

PETER WESTBROOK FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peter Westbrook Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Peter Westbrook Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Peter Westbrook Foundation, Inc. as of December 31, 2022 and 2021, 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. 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 Peter Westbrook Foundation, Inc. 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 Peter Westbrook Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Peter Westbrook Foundation, Inc.'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 Peter Westbrook Foundation, Inc.'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.

KBL, LLP
KBL, LLP
New York, NY
August 3, 2023

Peter Westbrook Foundation, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 465,634	\$ 624,557
Grants and accounts receivable	51,750	2,490
Prepaid expenses and other assets	3,432	21,522
Total current assets	520,816	648,569
Investments	13,293,515	15,738,153
Property and equipment, net	8,758	9,926
Total assets	\$ 13,823,089	\$ 16,396,648
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 32,231	\$ 58,634
Total current liabilities	32,231	58,634
Total liabilities	32,231	58,634
Commitments and Contingencies	-	-
Net Assets:		
Without donor restrictions	813,712	1,005,285
With donor restrictions	12,977,146	15,332,729
Total net assets	13,790,858	16,338,014
Total liabilities and net assets	\$ 13,823,089	\$ 16,396,648

See notes to financial statements

Peter Westbrook Foundation, Inc.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Contributions and grants	\$ 340,250	\$ 210,000	\$ 550,250	\$ 498,416	\$ 150,000	\$ 648,416
Forgiveness of debt	-	-	-	37,488	-	37,488
Program fees and other income	13,575	-	13,575	8,606	-	8,606
Total Support and Revenues before releases	<u>353,825</u>	<u>210,000</u>	<u>563,825</u>	<u>544,510</u>	<u>150,000</u>	<u>694,510</u>
Net assets released from restrictions	<u>471,598</u>	<u>(471,598)</u>	<u>-</u>	<u>487,505</u>	<u>(487,505)</u>	<u>-</u>
Total Support and Revenues	<u>825,423</u>	<u>(261,598)</u>	<u>563,825</u>	<u>1,032,015</u>	<u>(337,505)</u>	<u>694,510</u>
EXPENSES						
Saturday program	122,493	-	122,493	109,281	-	109,281
Afterschool program	340,609	-	340,609	323,374	-	323,374
Academic program	263,328	-	263,328	185,305	-	185,305
Fundraising expenses	147,198	-	147,198	143,598	-	143,598
Management and general	99,513	-	99,513	134,011	-	134,011
Total Expenses	<u>973,141</u>	<u>-</u>	<u>973,141</u>	<u>895,569</u>	<u>-</u>	<u>895,569</u>
Change in Net Assets from Operating Activities	(147,718)	(261,598)	(409,316)	136,446	(337,505)	(201,059)
NONOPERATING ACTIVITIES						
Net appreciation (depreciation) in fair value of investments	<u>(43,855)</u>	<u>(2,093,985)</u>	<u>(2,137,840)</u>	<u>23,411</u>	<u>1,446,141</u>	<u>1,469,552</u>
Change in Net Assets from Nonoperating Activities	<u>(43,855)</u>	<u>(2,093,985)</u>	<u>(2,137,840)</u>	<u>23,411</u>	<u>1,446,141</u>	<u>1,469,552</u>
Change in Net Assets	(191,573)	(2,355,583)	(2,547,156)	159,857	1,108,636	1,268,493
Net assets at beginning of year	<u>1,005,285</u>	<u>15,332,729</u>	<u>16,338,014</u>	<u>845,428</u>	<u>14,224,093</u>	<u>15,069,521</u>
Net assets at end of year	<u>\$ 813,712</u>	<u>\$ 12,977,146</u>	<u>\$ 13,790,858</u>	<u>\$ 1,005,285</u>	<u>\$ 15,332,729</u>	<u>\$ 16,338,014</u>

See notes to financial statements

Peter Westbrook Foundation, Inc.
SCHEDULES OF FUNCTIONAL EXPENSES
For year ended December 31, 2022

