

Edward Charles Foundation
(A Nonprofit Organization)

Financial Statements

June 30, 2020

INDEX TO FINANCIAL STATEMENTS

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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To the Board of Directors
Edward Charles Foundation
Los Angeles, California**Report on the Financial Statements**

We have audited the accompanying financial statements of Edward Charles Foundation (the "Foundation") as of June 30, 2020, which comprise the statement of financial position and the related statement of activities, statement of functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Edward Charles Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BAKER TILLY US, LLP*Baker Tilly US, LLP*

Los Angeles, California
December 11, 2020

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Assets

Cash and cash equivalents	\$ 868,025
Restricted cash	3,554,049
Contributions and accounts receivable	75,070
Investments	1,189,896
Security deposits	<u>3,150</u>
 Total assets	 <u><u>\$ 5,690,190</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued liabilities	\$ 255,033
Notes payable	<u>90,000</u>
Total liabilities	<u>345,033</u>

Commitments and Contingencies (Note 6)

Net Assets

Net assets without donor restrictions	1,023,342
Net assets with donor restrictions	<u>4,321,815</u>
Total net assets	<u>5,345,157</u>
 Total liabilities and net assets	 <u><u>\$ 5,690,190</u></u>

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ –	\$ 9,350,333	\$ 9,350,333
Fee income	540,925	–	540,925
Special events, net of expenses	–	613,570	613,570
In-kind donations	400,000	28,958	428,958
Investment (loss) income	(34,827)	70,424	35,597
Miscellaneous income	–	333,249	333,249
Net assets released from restrictions	9,252,065	(9,252,065)	–
Total revenues and support	<u>10,158,163</u>	<u>1,144,469</u>	<u>11,302,633</u>
FUNCTIONAL EXPENSES			
Program services	8,229,002	–	8,229,002
Management and general	1,418,975	–	1,418,975
Total functional expenses	<u>9,647,977</u>	<u>–</u>	<u>9,647,977</u>
CHANGE IN NET ASSETS	510,186	1,144,469	1,654,655
NET ASSETS – beginning of year	<u>513,156</u>	<u>3,177,346</u>	<u>3,690,502</u>
NET ASSETS – end of year	<u>\$ 1,023,342</u>	<u>\$ 4,321,815</u>	<u>\$ 5,345,157</u>

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	<u>Program Expense</u>	<u>Management and General</u>	<u>Total</u>
PERSONNEL EXPENSES			
Salaries and wages	\$ 244,559	\$ 294,507	\$ 539,066
Payroll taxes and employee benefits	19,105	24,479	43,584
In-kind donations	-	400,000	400,000
Total personnel expenses	<u>263,664</u>	<u>718,986</u>	<u>982,650</u>
OTHER EXPENSES			
Awareness campaign expenses	2,462,024	-	2,462,024
Bank and investment charges	-	52,457	52,457
Educational training and workshops	2,550	-	2,550
Grants – external	3,611,481	-	3,611,481
Insurance	45,958	10,088	56,046
Interest expense	-	2,922	2,922
Licenses and fees	-	7,264	7,264
Marketing expenses	-	4,340	4,340
Other program expense	717,365	-	717,365
Pension Expense	-	85,000	85,000
Platforms and charitable donation software	-	111,628	111,628
Postage and printing	4,321	2,762	7,083
Professional services and consulting	1,010,418	412,706	1,423,124
Program office expense and supplies	23,662	-	23,662
Rent	87,559	10,822	98,381
Total other expenses	<u>7,965,338</u>	<u>699,989</u>	<u>8,665,327</u>
Total functional expenses	<u>\$ 8,229,002</u>	<u>\$ 1,418,975</u>	<u>\$ 9,647,977</u>

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,654,655
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Realized and unrealized gains on investments	(7,416)
Gain on fair value transfer of assets to charity	(275,000)
Changes in operating assets and liabilities:	
Contributions and accounts receivable	(13,461)
Accounts payable and accrued liabilities	(2,456,070)
Other long-term assets	(3,150)
Net cash used in operating activities	<u>(1,100,442)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	1,612,195
Purchase of investments	(1,197,568)
Net cash provided by investing activities	<u>414,627</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from acquisition of long-term debt	90,000
Net cash provided by investing activities	<u>90,000</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(595,815)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – beginning of year	<u>5,017,889</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – end of year	<u>\$ 4,422,074</u>
CASH AND RESTRICTED CASH RECONCILIATION	
Cash	\$ 868,025
Restricted Cash	3,554,049
Total cash and restricted cash	<u>\$ 4,422,074</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	<u>\$ 2,922</u>

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. FOUNDATION

Edward Charles Foundation (the Foundation), a California nonprofit, public benefit corporation, acts as a fiscal sponsor on behalf of high-net-worth individuals, families, corporations, celebrities, and athletes who are looking to engage in philanthropy. The mission of the Foundation is to provide a legal framework with the utmost in flexibility to help philanthropists run their charitable activities underneath an umbrella of trust, stewardship, and impact.

