



MORAGA EDUCATION FOUNDATION

Financial Statements

*For the Years Ended
June 30, 2019 and 2018*

MORAGA EDUCATION FOUNDATION

(A California Non Profit Corporation)
June 30, 2019

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 13



Regalia & Associates

OFFICE: 925.314.0390
WEB: WWW.MRCPA.COM

CERTIFIED PUBLIC ACCOUNTANTS
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
ANITA EVANS
DANA CHAVARRIA, CPA
TRICIA WILSON
VALERIE REGALIA, CPA
WENDY THOMAS, CPA
SUSAN REGALIA, CPA
RACHEL BERGER, CPA
ROELEEN JOOSTE, CPA

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, 2019 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moraga Education Foundation as of June 30, 2019 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Danville, California
December 20, 2019***

MORAGA EDUCATION FOUNDATION

Statements of Financial Position June 30, 2019 and 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	\$ 296,529	\$ 332,847
Investments	3,865,146	3,427,417
Accrued interest receivable	3,645	15,384
Prepaid expenses	4,870	4,717
Total current assets	<u>4,170,190</u>	<u>3,780,365</u>
	<u>\$ 4,170,190</u>	<u>\$ 3,780,365</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 91,150	\$ 14,954
Total current liabilities	<u>91,150</u>	<u>14,954</u>
Net assets:		
Without donor restrictions:		
Board-designated endowment funds	1,334,492	1,194,311
Undesignated	2,744,548	2,571,100
Total net assets	<u>4,079,040</u>	<u>3,765,411</u>
	<u>\$ 4,170,190</u>	<u>\$ 3,780,365</u>

MORAGA EDUCATION FOUNDATION

Statements of Activities and Changes in Net Assets For the Years Ended June 30, 2019 and 2018

	2019	2018
<i>Change in net assets:</i>		
Contributed income and revenue:		
Donations and contributions	\$ 2,294,420	\$ 2,216,677
Endowment fund contributions	78,247	48,468
Investment interest and dividends, net of fees	141,871	99,270
Unrealized gains (losses) on investments	(4,393)	37,280
Auction proceeds, net of expenses of \$64,002 and \$42,408, respectively	214,003	200,116
Total contributed income and revenue	2,724,148	2,601,811
Expenses:		
Programs	2,248,008	1,999,428
Fundraising	83,507	40,581
General and administrative	79,004	121,633
Total expenses	2,410,519	2,161,642
Increase in net assets	313,629	440,169
Net assets at beginning of year	3,765,411	3,325,242
Net assets at end of year	\$ 4,079,040	\$ 3,765,411

MORAGA EDUCATION FOUNDATION

Statements of Cash Flows For the Years Ended June 30, 2019 and 2018

	2019	2018
<i>Operating activities:</i>		
Increase in net assets	\$ 313,629	\$ 440,169
Adjustments to reconcile to cash provided by operating activities:		
Net unrealized (gains) losses on investments	4,393	(37,280)
Changes in:		
Accrued interest receivable	11,739	(6,528)
Prepaid expenses	(153)	51
Accounts payable	76,196	1,074
Cash provided by operating activities	405,804	397,486
 <i>Investing activities:</i>		
Acquisition of investments	(4,214,009)	(1,911,411)
Proceeds from sales and maturities of investments	3,771,887	1,747,000
Cash used for investing activities	(442,122)	(164,411)
 Increase (decrease) in cash and cash equivalents	(36,318)	233,075
Cash and cash equivalents at beginning of year	332,847	99,772
 Cash and cash equivalents at end of year	\$ 296,529	\$ 332,847
 <i>Additional cash flow information:</i>		
Taxes paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

MORAGA EDUCATION FOUNDATION

Statement of Functional Expenses

For the Year Ended June 30, 2019

(with Summarized Financial Information for the Year Ended June 30, 2018)

		Fund-	General and Adminis-		2019 Total	2018 Total
	Programs	raising	trative		Expenses	Expenses
Advertising and promotion	\$ -	\$ 2,917	\$ -	\$	\$ 2,917	\$ 3,686
Bank and merchant fees	-	43,905	76		43,981	40,459
Consultants and professional services	-	-	10,530		10,530	9,648
Dues and sponsorships	-	63	50		113	657
Insurance	-	-	3,658		3,658	3,658
Miscellaneous	-	154	303		457	1,893
Office and administrative	-	2,244	2,181		4,425	3,697
Occupancy	-	7,919	7,427		15,346	15,915
Printing and postage	-	5,517	4,155		9,672	11,360
Salaries and related costs	-	20,788	50,624		71,412	71,241
School district contributions	2,248,008	-	-		2,248,008	1,999,428
Total expenses	\$ 2,248,008	\$ 83,507	\$ 79,004		\$ 2,410,519	\$ 2,161,642

Notes to Financial Statements
June 30, 2019 and 2018

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 Presentation - 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 and cash equivalents consists of cash on deposit in checking and savings accounts. Cash equivalents include money market funds or short-term investments with maturities of three months or less.