	Saturday Program	Afterschool Program	Academic Program	Total Program	Management and General	Fundraising Expenses	Supporting Subtotal	Total Expenses
Personnel services	\$ 32,169	\$ 32,169	\$ 85,788	\$ 150,126	\$ 35,092	\$ 43,866	\$ 78,958	229,084
Payroll taxes and fringe benefits	9,526	9,526	14,569	33,621	12,990	10,392	23,382	57,003
Pension	3,300	3,300	3,300	9,900	4,500	3,600	8,100	18,000
Coaching fees	8,250	116,020	-	124,270	-	-	-	124,270
Academic enrichment (Tutors)	-	-	74,740	74,740	-	-	-	74,740
Academic scholarship	-	-	9,000	9,000	-	-	-	9,000
Creative expressions	500	-	8,945	9,445	-	-	-	9,445
Contributions and gifts	-	-	-	-	6,478	-	6,478	6,478
Tournament and competition	2,235	137,002	2,235	141,472	-	-	-	141,472
Office expenses	1,000	-	7,272	8,272	1,467	-	1,467	9,739
Postage and delivery	36	36	36	108	-	-	-	108
Professional fees	10,136	15,968	8,786	34,890	26,359	79,312	105,671	140,561
Printing and reproduction	414	414	414	1,242	1,242	1,242	2,484	3,726
Telephone	772	772	772	2,316	2,315	2,315	4,630	6,946
Demonstrations	1,250	-	-	1,250	-	-	-	1,250
Space rental	48,209	-	33,240	81,449	-	-	-	81,449
Insurance	610	610	1,868	3,088	1,333	-	1,333	4,421
Computer and software	294	294	3,677	4,265	883	883	1,766	6,031
Meals and entertainment	-	11,265	1,767	13,032	235	-	235	13,267
Travel	184	184	184	552	551	763	1,314	1,866
Dues and subscriptions	1,270	12,626	1,916	15,812	722	3,372	4,094	19,906
Depreciation	1,807	-	1,340	3,147	-	-	-	3,147
Miscellaneous	531	423	3,479	4,433	5,346	1,453	6,799	11,232
Total	\$ 122,493	\$ 340,609	\$ 263,328	\$ 726,430	\$ 99,513	\$ 147,198	\$ 246,711	\$ 973,141

See notes to financial statements

Peter Westbrook Foundation, Inc.
SCHEDULES OF FUNCTIONAL EXPENSES
For year ended December 31, 2021

	Saturday Program	Afterschool Program	Academic Program	Total Program	Management and General	Fundraising Expenses	Supporting Subtotal	Total Expenses
Personnel services	\$ 32,257	\$ 32,257	\$ 70,866	\$ 135,380	\$ 43,986	\$ 35,189	\$ 79,175	214,555
Payroll taxes and fringe benefits	8,620	8,620	13,598	30,838	11,789	9,431	21,220	52,058
Pension	3,300	3,300	3,300	9,900	4,500	3,600	8,100	18,000
Coaching fees	2,050	107,984	-	110,034	-	-	-	110,034
Academic enrichment (Tutors)	-	-	71,118	71,118	-	-	-	71,118
Academic scholarship	-	-	6,000	6,000	-	-	-	6,000
Creative expressions	100	-	-	100	-	-	-	100
Contributions and gifts	200	-	200	400	2,580	-	2,580	2,980
Tournament and competition	-	126,374	-	126,374	-	-	-	126,374
Computer and software	543	543	543	1,629	1,629	1,629	3,258	4,887
Office expenses	1,239	-	-	1,239	5,234	-	5,234	6,473
Postage and delivery	221	221	221	663	1,326	1,964	3,290	3,953
Professional fees	6,240	22,692	2,704	31,636	54,099	87,130	141,229	172,865
Printing and reproduction	859	859	859	2,577	-	-	-	2,577
Telephone	662	662	662	1,986	1,985	1,985	3,970	5,956
Space rental	47,637	-	8,950	56,587	-	-	-	56,587
Insurance	649	649	2,003	3,301	657	-	657	3,958
Repairs and maintenance	-	-	-	-	88	-	88	88
Meals and entertainment	-	490	1,500	1,990	-	-	-	1,990
Travel	-	-	-	-	2,628	-	2,628	2,628
Dues and subscriptions	366	17,486	366	18,218	1,097	1,097	2,194	20,412
Depreciation	1,223	-	1,178	2,401	-	-	-	2,401
Miscellaneous	3,115	1,237	1,237	5,589	2,413	1,573	3,986	9,575
Total	\$ 109,281	\$ 323,374	\$ 185,305	\$ 617,960	\$ 134,011	\$ 143,598	\$ 277,609	\$ 895,569