To accept a project for fiscal sponsorship, the Foundation vets each applicant's nonprofit purpose to the Internal Revenue Service 501(c)(3) standard and determines its viability for securing funding. At any given time, the Foundation is sponsoring approximately 100 projects, the majority of which reside in the Los Angeles area. The projects represent nonprofit activities in all areas of the nonprofit sector, e.g., arts and culture, education, environment, health and human services, and public affairs. These include projects of limited duration, start-up nonprofit organizations, public/private partnerships, and multiple funder collaborations.

All the financial activity of the Foundation's fiscally sponsored projects ("FSPs") is aggregated for financial statement purposes. Their funds, however, are kept strictly segregated in individual fund accounts. The majority of its FSP's (those in a comprehensive fiscal sponsorship relationship) are legally a part of the Edward Charles Foundation.

By the nature of the business of fiscal sponsorship, the Foundation's portfolio of fiscally sponsored projects is volatile with time-limited projects completing, with maturing nonprofits spinning off into their own 501(c)(3) organizations, and with new start-ups signing up throughout each year. As a result, individual budget line items may vary considerably from year to year, and typical financial analyses are not always meaningful.

Funding

The projects of the Foundation are funded primarily by foundations, corporate and government grants, and donations from individuals. The management and general operations of the Foundation are funded primarily by the administrative fee ranging from one to ten percent charged on project revenues, which range is based on agreement and amount of contributions received. Additional funds are earned from consulting services and earnings on investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents

The Foundation considers investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of money market funds. The carrying amount approximates fair value because of the short maturity of those instruments.

Restricted Cash

Restricted cash includes cash held on behalf of the Foundation's philanthropists.

Investments

Investments in equities are measured at fair value in the accompanying statement of financial position. Investment income (including interest and dividends) and unrealized gains and losses have been reflected in the statement of activities as income without donor restrictions or income with donor restrictions based upon the existence and nature of any donor restrictions.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Property and Equipment

At the project level, cost of assets purchased under \$5,000 are charged to expense. At June 30, 2020, there were no capitalized assets purchased by the projects.

Property and equipment over \$5,000 that have been acquired with unrestricted funds that remain the property of the Foundation are capitalized on the Foundation's books at cost. At June 30, 2020, there were no capitalized assets purchased with unrestricted funds.

Net Assets

Revenue, 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 and reported as follows:

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

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. These net assets may be used at the discretion of Foundation's management and the board of directors.

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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Contributions

Contributions received on behalf of projects are recorded as with donor restrictions support when they are awarded and are then reclassified to without donor restrictions net assets when the funds are spent.

If project funds are not spent before a project separates, such funds are recorded as a fund transfer expense at the time of separation. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided, if necessary, based on management's judgment, including such factors as prior collection history, type, and nature of contribution, and when contributions are anticipated to be received.

Program Services

The Foundation contributes funds to help philanthropists run their projects in nonprofit activities in all areas of the nonprofit sector including arts and culture, education, environment, health and human services, and public affairs. Program services expense is represented by the line item grants - external in the statement of functional expenses. Project expenses and program expenses of the Foundation's head office are charged to program services.

Functional Allocation of Expense

The costs of program and management and general expenses have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain cost have been allocated among program and supporting services benefited.

Management and general expenses are comprised principally of administrative expenses, portfolio fees, professional fees, taxes and licenses and excise taxes.

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the Revenue and Taxation Code, respectively.

The Foundation recognizes the financial statement benefit of tax positions, such as its filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Management's estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimated Fair Value of Financial Instruments

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Fair Value of Financial Instruments (continued)

In some cases, the inputs used to measure the fair value of an asset 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. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

Donated Services and In-Kind Support

The Foundation may receive services, equipment and material without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Material and other noncash donations are recorded at cost or estimate fair value determine at the date of donation. For the year ended June 30, 2020, the Foundation recorded donated services that totaled \$400,000 and donated goods of \$28,958 which are included in in-kind donations in the statement of activities.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and investments.

