



**ACCESS College Foundation  
(A Non-Profit Organization)**

**Financial Statements**  
Years ended June 30, 2021 and 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**ACCESS College Foundation  
(A Non-Profit Organization)**

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Years ended June 30, 2021 and 2020

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**Contents**

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<b>Independent Auditor's Report</b>	3-4
<b>Financial Statements</b>	
Statements of Financial Position	6
Statements of Activities	7-8
Statements of Functional Expenses	9-10
Statements of Cash Flows	11
Notes to Financial Statements	12-26



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## **Independent Auditor's Report**

The Board of Directors  
ACCESS College Foundation  
Norfolk, Virginia

### ***Opinion***

We have audited the financial statements of ACCESS College Foundation (a non-profit organization, the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BDO USA, LLP*

November 18, 2021

## Financial Statements

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# ACCESS College Foundation

## Statements of Financial Position

<i>June 30,</i>	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 1,660,762	\$ 672,348
Restricted cash	573,664	526,765
Promises to give, net	717,262	109,370
Investments, at fair value	65,551,115	52,942,023
Property and equipment, net	91,379	97,139
Prepays	50,923	-
Other assets	-	61,184
<b>Total Assets</b>	<b>\$ 68,645,105</b>	<b>\$ 54,408,829</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 294,578	\$ 303,932
<b>Net Assets</b>		
Net assets without donor restrictions		
Undesignated	1,518,998	791,569
Board designated	1,668,353	735,267
Net assets without donor restrictions	3,187,351	1,526,836
Net assets with donor restrictions	65,163,176	52,578,061
<b>Total Net Assets</b>	<b>68,350,527</b>	<b>54,104,897</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 68,645,105</b>	<b>\$ 54,408,829</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Statements of Activities

<i>Year Ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue</b>			
Contributions	\$ 1,826,278	\$ 2,087,962	\$ 3,914,240
Gifts in kind	295,542	-	295,542
Interest income	3,105	189,061	192,166
Dividend income	-	738,732	738,732
Net realized gains	176,766	44,853	221,619
Net unrealized gains	-	12,680,772	12,680,772
	<b>2,301,691</b>	<b>15,741,380</b>	<b>18,043,071</b>
Net assets released from restrictions	<b>3,156,265</b>	<b>(3,156,265)</b>	<b>-</b>
<b>Total Operating Revenue</b>	<b>5,457,956</b>	<b>12,585,115</b>	<b>18,043,071</b>
<b>Operating Expenses</b>			
Program services	3,430,370	-	3,430,370
General and administrative	399,271	-	399,271
Fundraising	533,577	-	533,577
<b>Total Operating Expenses</b>	<b>4,363,218</b>	<b>-</b>	<b>4,363,218</b>
<b>Change in Net Assets from Operations</b>	<b>1,094,738</b>	<b>12,585,115</b>	<b>13,679,853</b>
<b>Non-Operating Income</b>			
Gain on extinguishment of debt	565,777	-	565,777
<b>Change in Net Assets</b>	<b>1,660,515</b>	<b>12,585,115</b>	<b>14,245,630</b>
<b>Net Assets, beginning of year</b>	<b>1,526,836</b>	<b>52,578,061</b>	<b>54,104,897</b>
<b>Net Assets, end of year</b>	<b>\$ 3,187,351</b>	<b>\$ 65,163,176</b>	<b>\$ 68,350,527</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Statements of Activities

<i>Year Ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue</b>			
Contributions	\$ 1,004,039	\$ 999,131	\$ 2,003,170
Gifts in kind	1,329,169	-	1,329,169
Interest income	5,966	188,234	194,200
Dividend income	-	548,471	548,471
Net realized losses	(14,733)	(45,553)	(60,286)
Net unrealized gains	-	466,815	466,815
	2,324,441	2,157,098	4,481,539
Net assets released from restrictions	2,795,477	(2,795,477)	-
<b>Total Operating Revenue</b>	5,119,918	(638,379)	4,481,539
<b>Operating Expenses</b>			
Program services	3,521,542	-	3,521,542
General and administrative	406,535	-	406,535
Fundraising	636,129	-	636,129
<b>Total Operating Expenses</b>	4,564,206	-	4,564,206
<b>Change in Net Assets from Operations</b>	555,712	(638,379)	(82,667)
<b>Non-Operating Income</b>			
Gain on extinguishment of debt	-	-	-
<b>Change in Net Assets</b>	555,712	(638,379)	(82,667)
<b>Net Assets, beginning of year</b>	971,124	53,216,440	54,187,564
<b>Net Assets, end of year</b>	\$ 1,526,836	\$ 52,578,061	\$ 54,104,897