See notes to financial statements

Peter Westbrook Foundation, Inc.
STATEMENTS OF CASH FLOWS
For years ended 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,547,156)	\$ 1,268,493
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,147	2,401
Net depreciation (appreciation) on investments	2,444,638	(1,130,410)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	18,090	(4,078)
Grants and accounts receivable	(49,260)	2,496
Accounts payable and accrued expenses	(26,403)	40,972
Net cash provided by (used in) operating activities	(156,944)	179,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,979)	(3,118)
Net cash (used in) investing activities	(1,979)	(3,118)
Net increase (decrease) in cash and cash equivalents	(158,923)	176,756
Cash and cash equivalents beginning of year	624,557	447,801
Cash and cash equivalents at end of year	\$ 465,634	\$ 624,557
Supplementary disclosures of cash flow information		
Cash paid during the year for:		
Interest expense	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

See notes to financial statements

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. THE FOUNDATION

The Peter Westbrook Foundation, Inc. (the “Foundation”) is a not-for-profit organization formed under the laws of the State of New York to operate exclusively for charitable purposes. The Foundation utilizes the sport of fencing as a vehicle to develop life skills in young people from underserved communities. The primary objectives of the year-round program are to help:

- Equip themselves with the life skills that enable them to take control of their futures,
- Strive for academic excellence,
- Develop leadership skills,
- Build self confidence,
- Gain exposure to people from diverse cultural and socioeconomic backgrounds,
- Learn about healthy lifestyles,
- Develop their sense of civic duty and community service,
- Foster a sense of community inspired by a common love of fencing.

Saturday Fencing Program

The Saturday Fencing Program utilizes the sport of fencing as a vehicle to develop life skills in young people from underserved communities. With approximately 125 participants, the program meets every Saturday, September through the first week of June, offering basic and advanced fencing instructions, taught by Olympians, World Champion Team Members and National Champions.

Academic Enrichment Program

The Academic Enrichment program addresses the educational needs of our students by providing a variety of programs and services including standardized test preparation, workshops, literacy skill building, educational counseling, and one-on-one tutoring. The Academic Enrichment Program runs from October through May for students during the academic school year.

Competitive Athlete Program

Each season we select a cadre of new and returning students from the Saturday Fencing Program who show remarkable talent and motivation to participate in the Competitive Athlete Program. These students train year-round and adopt a training regime that will set them on a course to compete inter-collegiately, nationally, internationally and for Olympic competition. Participants in the program are awarded scholarships to defray the cost of fencing club memberships, coaching, competition fees and equipment.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accounting policies of the Foundation have been designed to conform to U.S. GAAP as applicable to not-for-profit organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit Foundation to use all, or part of the income earned on related investments for general or specific purposes.

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 disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

Fair Value of Financial Instruments

The fair value of financial instruments classified as current assets or liabilities approximate their carrying value due to the short-term maturity of the instruments.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and Equipment

Property and equipment are stated at cost or fair value at the date of the donation. Depreciation is provided using the straight-line method over the estimated useful lives for furniture, fixtures, and equipment of 3 to 5 years.

The Foundation follows the practice of capitalizing all expenditures for fixed assets in excess of \$500. The property and equipment account are designated for property and equipment acquisitions, and to record their costs and accumulated depreciation.

Concentration of Credit Risk

Financial instruments that potentially expose the Foundation to concentrations of credit risk consist principally of bank deposits in excess of insurance limits. Cash balances are maintained in a financial institution that, from time to time, exceed the Federal Depository Insurance limit and subject the Foundation to concentration of credit risk.

The Foundation does not believe that the concentration of credit risk of bank deposits represents a material risk of loss with respect to its financial position as of December 31, 2022 and 2021.

Recently Issued Accounting Pronouncements

The Foundation does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a significant effect on the accompanying financial statements.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Non-Profit Organization, Inc.'s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments

Investments held in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position.

Unrealized gains or losses are included in the changes in permanently restricted assets. Investment income is reported net of brokerage fees and commissions. Investment transactions are recorded on a trade date basis.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Major U.S. and foreign equity and fixed income indices have experienced volatility and, in some cases, significant declines. Management is monitoring investment market conditions and the impact such declines are having on the Foundation's investment portfolio. 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 those changes could materially affect the amounts reported in the statements of financial position and activities.

