

PETER WESTBROOK FOUNDATION, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

Peter Westbrook Foundation, Inc.  
Report on Financial Statements  
For The Years Ended December 31, 2020 and 2019

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT	1-2
Statements of Financial Position	3
Statements of Activities and Change in Net assets	4
Schedules of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-18



## **INDEPENDENT AUDITOR'S REPORT**

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To the Board of Directors  
Peter Westbrook Foundation, Inc.

### **Report on the financial statements**

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, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 of 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 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 the Foundation as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KBL, LLP  
New York, NY  
April 28, 2021

Peter Westbrook Foundation, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Current assets		
Cash and cash equivalents	\$ 447,801	\$ 368,671
Grants and accounts receivable	4,986	500
Prepaid expenses and other assets	17,444	7,424
Total current assets	<u>470,231</u>	<u>376,595</u>
Investments	14,607,743	14,271,950
Property and equipment, net	<u>9,209</u>	<u>3,620</u>
Total assets	<u><u>\$ 15,087,183</u></u>	<u><u>\$ 14,652,165</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 17,662	\$ 31,511
Total current liabilities	<u>17,662</u>	<u>31,511</u>
Total liabilities	<u>17,662</u>	<u>31,511</u>
Commitments and Contingencies	-	-
Net Assets:		
Without donor restrictions	845,428	703,333
With donor restrictions	<u>14,224,093</u>	<u>13,917,321</u>
Total net assets	<u>15,069,521</u>	<u>14,620,654</u>
Total liabilities and net assets	<u><u>\$ 15,087,183</u></u>	<u><u>\$ 14,652,165</u></u>

See notes to financial statements

Peter Westbrook Foundation, Inc.  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended December 31, 2020  
(With comparative totals for 2019)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>OPERATING ACTIVITIES</b>				
Contributions and grants	\$ 310,143	\$ 230,000	\$ 540,143	496,655
Program fees and other income	8,265	-	8,265	16,251
Total Support and Revenues before releases	<u>318,408</u>	<u>230,000</u>	<u>548,408</u>	<u>512,906</u>
Net assets released from restrictions	<u>463,101</u>	<u>(463,101)</u>	<u>\$ -</u>	<u>-</u>
Total Support and Revenues	<u>781,509</u>	<u>(233,101)</u>	<u>548,408</u>	<u>512,906</u>
<b>EXPENSES</b>				
Saturday program	95,487	-	95,487	135,743
Afterschool program	223,878	-	223,878	315,045
Academic program	150,269	-	150,269	148,076
Fundraising expenses	70,087	-	70,087	70,185
Management and general	128,914	-	128,914	170,093
Total Expenses	<u>668,635</u>	<u>-</u>	<u>668,635</u>	<u>839,142</u>
Change in Net Assets from Operating Activities	112,874	(233,101)	(120,227)	(326,236)
<b>NONOPERATING ACTIVITIES</b>				
Net appreciation (depreciation) in fair value of investments	29,221	539,873	569,094	2,631,153
Change in Net Assets from Nonoperating Activities	<u>29,221</u>	<u>539,873</u>	<u>569,094</u>	<u>2,631,153</u>
Change in Net Assets	142,095	306,772	448,867	2,304,917
Net assets at beginning of year	<u>703,333</u>	<u>13,917,321</u>	<u>14,620,654</u>	<u>12,315,737</u>
Net assets at end of year	<u>\$ 845,428</u>	<u>\$ 14,224,093</u>	<u>\$ 15,069,521</u>	<u>\$ 14,620,654</u>

See notes to financial statements

Peter Westbrook Foundation, Inc.  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
For year ended December 31, 2020  
(With comparative totals for 2019)