*See accompanying notes to financial statements.*

**ACCESS College Foundation**  
**Statements of Functional Expenses**

<i>Year Ended June 30, 2021</i>	Program Services	General and Administrative	Fundraising	Total
<b>Operating Expenses</b>				
Salaries	\$ 1,964,842	\$ 203,858	\$ 337,224	\$ 2,505,924
Payroll taxes	138,999	14,083	26,362	179,444
Employee benefits	465,324	34,723	32,757	532,804
<b>Total Personnel</b>	<b>2,569,165</b>	<b>252,664</b>	<b>396,343</b>	<b>3,218,172</b>
Bank charges	-	11,648	-	11,648
Donated services and facilities	98,943	16,298	32,595	147,836
Dues and subscriptions	3,169	1,657	881	5,707
Insurance	-	19,985	732	20,717
Marketing	14,257	13,243	46,065	73,565
Office supplies and expenses	65,544	12,597	43,954	122,095
Postage	151	275	453	879
Publications and printing	-	5,619	3,313	8,932
Purchased services	36,238	57,780	3,051	97,069
Repairs and maintenance	2,990	1,282	1,593	5,865
Staff recognition	2,198	126	181	2,505
Student grants	619,034	-	-	619,034
Travel and conferences	6,658	1,910	1,152	9,720
	<b>3,418,347</b>	<b>395,084</b>	<b>530,313</b>	<b>4,343,744</b>
Depreciation	11,927	4,187	3,264	19,378
Loss on disposal of property and equipment	96	-	-	96
<b>Total Operating Expenses</b>	<b>\$ 3,430,370</b>	<b>\$ 399,271</b>	<b>\$ 533,577</b>	<b>\$ 4,363,218</b>

*See accompanying notes to financial statements.*

## Statements of Functional Expenses

<i>Year Ended June 30, 2020</i>	Program Services	General and Administrative	Fundraising	Total
<b>Operating Expenses</b>				
Salaries	\$ 1,923,392	\$ 181,981	\$ 339,503	\$ 2,444,876
Payroll taxes	136,280	12,755	25,249	174,284
Employee benefits	425,571	34,336	47,015	506,922
<b>Total Personnel</b>	<b>2,485,243</b>	<b>229,072</b>	<b>411,767</b>	<b>3,126,082</b>
Bank charges	-	9,512	-	9,512
Donated services and facilities	85,447	12,945	25,058	123,450
Dues and subscriptions	4,315	2,172	2,142	8,629
Insurance	-	18,302	361	18,663
Marketing	12,547	9,036	28,422	50,005
Office supplies and expenses	60,235	27,794	48,698	136,727
Postage	1,627	510	6,068	8,205
Publications and printing	11,471	10,839	13,764	36,074
Purchased services	107,357	66,282	71,189	244,828
Repairs and maintenance	11,018	3,465	5,995	20,478
Staff recognition	5,407	692	1,166	7,265
Student grants	661,673	-	-	661,673
Travel and conferences	39,890	1,135	2,010	43,035
	3,486,230	391,756	616,640	4,494,626
Depreciation	8,809	3,687	4,862	17,358
Loss on disposal of property and equipment	26,503	11,092	14,627	52,222
<b>Total Operating Expenses</b>	<b>\$ 3,521,542</b>	<b>\$ 406,535</b>	<b>\$ 636,129</b>	<b>\$ 4,564,206</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Statements of Cash Flows

