



Moraga Education Foundation

Financial Statements

**For the years ended
June 30, 2020 and 2019**
With Independent Auditors' Report Thereon

MORAGA EDUCATION FOUNDATION

**(A California Non-Profit Corporation)
June 30, 2020 and 2019**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Moraga Education Foundation

We have audited the accompanying financial statements of Moraga Education Foundation (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 financial position of Moraga Education Foundation as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited Moraga Education Foundation's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 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 financial statements from which it has been derived.

Danville, California
November 10, 2020

Regalia & Associates

MORAGA EDUCATION FOUNDATION

**Statements of Financial Position
June 30, 2020 and 2019**

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 1,174,647	\$ 296,529
Investments	2,872,515	3,868,791
Prepaid expenses	1,819	4,870
Total current assets	4,048,981	4,170,190
	\$ 4,048,981	\$ 4,170,190

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 124,408	\$ 91,150
Total current liabilities	124,408	91,150
Net assets:		
Without donor restrictions:		
Board-designated endowment funds	1,473,741	1,334,492
Undesignated	2,450,832	2,744,548
Total net assets	3,924,573	4,079,040
	\$ 4,048,981	\$ 4,170,190

MORAGA EDUCATION FOUNDATION

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<i>Change in net assets:</i>		
Contributed income and revenue:		
Donations and contributions	\$ 2,279,653	\$ 2,294,420
Endowment fund contributions	87,373	78,247
Investment interest and dividends, net of fees	95,973	130,107
Realized gains (losses) on investments	(3,394)	11,764
Unrealized losses on investments	(57,253)	(4,393)
Auction proceeds, net of expenses of \$18,334 and \$64,002, respectively	36,026	214,003
Total contributed income and revenue	<u>2,438,378</u>	<u>2,724,148</u>
Expenses:		
Programs	2,425,000	2,248,008
Fundraising	85,265	83,507
General and administrative	82,580	79,004
Total expenses	<u>2,592,845</u>	<u>2,410,519</u>
Increase (decrease) in net assets	(154,467)	313,629
Net assets at beginning of year	4,079,040	3,765,411
Net assets at end of year	<u>\$ 3,924,573</u>	<u>\$ 4,079,040</u>

MORAGA EDUCATION FOUNDATION

**Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019**

	2020	2019
Operating activities:		
Increase (decrease) in net assets	\$ (154,467)	\$ 313,629
Adjustments to reconcile to cash provided by operating activities:		
Net realized loss on disposition of investments	3,394	-
Net unrealized losses on investments	57,253	4,393
Changes in:		
Prepaid expenses	3,051	(153)
Accounts payable	33,258	76,196
Cash provided by (used for) operating activities	(57,511)	394,065
Investing activities:		
Acquisition of investments	(3,251,728)	(4,214,009)
Proceeds from sales and maturities of investments	4,187,357	3,783,626
Cash provided by (used for) investing activities	935,629	(430,383)
Increase (decrease) in cash and cash equivalents	878,118	(36,318)
Cash and cash equivalents at beginning of year	296,529	332,847
Cash and cash equivalents at end of year	\$ 1,174,647	\$ 296,529
Additional cash flow information:		
Taxes paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

MORAGA EDUCATION FOUNDATION

**Statement of Functional Expenses
For the Year Ended June 30, 2020**

(with Summarized Financial Information for the Year Ended June 30, 2019)

	Programs	Fund- raising	General and Adminis- trative	2020 Total Expenses	2019 Total Expenses
Advertising and promotion	\$ -	\$ 4,677	\$ -	\$ 4,677	\$ 2,917
Bank and merchant fees	-	40,802	-	40,802	43,981
Consultants and professional services	-	-	11,472	11,472	10,530
Dues and sponsorships	-	320	-	320	113
Insurance	-	-	2,407	2,407	3,658
Miscellaneous	-	1,816	1,235	3,051	457
Office and administrative	-	2,134	2,691	4,825	4,425
Occupancy	-	8,271	7,730	16,001	15,346
Printing and postage	-	5,198	4,853	10,051	9,672
Salaries and related costs	-	22,047	52,192	74,239	71,412
School district contributions	2,425,000	-	-	2,425,000	2,248,008
Total expenses	\$ 2,425,000	\$ 85,265	\$ 82,580	\$ 2,592,845	\$ 2,410,519

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements June 30, 2020

1. Organization

Moraga Education Foundation (MEF) was organized and incorporated in 1981 as a nonprofit corporation under the laws of the State of California. MEF raises funds to preserve and enhance educational opportunities for all students attending Moraga public schools, through a broad-based community effort. MEF believes that together the entire community can build a better future for all Moraga school children consistent with the educational goals of the Moraga School District and Campolindo High School.

