**

The costs of program and supporting services 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.

### **Income Taxes**

The Foundation is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as Foundations described in IRC Section 501(c)(3) and Section 23701(d) of the California Code, qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3). The Foundation is annually required to file a Return of Foundation Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the Foundation's unrelated business income tax was minimal and immaterial to the financial statements as of July 31, 2020.

### **Concentrations**

For the year ended July 31, 2020, contributions from corporations, individuals and foundations comprised 33%, 46% and 15% of total revenue, respectively.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Financial Instruments and Credit Risk**

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions

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Notes to Financial Statements

For the Year Ended July 31, 2020

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of the outstanding amounts are due from Foundations, individuals, and foundations supportive of the Foundation's mission. Investments are simplified for security versus returns within money market accounts and monitored by management and the Board of Directors. Annual fair value fluctuations have been minimized by investing on money market accounts where cost equals fair value. The Foundation believes that its investment strategies are prudent for the long-term welfare of the Foundation.

### **Change in Accounting Principle**

In May of 2019, FASB issued Accounting Standards Update No. 2019-06—Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities. The objective of the amendments in this Update is to address the concerns of not-for-profit stakeholders that the benefits of the current accounting for goodwill and certain identifiable intangible assets acquired in a business combination do not justify the related costs. Therefore, the amendments in this Update permit a not-for-profit entity to elect the private company alternatives. Under Topic 350, instead of testing goodwill for impairment annually at the reporting unit level, a not-for-profit entity can elect to amortize goodwill on a straight-line basis, test for impairment upon a triggering event, and have the option to elect to test for impairment at the entity level. Under the Topic 805, a not-for-profit entity can elect to recognize fewer items as separate intangible assets in an acquisition. The amendments in this Update are effective immediately. This Accounting Standards Update is the final version of Proposed Accounting Standards Update 2018-320—Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities, which has been deleted. This ASU did not have a significant impact on the Foundation's financial statements.

In June 2018, FASB issued Accounting Standards Update 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The FASB is issuing this Update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. A public company or a not-for-profit Foundation that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market would apply the new standard for transactions in which the entity serves as a resource provider to annual reporting periods beginning after December 15, 2018, including interim periods within that annual period. Other Foundations would apply the standard to annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. The Foundation's financial statements were not significantly impacted by this ASU.

### **Relevant Upcoming New Accounting Pronouncements**

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (ASU 2016-02)*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Foundation does not anticipate this ASU will have a significant impact on its financial statements.

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For the Year Ended July 31, 2020

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In January 2018, FASB issued Accounting Standards Update (ASU) 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*. ASU 2018-01 allows for an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. ASU 2018-01 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Foundation does not anticipate this ASU will have a significant impact on its financial statements.

In August 2018, FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. Effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date. The Foundation does not anticipate this ASU will have a significant impact on its financial statements.

In March 2019, FASB issued Accounting Standards Update 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. The FASB is issuing this Update to improve the definition of collections in the Master Glossary by realigning it with the definition in the American Alliance of Museums' (AAM) Code of Ethics for Museums (the Code). The FASB also is making a technical correction in Topic 360, Property, Plant, and Equipment, to clarify that the accounting and disclosure guidance for collections in Subtopic 958-360, Not-for-Profit Entities—Property, Plant, and Equipment, applies to business entities as well as not-for-profit entities, consistent with what was indicated in Statement 116. Amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments is permitted. The amendments in this Update should be applied on a prospective basis. The Foundation does not anticipate this ASU will have a significant impact on its financial statements.

### NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	<u>\$ 357,164</u>
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As part of its liquidity management plan, the foundation invest cash in money market funds.

### NOTE 3 - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Foundation may report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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For the Year Ended July 31, 2020

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed 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. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability. For the year ended July 31, 2020, the Foundation invested in money market accounts which are reported at cost which is fair value for these accounts. Money market accounts are immediately available for withdrawal and considered to be cash equivalents. The following table presents assets and liabilities measured at fair value on a recurring basis as of July 31, 2020:

Description	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
Cash and cash equivalents:				
Money market funds (at cost)	\$ 23,912	\$ -	\$ -	\$ -
Cash in banks	456,539	-	-	-
Beneficial interests in:				
Assets held by community foundation	10,376	-	-	10,376
Total	\$ 490,827	\$ -	\$ -	\$ 10,376

## Redwood City Education Foundation

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Notes to Financial Statements

For the Year Ended July 31, 2020

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The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended July 31, 2020:

	<u>Beneficial Interests</u>
	<u>Assets Held by Community Foundation</u>
Beginning Balance	\$ 10,463
Purchases/contributions of investments	-
Investment return, net	(87)
Distributions	-
Ending Balance	<u>\$ 10,376</u>

### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of July 31, 2020:

Subject to Expenditure for Specified Purpose:

Education Support Programs:

District Funding	\$ 35,000
Fiscal Projects	13,399
Covid-19	<u>85,264</u>

Total Net Assets with Donor Restrictions	<u>\$ 133,663</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended July 31, 2020:

Subject to Expenditure for Specified Purpose:

Education Support Programs:

Annual Breakfast	\$ 410,157
Fiscal Projects	18,000
Covid-19	<u>306,623</u>

Total Net Assets Released from Restrictions	<u>\$ 734,780</u>
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### NOTE 5 - FUNCTIONALIZED EXPENSES

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 salaries and wages, benefits, payroll taxes, and other personnel costs, which are allocated on the basis of total direct programmatic or functional costs.



## **Redwood City Education Foundation**

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Notes to Financial Statements

For the Year Ended July 31, 2020

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### **NOTE 6 – COVID-19 PANDEMIC IMPACT**

Management has evaluated all subsequent events from the statement of financial position date of July 31, 2020, through the date the financial statements were available to be issued, May 6, 2021. Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Organization had not suffered a material adverse impact from the CV19 Crisis. However, the future impact of the CV19 Crisis cannot be reasonably estimated.

### **NOTE 7 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN (SBA LOAN)**

During the fiscal year, the Foundation was issued a \$21,800 U.S. Small Business Administration loan with First Republic Bank bearing interest annually at 1% and maturing two years after the date of disbursement. This loan was issued under the Paycheck Protection Program and the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Foundation may apply to First Republic Bank for loan forgiveness in an amount equal to the sum of payroll costs, interest on a covered mortgage obligation, covered rent obligations, and covered utility payments incurred during the 8-week period or 24-week period beginning on the date of first disbursement. The period must be selected when applying for loan forgiveness. This is a non-recourse loan unless used for unauthorized purposes.