<i>Year Ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 14,245,630	\$ (82,667)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	19,378	17,358
Loss on disposal of property and equipment	96	52,222
Payments received on endowment promises to give	(29,790)	(160,909)
Net realized and unrealized gains on investments	(12,902,391)	(406,529)
Gain on extinguishment of debt	(565,777)	-
Changes in operating assets and liabilities		
Promises to give	(607,892)	325,248
Prepaid expenses	(50,923)	-
Other assets	61,184	(61,184)
Accounts payable and accrued expenses	(9,354)	94,344
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>160,161</b>	<b>(222,117)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(13,714)	(40,091)
Purchase of investments	(10,713,835)	(2,605,296)
Proceeds from sales or maturities of investments	11,007,134	2,728,708
<b>Net Cash Provided by Investing Activities</b>	<b>279,585</b>	<b>83,321</b>
<b>Cash Flows from Financing Activities</b>		
Payments received on endowment promises to give	29,790	160,909
Proceeds from PPP loan	565,777	563,700
Payments on PPP loan	-	(563,700)
<b>Net Cash Provided by Financing Activities</b>	<b>595,567</b>	<b>160,909</b>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>1,035,313</b>	<b>22,113</b>
<b>Cash, Cash Equivalents and Restricted Cash , beginning of year</b>	<b>1,199,113</b>	<b>1,177,000</b>
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b>\$ 2,234,426</b>	<b>\$ 1,199,113</b>
<b>Reconciliation to Statement of Financial Position</b>		
Cash and cash equivalents	\$ 1,660,762	\$ 672,348
Restricted cash	573,664	526,765
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b>\$ 2,234,426</b>	<b>\$ 1,199,113</b>
<b>Supplemental Non-cash Investing and Financing Activities</b>		
Deposit applied to purchase of property and equipment	-	43,909

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Notes to Financial Statements

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### 1. Nature of Organization

ACCESS College Foundation (the Foundation) is a publicly supported organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The purpose of the Foundation is to provide educational pathways leading to certification or college degree attainment and career opportunities for students, particularly those who may not otherwise have access. The Foundation provided postsecondary education planning to more than 3,700 high school juniors, seniors, and college students during 2021 and 5,400 in 2020. Of those students, 2,640 and 3,816 families disclosed their income and more than 71% and 70% were verified to be low-income in 2021 and 2020, respectively. Based on federal free- and reduced-lunch statistics, other families were likely low-income as well, but did not officially disclose their information. Postsecondary education planning includes school-based advisory services for college preparation and success. The Foundation provides guidance to students throughout the college admissions process including assistance with college applications, college tours to prospective campuses, and the leveraging of financial aid, scholarships, and grants needed to attend college. The Foundation awarded nearly 500 scholarships to qualifying students in both 2021 and 2020.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements of the Foundation are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

#### *Estimates*

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

For purposes of the statements of financial position and cash flows, cash and cash equivalents are defined as demand deposits, certificate of deposits and all highly liquid debt instruments purchased with an original maturity of three months or less, other than those maintained as a part of investment portfolios.

#### *Restricted Cash*

Restricted cash consists of funds set aside for donor designations for scholarships and other direct assistance.

# ACCESS College Foundation

## Notes to Financial Statements

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### ***Promises to Give***

Promises to give represent unconditional promises to give and are recorded at net realizable value. Promises to give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment. Management considers all promises to give to be collectible and, accordingly, has not provided an allowance for uncollectible promises to give. Conditional promises to give are not included as support until the conditions are substantially met.

### ***Investments***

Investments in marketable debt and equity securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation holds certain investments in partnerships that are valued at net asset value which management believes approximates fair value. The related unrealized gains and losses are included in the change in net assets in the statements of activities. Realized gains and losses on investment transactions are determined on an average cost basis. Fees totaling \$65,049 and \$59,509 in 2021 and 2020, respectively, were deducted from investment gains.

### ***Property and Equipment***

The Foundation capitalizes property and equipment purchased costing \$500 or more with an estimated useful life greater than one year. Property and equipment are recorded at cost and depreciated using the straight-line method, based on the following useful lives:

	Years
Furniture and equipment	5 - 7 years
Leasehold improvements	39 years
Software	3 years

### ***Net Asset Classification***

The Foundation classifies its net assets into two categories as defined below:

**Net Assets without Donor Restrictions** - Net assets without donor restrictions consist of amounts available for the general operations of the Foundation as well as net assets that have been designated by the Board of Directors for specific purposes.

**Net Assets with Donor Restrictions** - Net assets with donor restrictions consists of gifts of cash or other assets whose use is subject to stipulations imposed by donors. 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 restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use the income earned on the related investments for general or specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

# ACCESS College Foundation

## Notes to Financial Statements

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### *Donations*

Donated facilities and services are recorded as revenue and expense in the period of use at fair value. The Foundation's facilities were donated by certain local public-school systems and a private real estate entity in 2021 and 2020.