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of MEF have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to MEF's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – MEF's cash consists of cash on deposit in checking and savings accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject MEF to concentrations of credit risk consist principally of cash and cash equivalents and deposits. MEF maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. MEF manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, MEF has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of MEF's mission.

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

(continued)

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

In-Kind Contributions – In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. A majority of expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

Investments – MEF follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that MEF could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2020 and 2019. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented, especially in light of the impact of COVID-19 on financial markets.

Occasionally MEF is the recipient of donated securities. Investments and other securities received by gift are recorded at market value at the date of contribution in accordance with *ASC 958.320*. MEF converts such securities to liquid assets (cash and cash equivalents), and any realized gains or losses are included on the statements of activities and changes in net assets.

Income Taxes – Financial statement presentation follows the recommendations of *ASC 740, Income Taxes*. Under *ASC 740*, MEF is required to report information regarding its exposure to various tax positions taken by MEF and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that MEF has adequately evaluated its current tax positions and has concluded that as of June 30, 2020 and 2019, MEF does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

MEF has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. MEF may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, MEF would calculate and accrue the applicable taxes payable.

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Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). MEF groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

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

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

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 the 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 model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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MORAGA EDUCATION FOUNDATION

Notes to Financial Statements June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Revenue and Revenue Recognition – 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. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires us 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.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Thus, 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. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as of June 30, 2020 and 2019.

Net Assets With Donor Restrictions: Net assets subject to donor-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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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. MEF did not receive any contributions subject to donor restricted stipulations during the years ended June 30, 2020 and 2019.

Recent and Relevant Accounting Pronouncements – The following pronouncements are relevant to MEF:

In August 2016, the FASB issued Accounting Standards Update *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MEF has adjusted the presentation of these statements accordingly.

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MORAGA EDUCATION FOUNDATION

Notes to Financial Statements June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, which requires an organization’s management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of November 10, 2020 (the date of the Independent Auditors’ Report), MEF management has made this evaluation and has determined that MEF has the ability to continue as a going concern.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. This new pronouncement is effective for fiscal years beginning after December 15, 2020. The new pronouncement does not impact MEF for the years ended June 30, 2020 and 2019.

3. Cash and Cash Equivalents

Cash and cash equivalents of \$1,174,647 and \$296,529 at June 30, 2020 and 2019, respectively, include all deposits in banks and highly liquid investments (including short-term interest bearing investments in money market accounts) with maturity dates of less than 90 days when acquired. Components of cash and cash equivalents are detailed as follows at June 30:

	2020	2019
Checking (noninterest-bearing)	\$ 96,367	\$ 266,400
Savings (bearing interest at 0.03% per annum at 2020)	25,468	25,456
Money market (bearing interest at 0.01% per annum at 2020)	1,052,812	4,673
Total cash and cash equivalents	\$ 1,174,647	\$ 296,529

4. Investments and Fair Value Measurement

Investments consist of the following at June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 730,000	\$ 735,106	\$ 543,000	\$ 547,701
Money market funds	185,939	185,939	350,725	350,725
Mutual funds principally invested in equities	438,179	466,262	785,322	1,059,810
Mutual funds principally invested in bonds	500,214	503,224	1,666,307	1,729,367
Exchange Traded Funds	944,552	981,984	179,088	181,188
Total investments	\$ 2,798,884	\$ 2,872,515	\$ 3,524,442	\$ 3,868,791

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements June 30, 2020

4. Investments and Fair Value Measurement *(continued)*

Certificates of deposit mature at various dates through 2020 and 2021 and bear interest at rates ranging from 0.80% to 1.68% per annum as of June 30, 2020. Investment income on all investments (interest and dividends), net of investment fees and expenses, amounted to \$95,973 and \$130,107 for the years ended June 30, 2020 and 2019, respectively. Net realized gains (losses) amounted to (\$3,394) and \$11,764 for the years ended June 30, 2020 and 2019, respectively. Net unrealized losses amounted to (\$57,253) and (\$4,393) for the years ended June 30, 2020 and 2019, respectively.

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as the organization's own estimates and pricing models.