Fair Value of Financial Instruments

The fair value of the Foundation's financial instruments approximates the carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts receivable, short-term investments, accounts payable, and accrued expenses.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Valuation techniques that are consistent with the market approach, income approach, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Foundation has the ability to access.
- Level II inputs are inputs (other than quoted prices included within Level I) that are observable for the asset or liability, either directly or indirectly.
- Level III inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition – Contracts with Customers Accounted for in Accordance with ASC 606

The Foundation recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration Foundation expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, Foundation combines it with other performance obligations until a distinct bundle of goods or services exists.

Performance obligations are satisfied over time and the related revenue is recognized as services are rendered.

Foundation's management expects that the period between when Foundation transfers goods and services to their customers and when their customers pay for these goods and services will be one year or less. Therefore, Foundation elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Invoices resulting from Foundation's contracts with customers are generally due within 30 days of the invoice date.

Revenue Recognition Accounted for in Accordance with ASC 605: Topic 958 Not for Profit Entities

Government Grants and Contracts

Revenue from government contracts is recognized when qualified expenditures are incurred and conditions under the grant agreements are met. Contract payments in excess of qualified expenses are accounted for as contract advances.

Deferred Revenue

Income from events is deferred and recognized in the year the event occurs.

Fundraising Events

The Foundation holds fund-raising events and reports the revenues generated, net of any direct operating costs, as revenue, gains, and other support in the accompanying statements of activities. Fund-raising revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give.

Contribution Revenue

The Foundation receives support from individuals, foundations, corporations, and other nonprofit organizations in support of Foundation's mission, contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Foundation receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting Foundation's discretion on use of the funds. Other contributions may have recoverable features to the promise to give. Such conditional promises to give are recognized when the conditions are substantially met.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition Accounted for in Accordance with ASC 605: Topic 958 Not for Profit Entities (continued)

Refundable Donor Advances

A transfer of assets (i.e., cash received) that is related to a conditional contribution is accounted for as a refundable donor advance in accounts payable and accrued expenses in the accompanying statement of financial position until the conditions have been substantially met or explicitly waived by the donor. As a result of the prospective application of ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope of and the Accounting Guidance for Contributions Received and Contributions Made, certain government grants and contracts balances were reclassified from deferred revenue to refundable donor advances as of the effective date of the new standard (January 1, 2019). Other changes in refundable donor advances result from timing differences between payments received from donors and the satisfactions of the conditions within the contracts and grant agreements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statement of activities and changes in net assets, which included all expenses incurred for the year. Accordingly, certain costs have been allocated among the programs and other activities benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable bases.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salary and benefits	Time and Effort
Education and awareness	Time and Effort
Occupancy	Square Footage
Professional services	Full Time Equivalent
Travel	Time and Effort
Depreciation	Square Footage
Other	Time and Effort

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Foundation is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The Foundation is not considered to be a private foundation as determined by the Internal Revenue Service. Therefore, there is no provision for income taxes.

The Foundation has no unrecognized tax benefits at December 31, 2022 and 2021. The Foundation's Federal and State tax returns prior to fiscal year 2019 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Subsequent Events

The Foundation evaluated events occurring between the end of its fiscal year, December 31, 2022 and August 3, 2023, when the financial statements were issued.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. NET ASSET WITH DONOR RETRICTIONS:

Subject to expenditure for specified purpose:2022				
	Academic Program Activities			\$ 45,000
	Saturday Program			
		Event Expense		\$ 22,384
	Afterschool Program Activities			\$ 1,568
Subject to passage of time:				
	For periods after future date			-
Subject to NFP spending policy and appropriation:				
	Investment in perpetuity			
		Academic Program Activities		\$1,936,228
		Saturday Program Activities		2,968,883
		Afterschool Program Activities		5,163,275
		Any activity of the organization		2,839,802
				<u>\$12,908,189</u>
		Total net assets with donor restrictions		<u>\$ 12,977,141</u>
Release from Donor Restricted Net Assets for the year ended December 31, 2022 are as follows:				
	Releases from restrictions:			
		Subject to expenditure for specified purpose:		
		Saturday Program		
			Event Expense	\$ -
		Afterschool Program		\$ -
			General	275
		Subject to NFP spending policy and appropriation:		
		Investment in perpetuity		
			Saturday Program	164,981
			Academic Program	47,137
			Afterschool Program	164,981
			Any activity of the organization	94,275
				<u>\$ 471,648</u>
	Endowment Net Assets with Donor Restrictions:			
		Original donor-restricted endowment gift amounts and amounts required to be retained by donor		\$ 10,454,261
		Accumulated investment gain on endowment funds		2,522,885
		Total endowment funds classified as net assets with donor restrictions		<u>\$ 12,977,146</u>
As of December 31, 2022, the endowment fund is comprised of:				
		Investments		\$ 12,472,497
		Cash and cash equivalents		504,649
				<u>\$ 12,977,146</u>

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. NET ASSET WITH DONOR RETRICTIONS (CONTINUED):

Subject to expenditure for specified purpose:2021			
	Academic Program Activities		
	Saturday Program		
		Event Expense	\$ 22,384
	Afterschool Program Activities		\$ 1,568
Subject to passage of time:			
	For periods after future date		-
Subject to NFP spending policy and appropriation:			
	Investment in perpetuity		
		Academic Program Activities	\$2,296,317
		Saturday Program Activities	3,521,019
		Afterschool Program Activities	6,123,511
		Any activity of the organization	3,367,931
			15,308,777
		Total net assets with donor restrictions	\$ 15,332,729
Release from Donor Restricted Net Assets for the year ended December 31, 2021 are as follows:			
	Releases from restrictions:		
		Subject to expenditure for specified purpose:	
		Saturday Program	
			Event Expense
			\$ -
		Afterschool Program	\$ 7,652
		General	275
		Subject to NFP spending policy and appropriation:	
		Investment in perpetuity	
		Saturday Program	170,548
		Academic Program	48,728
		Afterschool Program	170,548
		Any activity of the organization	97,456
			\$ 495,207
	Endowment Net Assets with Donor Restrictions:		
		Original donor-restricted endowment gift amounts and amounts required to be retained by donor	\$ 10,199,207
		Accumulated investment gain on endowment funds	5,133,522
			15,332,729
		Total endowment funds classified as net assets with donor restrictions	\$ 15,332,729
As of December 31, 2021, the endowment fund is comprised of:			
		Investments	\$ 14,729,250
		Cash and cash equivalents	603,479
			\$ 15,332,729

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. NET ASSET WITH DONOR RESTRICTIONS (CONTINUED):

Year ended December 31, 2022				
	Opening	Contributions	Released	Closing
Afterschool Program	\$ 1,568	\$ -	\$ -	\$ 1,568
Academic Program	-	139,000	(94,000)	45,000
Media Fund	22,384	-	-	22,384
Permanently restricted	10,175,255	210,000	-	10,385,255
	<u>\$ 10,199,207</u>	<u>\$ 349,000</u>	<u>\$ (94,000)</u>	<u>\$ 10,454,207</u>
Year ended December 31, 2021				
	Opening	Contributions	Released	Closing
Afterschool Program	\$ 9,220	\$ 25,000	\$ (32,652)	\$ 1,568
Media Fund	22,384	-	-	22,384
Permanently restricted	10,025,255	150,000	-	10,175,255
	<u>\$ 10,056,859</u>	<u>\$ 175,000</u>	<u>\$ (32,652)</u>	<u>\$ 10,199,207</u>

NOTE 4. LIQUIDITY

The Foundation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2022	2021
Cash and cash equivalents	\$ 465,634	\$ 624,557
Investments, at cost	362,864	406,944
Grants receivable	51,750	2,490
	<u>\$ 880,248</u>	<u>\$ 1,033,991</u>

Foundation manages its financial assets to be available as its operating expenditures, liability and other obligations come due.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment are carried at cost and consist of the following:

	2022	2021
Fencing equipment	\$ 75,557	\$ 75,557
Furniture and equipment	<u>23,902</u>	<u>21,923</u>
	99,459	97,480
Accumulated depreciation	<u>(90,701)</u>	<u>(87,554)</u>
Total	<u>\$ 8,758</u>	<u>\$ 9,926</u>