Contributions of donated stock and property are immediately sold when received from the donor, by resolution of the board of directors. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. In addition, a substantial number of volunteers have donated significant amounts of their time to further the mission of the Foundation. The value of these volunteer services is not reflected in the accompanying statements of activities.

### *Functional Allocation of Expenses*

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. Other expenses are allocated based on estimates of time and effort.

### *Income Taxes*

The Foundation is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Exempt organizations are subject to tax on income from regularly conducted trade or business activities that are not substantially related to the organization's exempt purpose. Returns are generally subject to examinations for three years from the date filed. This period of limitations has expired for returns filed for tax years prior to 2017. Management continually evaluates tax positions reflected in the Foundation's tax filings and does not believe that any material uncertain tax positions exist.

### *Subsequent Events*

Management has evaluated subsequent events through November 18, 2021, the date which the financial statements were available for issue.

## **3. Related Party Transactions**

During 2021 and 2020, a member of the Board of Directors was an owner in Brown Advisory, the Foundation's investment advisor. The Foundation paid Brown Advisory \$61,030 and \$53,349 in advisory and management fees for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the Foundation had \$33,460,530 and \$28,746,835, respectively, in various investment funds exclusive to Brown Advisory.

# ACCESS College Foundation

## Notes to Financial Statements

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During 2021 and 2020, a member of the Board of Directors was an officer in Harbor Group International, with whom the Foundation has investments. The Foundation paid Harbor Group International \$4,019 and \$6,160 in management and acquisition fees for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020 the Foundation had \$3,626,328 and \$666,548, respectively, in various investment funds managed by Harbor Group International.

### 4. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

<i>June 30,</i>	2021	2020
Cash and cash equivalents	\$ 1,660,762	\$ 672,348
Restricted cash	573,664	526,765
Promises to give, net	717,262	109,370
Investments	65,551,115	52,942,023
<b>Total Financial Assets</b>	<b>68,502,803</b>	<b>54,250,506</b>
Adjustments for amounts not available for general expenditures within one year		
Net assets with donor restrictions	(65,168,273)	(52,578,061)
Net assets without donor restrictions - board designated	(1,668,353)	(735,267)
Promises to give expected to be received for general expenditures within one year	334,970	51,911
Endowment spending-rate distributions and appropriations	2,329,998	2,231,057
<b>Total Financial Assets Available for General Expenditures within One Year</b>	<b>\$ 4,331,145</b>	<b>\$ 3,220,145</b>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### 5. Promises to Give

Promises to give are summarized as follows:

<i>June 30,</i>	2021	2020
Receivable in less than one year	\$ 349,161	\$ 52,283
Receivable in one to five years	372,210	57,750
Total promises to give	721,371	110,033
Less discount to net present value (ranging from .4% - 2.5%)	(4,109)	(663)
<b>Promises to Give, net</b>	<b>\$ 717,262</b>	<b>\$ 109,370</b>

# ACCESS College Foundation

## Notes to Financial Statements

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Promises to give are principally from donors in the Hampton Roads area. The concentration of credit risk is partially mitigated by the large number of donors. The Foundation does not require collateral in relation to these promises to give.

### 6. Investments

Investments are summarized as follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Money market funds	\$ 1,176,871	\$ 1,855,143
Domestic equity mutual funds	9,095,696	6,507,353
Equity securities	991,259	-
Municipal bonds	4,567,076	5,897,167
Corporate bonds	1,213,628	1,528,786
Debt strategy	2,202,299	666,548
Foreign funds	22,204,443	17,418,915
Real assets	5,561,406	4,269,959
Private equity	5,604,459	3,422,743
Multi-strategy and other	12,933,978	11,375,409
<b>Investments</b>	<b>\$ 65,551,115</b>	<b>\$ 52,942,023</b>

At June 30, 2021, the Foundation had committed aggregate capital of \$13,630,000 to certain partnership investments of which \$2,882,801 had not yet been called.

### 7. Fair Value Measurements

The Foundation's investments are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

- **Level 1** - quoted prices in active markets for identical assets or liabilities.
- **Level 2** - observable inputs that include quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

# ACCESS College Foundation

## Notes to Financial Statements

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ASC 820 permits, as a practical expedient, an entity holding investments in certain entities that have the attributes described in ASC 946, *Financial Services - Investment Companies*, or have attributes similar to such entities, and calculate Net Asset Value (NAV) per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment.