Composition of investments utilizing fair value measurements at June 30, 2020 is as follows:

	Totals	Level 1	Level 2	Level 3
Certificates of deposit	\$ 735,106	\$ 735,106	\$ -	\$ -
Money market funds	185,938	185,938	-	-
Mutual funds principally invested in equities	466,262	466,262	-	-
Mutual funds principally invested in bonds	503,225	503,225	-	-
Exchange Traded Funds	981,984	-	981,984	-
Total investments	<u>\$ 2,872,515</u>	<u>\$ 1,890,531</u>	<u>\$ 981,984</u>	<u>\$ -</u>

Composition of investments utilizing fair value measurements at June 30, 2019 is as follows:

	Totals	Level 1	Level 2	Level 3
Certificates of deposit	\$ 547,701	\$ 547,701	\$ -	\$ -
Money market funds	350,725	350,725	-	-
Mutual funds principally invested in equities	1,059,810	1,059,810	-	-
Mutual funds principally invested in bonds	1,729,367	1,729,367	-	-
Exchange Traded Funds	181,188	-	181,188	-
Total investments	<u>\$ 3,868,791</u>	<u>\$ 3,687,603</u>	<u>\$ 181,188</u>	<u>\$ -</u>

MEF's Board members have the responsibility for establishing the organization's investment objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters (generally low risk securities, certificates of deposit and mutual funds). Members of the Board routinely oversee investment performances and review cash flows necessary to sustain MEF's operating activities.

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Notes to Financial Statements June 30, 2020

5. Liquidity

MEF regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. MEF has various sources of liquidity at its disposal, including cash, investment earnings, and the future collection of contributions from the local community.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, MEF considers all expenditures related to its ongoing activities of providing financial support for local schools as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, MEF operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of MEF's cash and shows positive cash flow for year ended June 30, 2020.

The following table shows the total financial assets held by MEF and the amounts of those financial assets which could be made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,174,647	\$ 296,529
Investments	2,872,515	3,868,791
Total financial assets	<u>4,047,162</u>	<u>4,165,320</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	-	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,047,162</u>	<u>\$ 4,165,320</u>

MEF's goal is generally to maintain financial assets equal to or in excess of 90 days of operating expenses.

6. In-Kind Contributions

During the years ended June 30, 2020 and 2019, MEF was the recipient of certain in-kind contributions. The value of these contributions, as reflected in the financial statements, is summarized as follows:

	<u>2020</u>	<u>2019</u>
Occupancy	\$ 15,459	\$ 14,853
Supporting services	125	475
Graphic design and printing	350	1,962
Other	542	493
Total in-kind contributions	<u>\$ 16,476</u>	<u>\$ 17,783</u>

(continued)

MORAGA EDUCATION FOUNDATION

Notes to Financial Statements June 30, 2020

6. In-Kind Contributions *(continued)*

Additionally, a substantial number of unpaid volunteers have made significant contributions of time to MEF's operations and programs. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under *ASC 958.605*.

7. School District Contributions

MEF raises funds to preserve and enhance educational opportunities for all Moraga public school students, through a broad-based community effort. MEF believes that together the entire community can build a better future for its children consistent with the educational goals of the Moraga School District and Campolindo High School. During the years ended June 30, 2020 and 2019, Moraga Education Foundation raised in excess of \$2,279,653 and \$2,294,420, respectively, in contributions from the community which included parents and business partners. This allowed MEF to expend \$2,425,000 and \$2,248,008 during the years ended June 30, 2020 and 2019, respectively, in direct monetary support for educational programs for all five public schools in Moraga, including Campolindo High School.

8. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts related to ongoing operational activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate MEF to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond MEF's control, such as general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

9. Board Designated Endowment

MEF's board designated endowment fund consists of amounts designated by the board as endowment, amounts contributed by donors to the board designated endowment, and investment returns on the endowment net assets as follows:

Balance at July 1, 2018	\$	1,194,311
Donor designated additions		78,247
Investment returns for the year ended June 30, 2018		61,934
Balance at June 30, 2019	\$	1,334,492
Donor designated additions		87,373
Investment returns for the year ended June 30, 2020		51,876
Balance at June 30, 2020	\$	<u>1,473,741</u>

**Notes to Financial Statements
June 30, 2020**

10. COVID-19

In late 2019, an outbreak of a novel strain of coronavirus (COVID-19) began spreading around the world. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

The novel coronavirus threat has (a) significantly impacted financial markets, (b) potentially diminished revenue streams, and (c) impacted private enterprises with which MEF conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic.

Management is carefully monitoring the situation and evaluating its options during this time. These financial statements do not contain any adjustments related to economic losses which may or may not be realized by MEF as a result of these events.

11. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, MEF has evaluated subsequent events through November 10, 2020, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.