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 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, 2018, from which the summarized information was derived.

Notes to Financial Statements

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. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Investments - In accordance with the provisions of ASC 958.320, *Investments – Debt and Equity Securities of Not-for-Profit Entities*, investments are reported at fair value 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, 2019 and 2018. 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 on financial markets as a result of COVID-19.

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.

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.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

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 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.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, 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 without donor restrictions consist of funds which are 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.

Net Assets With Donor Restrictions

MEF did not receive any contributions subject to donor restricted stipulations during the years ended June 30, 2019 and 2018.

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.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

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, 2019 and 2018, 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.

Recent and Relevant Accounting Pronouncements - The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued *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.

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. Topic 842 was subsequently amended by *ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11*. This new pronouncement is effective for fiscal years beginning after December 15, 2019.

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets. As of June 30, 2019, MEF has no leases subject to these new rules.

Notes to Financial Statements

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 December 20, 2019 (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.

3. Cash and Cash Equivalents

Cash and cash equivalents of \$296,529 and \$332,847 at June 30, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Checking (noninterest-bearing)	\$ 266,400	\$ 306,935
Savings (bearing interest at 0.06% per annum at 2019)	25,456	25,441
Money market (bearing interest at 0.30% per annum at 2019)	4,673	471
Total cash and cash equivalents	\$ 296,529	\$ 332,847

4. Investments

Investments consist of the following at June 30, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 543,000	\$ 543,000	\$ 1,786,000	\$ 1,786,000
Money market funds	350,725	350,725	24,436	24,436
Mutual funds principally invested in equities	785,322	1,059,810	809,855	966,402
Mutual funds principally invested in bonds	1,666,307	1,730,423	617,447	650,579
Exchange Traded Funds	179,085	181,188	-	-
Total investments	\$ 3,524,439	\$ 3,865,146	\$ 3,237,738	\$ 3,427,417

Certificates of deposit mature at various dates through 2020 and bear interest at rates ranging from 2.40% to 2.49% per annum as of June 30, 2019. Investment income on all investments (interest and dividends) amounted to \$141,871 and \$99,270 for the years ended June 30, 2019 and 2018, respectively. Net unrealized gains (losses) amounted to (\$4,393) and \$37,280 for the years ended June 30, 2019 and 2018, respectively.

Notes to Financial Statements

4. Investments *(continued)*

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, 2019 is as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 543,000	\$ 543,000	\$ -	\$ -
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	1,730,423	1,730,423	-	-
Exchange Traded Funds	181,188	-	181,188	-
Total investments	\$ 3,865,146	\$ 3,683,958	181,188	\$ -

Composition of investments utilizing fair value measurements at June 30, 2018 is as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,786,000	\$ 1,786,000	\$ -	\$ -
Money market funds	24,436	24,436	-	-
Mutual funds principally invested in equities	966,402	966,402	-	-
Mutual funds principally invested in bonds	650,579	650,579	-	-
Total investments	\$ 3,427,417	\$ 3,427,417	\$ -	\$ -

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.

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.

(continued)

Notes to Financial Statements

5. Liquidity *(continued)*

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 generated by operations for year ended June 30, 2019.

As of June 30, 2019, 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:

Cash and cash equivalents	\$ 296,529
Investments	3,865,146
Accrued interest receivable	3,645
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	\$ 4,165,320

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, 2019 and 2018, MEF was the recipient of certain in-kind contributions. The value of these contributions, as reflected in the financial statements, is summarized as follows:

	2019	2018
Occupancy	\$ 14,853	\$ 11,615
Supporting services	475	4,750
Graphic design and printing	1,962	1,750
Other	493	800
Total in-kind contributions	\$ 17,783	\$ 18,915

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.

Notes to Financial Statements

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, 2019 and 2018, Moraga Education Foundation raised in excess of \$2,370,000 and \$2,260,000, respectively, in contributions from the community which included parents and business partners. This allowed MEF to expend \$2,248,008 and \$1,999,428 during the years ended June 30, 2019 and 2018, respectively, in direct monetary support for educational programs for all five public schools in Moraga, including Campolindo High School.

8. 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, 2017	\$	1,034,074
Donor designated additions		48,468
Investment returns for the year ended June 30, 2018		111,769
Balance at June 30, 2018	\$	1,194,311
Donor designated additions		78,247
Investment returns for the year ended June 30, 2019		61,934
Balance at June 30, 2019	\$	1,334,492

10. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, MEF has evaluated subsequent events through December 20, 2019, the date the financial statements were available to be issued. Subsequent to June 30, 2019 (the organization's fiscal year), the Corona Virus threat (which became widespread during February and March 2020) has significantly impacted financial markets or potential diminished revenue streams. These financial statements do not contain any adjustments related to economic losses which may or may not be realized by MEF. In the opinion of management, there are no other subsequent events which are required to be disclosed.