The Foundation uses the practical expedient to value its investments in certain partnerships. At June 30, 2021 and 2020, all of the Foundation's investments were either Level 1, Level 2, or valued using the practical expedient. Investments using the practical expedient are not categorized within the fair value hierarchy, but are included in the NAV column in the following tables for purposes of reconciling to the statements of financial position.

The 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, 2021 and 2020.

**Money market funds, domestic equity mutual funds, equity securities, certain foreign funds, and certain multi-strategy and other funds:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Corporate bonds and municipal bonds:** Valued based on a compilation of primarily observable market information in an inactive market.

The following table sets forth by level within the fair value hierarchy, the Foundation's investments measured at fair value as of June 30, 2021 on a recurring basis:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 1,176,871	\$ -	\$ -	\$ -	\$ 1,176,871
Domestic equity mutual funds	9,095,696	-	-	-	9,095,696
Equity securities	991,259	-	-	-	991,259
Municipal bonds	-	4,567,076	-	-	4,567,076
Corporate bonds	-	1,213,628	-	-	1,213,628
Debt strategy	-	-	-	2,202,299	2,202,299
Foreign funds	499,635	-	-	21,704,808	22,204,443
Real assets	-	-	-	5,561,406	5,561,406
Private equity	-	-	-	5,604,459	5,604,459
Multi-strategy and other	1,024,479	-	-	11,909,499	12,933,978
<b>Total</b>	<b>\$ 12,787,940</b>	<b>\$ 5,780,704</b>	<b>\$ -</b>	<b>\$ 46,982,471</b>	<b>\$ 65,551,115</b>

# ACCESS College Foundation

## Notes to Financial Statements

The following table sets forth by level within the fair value hierarchy, the Foundation's investments measured at fair value as of June 30, 2020 on a recurring basis:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 1,855,143	\$ -	\$ -	\$ -	\$ 1,855,143
Domestic equity mutual funds	6,507,353	-	-	-	6,507,353
Municipal bonds	-	5,897,167	-	-	5,897,167
Corporate bonds	-	1,528,786	-	-	1,528,786
Debt strategy	-	-	-	666,548	666,548
Foreign funds	-	-	-	17,418,915	17,418,915
Real assets	-	-	-	4,269,959	4,269,959
Private equity	-	-	-	3,422,743	3,422,743
Multi-strategy and other	-	-	-	11,375,409	11,375,409
<b>Total</b>	<b>\$ 8,362,496</b>	<b>\$ 7,425,953</b>	<b>\$ -</b>	<b>\$ 37,153,574</b>	<b>\$ 52,942,023</b>

The following summarizes the liquidity of investments that calculate fair value based on net asset value per share as of June 30, 2021:

Description	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Debt strategy	Illiquid		\$ 2,202,299	\$ -
Foreign funds	Monthly	10 days	19,704,808	-
Foreign funds	Annual	4 months	2,000,000	-
Real assets	Quarterly	30 days	457,029	-
Real assets	Illiquid		5,104,377	1,251,952
Private equity	Illiquid		5,604,459	1,630,849
Absolute return	Biennially	105 days	5,910,750	-
Absolute return	Annual	90 days	5,998,749	-
<b>Total</b>			<b>\$ 46,982,471</b>	<b>\$ 2,882,801</b>

For investments with an illiquid redemption frequency, the redemptions of these investments are left to the discretion of the general partner or manager of the funds.

# ACCESS College Foundation

## Notes to Financial Statements

The following summarizes the liquidity of investments that calculate fair value based on net asset value per share as of June 30, 2020:

Description	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Debt strategy	Illiquid		\$ 666,548	\$ -
Foreign funds	Monthly	10 days	17,418,915	-
Real assets	Quarterly	30 days	650,313	-
Real assets	Illiquid		3,619,646	1,833,328
Private equity	Illiquid		3,422,743	1,231,500
Absolute return	Biennially	105 days	5,744,293	-
Absolute return	Annual	90 days	5,631,116	-
<b>Total</b>			<b>\$ 37,153,574</b>	<b>\$ 3,064,828</b>

The following is a summary of the various investment strategies for investments valued based on net asset value per share:

Debt strategy includes investments in the origination and securitization of senior mortgages, primarily multi-family properties.

Foreign funds include investments in partnerships and separately managed accounts where the managers invest in stocks throughout the world.