											2020	2019
	Saturday Program	Afterschool Program	Academic Program	Total Program	Management & General	Fundraising Expenses	Supporting Subtotal	Total Expenses	Total Expenses	Total Expenses	Total Expenses	Total Expenses
Personnel services	\$ 26,921	\$ 26,921	\$ 62,159	\$ 116,001	\$ 36,710	\$ 29,369	\$ 66,079	182,080	\$ 182,097			
Payroll taxes and fringe benefits	7,693	7,693	11,298	26,684	10,201	8,161	18,362	45,046	45,742			
Pension	3,300	3,300	3,300	9,900	4,500	3,600	8,100	18,000	18,000			
Coaching fees	570	87,374	-	87,944	-	-	-	87,944	96,420			
Academic enrichment(Tutors)	-	-	48,158	48,158	-	-	-	48,158	46,220			
Academic scholarship	-	-	7,500	7,500	-	-	-	7,500	7,000			
Creative expressions	1,000	-	-	1,000	-	-	-	1,000	5,555			
Contributions and gifts	500	500	-	1,000	1,215	-	1,215	2,215	6,171			
Tournament and competition	-	70,639	-	70,639	-	-	-	70,639	153,849			
Trophies and T-shirts	-	-	-	-	-	-	-	-	10,295			
Office expenses	575	575	1,464	2,614	4,646	-	4,646	7,260	8,151			
Postage and delivery	103	103	103	309	621	310	931	1,240	1,481			
Professional fees	388	-	-	388	57,924	25,423	83,347	83,735	125,190			
Printing and reproduction	753	753	753	2,259	-	-	-	2,259	3,891			
Telephone	1,155	881	881	2,917	2,916	2,916	5,832	8,749	4,553			
Demonstrations	-	-	-	-	-	-	-	-	600			
Space rental	46,865	-	9,000	55,865	-	-	-	55,865	66,546			
Insurance	423	423	423	1,269	625	-	625	1,894	3,604			
Event Expense	-	-	-	-	-	-	-	-	-			
Repairs and maintenance	-	-	-	-	1,208	-	1,208	1,208	4,020			
Meals and entertainment	-	1,297	-	1,297	-	-	-	1,297	19,043			
Travel	-	-	-	-	1,943	-	1,943	1,943	1,379			
Dues and subscriptions	-	19,000	-	19,000	872	-	872	19,872	20,079			
Depreciation	200	200	1,011	1,411	-	-	-	1,411	645			
Miscellaneous	5,041	4,219	4,219	13,479	5,533	308	5,841	19,320	8,611			
<b>Total</b>	<b>\$ 95,487</b>	<b>\$ 223,878</b>	<b>\$ 150,269</b>	<b>\$ 469,634</b>	<b>\$ 128,914</b>	<b>\$ 70,087</b>	<b>\$ 199,001</b>	<b>\$ 668,635</b>	<b>\$ 839,142</b>			

See notes to financial statements

Peter Westbrook Foundation, Inc.  
**STATEMENTS OF CASH FLOWS**  
For year ended 2020  
(With comparative totals for 2019)

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 448,867	\$ 2,304,917
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,411	645
Net (appreciation) on investments	(335,793)	(2,332,993)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(10,020)	(6,424)
Grants and accounts receivable	(4,486)	20,500
Accounts payable and accrued expenses	(13,849)	8,909
Net cash provided by (used in) operating activities	86,130	(4,446)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(7,000)	(2,003)
Net cash (used in) investing activities	(7,000)	(2,003)
Net increase (decrease) in cash and cash equivalents	79,130	(6,449)
Cash and cash equivalents beginning of year	368,671	375,120
Cash and cash equivalents at end of year	\$ 447,801	\$ 368,671

**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 to:

- 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 accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held by the Foundation's investment managers are included as investments.

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 subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are held at high credit quality financial institutions, and balances may at times exceed FDIC insurance limits. At December 31, 2020 and 2019, the Foundation had no cash and cash equivalents balances in excess of insured Federal limits.

Deferred Revenue

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

Fundraising Event

Fundraising event revenue and expenses are recognized in the period of the event. Fundraising event income received in advance of the event is recorded as deferred revenue and related costs expended prior to the event are recorded as prepaid expenses.

Contributions and Gifts

Contributions received are recorded as without donor restriction, or with donor restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in with donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions.

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)*

Measure of Operations:

The statements of activities reports 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.

New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 859) – 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. Non-Profit Organization, Inc. has adjusted the presentation accordingly. The ASU has been applied retrospectively to all period presented.

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, 2020 and 2019. The Foundation's Federal and State tax returns prior to fiscal year 2017 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

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.

Reclassification

Certain 2019 items have been reclassified to conform to 2020 financial statement presentation.

Subsequent events

The Foundation evaluated events occurring between the end of its fiscal year, December 31, 2020, and April 28, 2021, when the financial statements were issued.

Peter Westbrook Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 3. NET ASSET WITH DONOR RESTRICTIONS:**

<b>Subject to expenditure for specified purpose:2020</b>				
	Academic Program Activities			
	Saturday Program			
	Event Expense		\$	22,431
	Afterschool Program Activities		\$	9,220
<b>Subject to passage of time:</b>				
	For periods after future date			54,645
<b>Subject to NFP spending policy and appropriation:</b>				
	Investment in perpetuity			
	Academic Program Activities			2,120,661
	Saturday Program Activities			3,251,679
	Afterschool Program Activities			5,655,094
	Any activity of the organization			3,110,363
				14,137,797
	Total net assets with donor restrictions		\$	14,224,093
Release from Donor Restricted Net Assets for the year ended December 31, 2020 are as follows:				
	Releases from restrictions:			
	Subject to expenditure for specified purpose:			
	Saturday Program			
	Event Expense		\$	-
	Afterschool Program		\$	7,930
	General			210
	Subject to NFP spending policy and appropriation:			
	Investment in perpetuity			
	Saturday Program			162,029
	Academic Program			46,294
	Afterschool Program			162,029
	Any activity of the organization			92,589
			\$	471,081
	Endowment Net Assets with Donor Restrictions:			
	Original donor-restricted endowment gift amounts and amounts required to be retained by donor		\$	10,056,859
	Accumulated investment gain on endowment funds			4,167,234
	Total endowment funds classified as net assets with donor restrictions		\$	14,224,093
As of December 31, 2020, the endowment fund is comprised of:				
	Investments		\$	13,648,707
	Cash and cash equivalents			575,386
			\$	14,224,093