Depreciation expense for the years ended December 31, 2022, and 2021 was \$3,147 and \$2,401, respectively.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 6. INVESTMENTS

Investments comprise the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash and money market funds	\$ 622,274	\$ 622,274	\$ 798,061	\$ 798,061
Mutual funds & alternative investments	13,668,905	12,671,241	13,092,824	14,940,092
	\$ 14,291,179	\$ 13,293,515	\$ 13,890,885	\$ 15,738,153

Net investment (depreciation) appreciation consisted of the following:

	<u>2022</u>	<u>2021</u>
Investment income (loss)	\$ 728,935	\$ 802,556
Unrealized gain (loss)	(1,078,397)	1,847,268
	\$ (349,462)	\$ 2,649,824

NOTE 7. FAIR VALUE MEASUREMENT

Fair Value Measurements — Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) No. 820 — Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, Fair Value Measurements), establishes a framework for measuring fair value. The three levels of the fair value hierarchy under ASC No. 820 are described as follows:

Level 1 inputs are observable inputs and use quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date and are deemed to be most reliable measure of fair value.

Level 2 inputs are observable inputs and reflect assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Level 2 inputs includes 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in markets that are not active, 3) observable inputs such as interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, credits risks, default rates, and 4) market-corroborated inputs.

Level 3 inputs are unobservable inputs and reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENT (Continued)

The following tables set forth the Foundation's investment assets at fair value on December 31, 2022 and 2021 by level within the fair value hierarchy:

December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 622,274	\$ -	\$ -	\$ 622,274
Mutual funds	-	10,598,469	-	10,598,469
Alternative investments	-	2,072,772	-	2,072,772
Total	<u>\$ 622,274</u>	<u>\$ 10,598,469</u>	<u>\$ -</u>	<u>\$ 13,293,515</u>

December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 798,061	\$ -	\$ -	\$ 798,061
Mutual funds	-	14,940,092	-	14,940,092
Total	<u>\$ 798,061</u>	<u>\$ 14,940,092</u>	<u>\$ -</u>	<u>\$ 15,738,153</u>

Money market funds are held in a demand deposit account that earns a market interest rate. As a result, the fair value of the Foundation's investments in interest-bearing savings accounts is derived from the cash balances in each account as of December 31, 2022 and 2021.

Investments in mutual funds are designated as Level 1 instruments, and valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 8. EMPLOYEE BENEFIT PLAN

The Foundation sponsors a defined contribution retirement plan covering all eligible employees. The Foundation's matching contributions under the plan totaled \$18,000 and \$18,000 for 2022 and 2021.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9. ENDOWMENT

The Foundation's endowment consists of funds received through separate fundraising campaigns established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Foundation. The Foundation considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the organization and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the organization,
- 7) The investment policies of the organization.

Strategies Employed for Achieving Objectives

The primary Endowment Fund objective is to seek a total return adequate to support a trailing 5% spending policy and to maintain the purchasing power of the endowment, net of inflation. Distribution will be made from the Fund and may be taken from principal or income so that there is no requirement to generate a particular level of dividends or interest. The time horizon is perpetual, and the Board is not concerned with intermediate volatility. The Fund is nonetheless to be balanced with fixed income instruments, in order to reduce the risk of substantial drops in principal value.

Peter Westbrook Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9. ENDOWMENT *(Continued)*

Spending Policy and Related Investment Objectives

For purposes of determining the gain or loss on sale, the cost of securities sold is based on the average costs of all of those securities sold. In order to preserve the purchasing power of the Foundation's investments, the Foundation adopted a spending rate that regulated the amount based on investment return made available for support of the Foundation's operations. The spending rate is 3.50% of the average endowment market value. The amount budgeted for operations is within the limits of the Foundation's spending rate and is identified as investment income appropriated for operations in the statement of activities.

NOTE 10. COVID-19

During the year of 2020, Coronavirus Disease (COVID-19) has begun causing major disruptions to the economy. The financial impacts to the Foundation may likely result in significantly reduced revenues for at least the few next quarters of 2023, and possibly beyond. Management is monitoring the situation closely and expects to make needed changes to its operations should circumstances warrant in order to mitigate any negative long-term financial impacts on the Foundation.