Real assets include investments in natural gas and wind energy properties, fund of funds invested in diversified property types, and fund of funds focused on income producing opportunities.

Private equity includes investments in diversified partnerships used to invest in illiquid asset classes, fund of funds focused on diversified US private equity and venture capital managers, and fund of funds investing primarily in early-stage venture capital funds.

Absolute return includes fund of funds pursuing absolute returns by offering exposure to long/short equity hedge funds and fund of funds investing in diversified managers.

### 8. Property and Equipment

Property and equipment consisted of the following:

<i>June 30,</i>	2021	2020
Furniture and equipment	\$ 154,403	\$ 147,201
Software	43,909	43,909
Less accumulated depreciation	(106,933)	(93,971)
<b>Property and Equipment, net</b>	<b>\$ 91,379</b>	<b>\$ 97,139</b>

# ACCESS College Foundation

## Notes to Financial Statements

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### 9. Board-Designated Net Assets

Board-designated net assets include quasi-endowment funds which consists of unrestricted income which the board has designated for program and supporting services use and unrestricted cash designated for scholarships. The quasi-endowment funds follow the spending policy of the Foundation's endowments as discussed in Note 12. Since all board designated net assets result from an internal designation, they are not considered net assets with donor restrictions, but are classified and reported as net assets without donor restrictions.

Board-designated net assets are available for the following purposes:

<i>June 30,</i>	2021	2020
Operating reserves	\$ 1,412,033	\$ 735,267
Scholarships	256,320	-
<b>Total Board-Designated Net Assets</b>	<b>\$ 1,668,353</b>	<b>\$ 735,267</b>

### 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

<i>June 30,</i>	2021	2020
Restricted for specific purpose or time		
Scholarships and other direct assistance	\$ 28,287,431	\$ 16,713,211
Promises to give	694,529	56,896
Special events	2,750	30,331
Western Tidewater	55,044	132,424
<b>Total restricted for specific purpose or time</b>	<b>29,039,754</b>	<b>16,932,862</b>
Restricted in perpetuity		
Scholarships and other direct assistance	36,100,689	35,592,725
Promises to give	22,733	52,474
<b>Total restricted in perpetuity</b>	<b>36,123,422</b>	<b>35,645,199</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 65,163,176</b>	<b>\$ 52,578,061</b>

# ACCESS College Foundation

## Notes to Financial Statements

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### 11. Net Assets Released from Restrictions

Net assets of the Foundation were released from donor restrictions by satisfying the purposes or time restrictions specified by the donor as follows:

<i>Year ended June 30,</i>	<b>2021</b>	<b>2020</b>
Scholarships and other direct assistance	\$ 2,377,575	\$ 2,292,672
Implementation	-	5,571
Expiration of time restrictions	428,646	244,656
Suffolk services	50,000	32,000
Virginia Beach services	85,000	-
High schools	5,000	-
Early awareness	-	10,000
Special events	34,081	34,944
Norfolk services	15,986	-
Virginia 529 Program	42,500	42,000
Equipment and technology	35,000	63,500
Career connection services	2,500	1,279
College success services	2,597	1,279
Western Tidewater expansion	77,380	67,576
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 3,156,265</b>	<b>\$ 2,795,477</b>

### 12. Endowments

The Foundation's endowment consists of one individual fund established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Governing Board's Interpretation of Law*

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

# ACCESS College Foundation

## Notes to Financial Statements

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- The duration and preservation of the fund;
- The purpose of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and appreciation of investments;
- Other resources of the Foundation;
- The investment policies of the Foundation.

### *Investment Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested across a globally diversified set of asset classes and security types, avoiding concentration in any one market or security base. The Board of Directors is willing to accept intermediate term volatility in order to achieve a long-term growth objective. The fund takes on some degree of illiquidity in order to achieve returns that are expected to be higher than market averages. The Foundation expects its endowment funds, over time, to provide an average rate of return of the Consumer Price Index plus 5 percent annually. Actual returns in any given year may vary from this amount.

### *Spending Policy*

The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the preceding 12 quarters using a calendar three year moving average. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to grow in excess of the spending rate plus inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### *Underwater Endowment Funds*

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor and UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2021 and 2020.