Peter Westbrook Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 3. NET ASSET WITH DONOR RESTRICTIONS:**

<b>Subject to expenditure for specified purpose:2019</b>			
Academic Program Activities			
Saturday Program			
Event Expense		\$	19,872
<b>Subject to passage of time:</b>			
For periods after future date			23,497
<b>Subject to NFP spending policy and appropriation:</b>			
Investment in perpetuity			
Academic Program Activities			2,087,833
Saturday Program Activities			3,189,185
Afterschool Program Activities			5,546,409
Any activity of the organization			3,050,525
			13,873,952
Total net assets with donor restrictions		\$	13,917,321
Release from Donor Restricted Net Assets for the year ended December 31, 2019 are as follows:			
Releases from restrictions:			
Subject to expenditure for specified purpose:			
Saturday Program			
	Event Expense	\$	20,000
	General		80
Subject to NFP spending policy and appropriation:			
Investment in perpetuity			
	Saturday Program		158,243
	Academic Program		45,212
	Afterschool Program		158,243
	Any activity of the organization		90,424
		\$	472,202
Endowment Net Assets with Donor Restrictions:			
Original donor-restricted endowment gift amounts and amounts required to be retained by donor		\$	9,822,970
Accumulated investment gain on endowment funds			4,094,351
Total endowment funds classified as net assets with donor restrictions		\$	13,917,321
As of December 31, 2019, the endowment fund is comprised of:			
Investments		\$	12,774,654
Cash and cash equivalents			1,142,667
		\$	13,917,321



Peter Westbrook Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 4. LIQUIDITY**

Cash and cash equivalents	\$ 447,801
Investments, at cost	383,654
Grants receivable	4,986
Prepaid expenses	17,444
	<u>\$ 853,885</u>

**NOTE 5. PROPERTY AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>
Fencing equipment	\$ 74,857	\$ 68,857
Furniture and equipment	<u>19,505</u>	<u>18,505</u>
	94,362	87,362
Accumulated depreciation	<u>(85,153)</u>	<u>(83,742)</u>
Total	<u>\$ 9,209</u>	<u>\$ 3,620</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$1,411 and \$645, respectively.

**NOTE 6. INVESTMENTS**

Investments comprise the following:

	<u>2020</u>		<u>2019</u>	
	Cost	Fair Value	Cost	Fair Value
Cash and money market funds	\$ 768,630	\$ 768,630	\$ 1,308,129	\$ 1,308,129
Mutual funds	<u>12,674,067</u>	<u>13,839,113</u>	<u>13,627,818</u>	<u>12,963,821</u>
	<u>\$ 13,442,697</u>	<u>\$ 14,607,743</u>	<u>\$ 14,935,947</u>	<u>\$ 14,271,950</u>

Net investment (depreciation) appreciation consisted of the following:

	<u>2020</u>	<u>2019</u>
Investment (loss) income	\$(1,263,848)	\$ 900,782
Unrealized gain (loss)	<u>1,165,046</u>	<u>(663,997)</u>
	<u>\$ (98,802)</u>	<u>\$ 236,785</u>

Peter Westbrook Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS

**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.

The following tables set forth the Foundation’s investment assets at fair value on December 31, 2020 and 2019 by level within the fair value hierarchy:

**December 31, 2020:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 768,630	\$ -	\$ -	\$ 768,630
Mutual funds	-	13,839,113	-	13,839,113
Total	<u>\$ 768,630</u>	<u>\$ 13,839,113</u>	<u>\$ -</u>	<u>\$ 14,607,743</u>

**December 31, 2019:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 1,308,129	\$ -	\$ -	\$ 1,308,129
Mutual funds	-	12,963,821	-	12,963,821
Total	<u>\$ 1,308,129</u>	<u>\$ 12,963,821</u>	<u>\$ -</u>	<u>\$ 14,271,950</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, 2020 and 2019.

Peter Westbrook Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 7. FAIR VALUE MEASUREMENT** (*Continued*)

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 approximately \$18,000 and \$18,000 for 2020 and 2019.

**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,

Peter Westbrook Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 9. ENDOWMENT** (*Continued*)

- 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.

**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.