# ACCESS College Foundation

## Notes to Financial Statements

Endowment net asset composition by type of fund is as follows:

<i>June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,235,267	\$ -	\$ 1,235,267
Amounts required to be maintained in perpetuity by donor	-	36,123,422	36,123,422
Accumulated investment gains	176,766	27,771,547	27,948,313
<b>Total Endowment Funds</b>	<b>\$ 1,412,033</b>	<b>\$ 63,894,969</b>	<b>\$ 65,307,002</b>

<i>June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 750,000	\$ -	\$ 750,000
Amounts required to be maintained in perpetuity by donor	-	35,645,199	35,645,199
Accumulated investment gains (losses)	(14,733)	16,349,185	16,334,552
<b>Total Endowment Funds</b>	<b>\$ 735,267</b>	<b>\$ 51,994,384</b>	<b>\$ 52,729,651</b>

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2019	\$ -	\$ 52,606,638	\$ 52,606,638
Contributions	750,000	396,425	1,146,425
Investment return, net	(14,733)	1,157,967	1,143,234
Appropriation for expenditure	-	(2,166,646)	(2,166,646)
Balance, June 30, 2020	735,267	51,994,384	52,729,651
Contributions	500,000	478,224	978,224
Investment return, net	176,766	13,653,418	13,830,184
Appropriation for expenditure	-	(2,231,057)	(2,231,057)
Balance, June 30, 2021	\$ 1,412,033	\$ 63,894,969	\$ 65,307,002

### 13. Employee Benefit Plans

The Foundation offers a 401(k) plan covering substantially all full-time personnel. The Foundation contributed 100% and 50% of the first 1% and next 5%, respectively, of employee deferrals to the plan for the years ended June 30, 2021 and 2020. The cost of the plan to the Foundation was \$64,676 and \$63,407 for the years ended June 30, 2021 and 2020, respectively.

# ACCESS College Foundation

## Notes to Financial Statements

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### 14. Donated Assets, Facilities, and Services

The estimated fair market value of donated facilities, services and assets included in the financial statements of the Foundation for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Contract services	\$ 7,994	\$ 3,500
Rent	139,842	119,950
Total charged to expense	147,836	123,450
Donated assets, vehicles	103,000	108,000
Donated assets, stock	44,706	1,097,719
Total donated assets, facilities, and services	\$ 295,542	\$ 1,329,169

### 15. Neighborhood Assistance Act

The Foundation was approved by the Commonwealth of Virginia to solicit contributions in the amount of \$321,502 under the Virginia Neighborhood Assistance Act (VNAA) for the period from July 1, 2020 to June 30, 2021 and \$472,636 for the period from July 1, 2019 to June 30, 2020. Contributions received from taxpaying entities are eligible for a 65% Virginia state tax credit under the provisions of the VNAA for 2021 and 2020. As of June 30, 2021, and 2020, respectively, tax credits offered to qualifying entities amounted to \$321,502 and \$472,636.

### 16. Risks and Uncertainties

#### *Market Risk*

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the statements of financial position.

# ACCESS College Foundation

## Notes to Financial Statements

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### *COVID-19 Impact Uncertainty*

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency related to a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, donors, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate further effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity into fiscal year 2022. Although the Foundation cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Foundation’s results of future operations, financial position and liquidity in fiscal year 2022.

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Foundation applied for and received funds under the Paycheck Protection Program in the amount of \$563,700 on April 13, 2020. The application for these funds required the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further required the Foundation to take into account the Foundation’s current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, was dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its adherence to the forgiveness criteria. Because the guidance from the SBA at that time was ambiguous, and the losses of revenue had not yet become a reality, the Foundation opted to meet the SBA’s Safe Harbor Guidelines and, on April 7, 2020, repaid the full amount of \$563,700 received from its initial PPP loan.

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act) was signed into law. The Economic Aid Act, among other things, includes provisions appropriating additional funds for the Paycheck Protection Program, and reauthorized lending under the program through March 31, 2021. The Foundation applied for and received funds under the Paycheck Protection Program in the amount of \$563,800 on February 9, 2021. The application for these funds required the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further required the Foundation to take into account the Foundation’s current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, was dependent on

# ACCESS College Foundation

## Notes to Financial Statements

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the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its adherence to the forgiveness criteria. The Foundation received forgiveness of these funds in full, including accrued interest of \$1,977, on June 16, 2021.

### **17. Concentration of Credit Risk**

At various times during the years presented, the Foundation may have had on deposit with a single financial institution more than \$250,000, which is the basic limit currently insured by the Federal Deposit Insurance Corporation (FDIC).