The Foundation places its cash and cash equivalents with high-credit, quality financial institutions. At times, such cash may be in excess of the FDIC insurance limit. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. To achieve this principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. In June 2020, the FASB issued ASU 2020-05, which allowed certain entities that have not yet issued financial statements to defer application of the new recognition guidance by one additional year, making these changes effective for the Organization on July 1, 2021. The Organization elected to defer application and is currently evaluating the impact of the adoption of this standard on their financial statements.

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In June 2018, the FASB ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarified and improved the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional. The adoption of ASU 2018-08 did not have a material effect on the Organization's financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This update requires lessees to recognize at the lease commencement date, a lease liability which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use assets, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. This update is effective for financial statements issued for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Applying a full retrospective approach is not allowed. Although the future financial impact of this standard has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on the balance sheet relating to the facility and other leases currently being accounted for as operating leases.

3. LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-months period, the Foundation considers all expenditures related to its ongoing mission-related activities as well as the expenditures undertaken to support those activities to be general expenditures.

The Foundation's financial assets available within one year of June 30, 2020 to meet general expenditures include:

Financial assets at fiscal year-end:	
Cash, restricted cash and cash equivalents	\$ 4,422,074
Contributions and accounts receivable	75,070
Investments	<u>1,189,896</u>
Total financial assets and other liquidity resources	5,687,040
Less amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions:	
Investments and cash held in donor advised funds	<u>(386,288)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,300,752</u>

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

3. LIQUIDITY (continued)

The Foundation's donor advised funds are restricted for specific charitable purposes designated by the non-profit and are not available for general expenditure.

4. CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Contributions and accounts receivable at June 30, 2020 aggregate \$75,070, and are expected to be received by June 30, 2021.

5. INVESTMENTS

Investments are stated at fair value. Fair values as of June 30, 2020 and unrealized appreciation (depreciation) by type are summarized as follows:

	<u>Market</u>	<u>Cost basis</u>	<u>Unrealized gains / (losses)</u>
Equity funds	\$ 172,325	\$ 99,857	\$ 72,468
Bond funds	174,932	178,303	(3,371)
Mutual funds	<u>842,639</u>	<u>840,386</u>	<u>2,253</u>
Total investments	<u>\$ 1,189,896</u>	<u>\$ 1,118,546</u>	<u>\$ 71,350</u>

Investments are measured at level 1 of the fair value hierarchy. The investment returns are classified as With Donor Restrictions and Without Donor Restrictions. The following schedule summarizes investment return.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Equity funds	\$ 6,954	\$ 21,228	\$ 28,182
Bond funds	(47,568)	45,404	(2,164)
Mutual funds	<u>5,787</u>	<u>3,792</u>	<u>9,579</u>
Total investment returns	<u>\$ (34,827)</u>	<u>\$ 70,424</u>	<u>\$ 35,597</u>

6. COMMITMENTS AND CONTINGENCIES

On April 12, 2020, the Foundation was granted a loan from First Choice Bank in the aggregate amount of \$90,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

6. COMMITMENTS AND CONTINGENCIES (continued)

The Loan, which was in the form of a Note dated April 12, 2020 issued by the Borrower, matures on April 12, 2022, and bears interest at a rate of 1% per annum, payable monthly commencing on October 12, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Year ended June 30,	Principal Payments
2021	\$ —
2022	90,000
	<hr/>
	\$ 90,000
	<hr/> <hr/>

Operating Leases

The Foundation and those it sponsors lease building and certain office space under noncancelable operating lease agreements expiring at various dates through January 2021.

As of June 30, 2020 future minimum lease commitments for the years ending June 30 approximated the following:

2021	\$ 34,400
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Rental expense for noncancelable operating leases and various month-to-month leases was approximately \$98,000 for the year ended June 30, 2020, and is included in rent expense in the accompanying statement of functional expenses.

Litigation

In the normal course of business, the Foundation may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of the Foundation as of June 30, 2020.

7. RETIREMENT PLAN

The Foundation has a defined benefit plan (the Plan) for eligible employees. The benefits are based on years of service and average monthly earnings. The Foundation's plan is funded annually at an amount sufficient to cover the normal cost.

EDWARD CHARLES FOUNDATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

7. RETIREMENT PLAN (continued)

The Foundation recognizes the funded status of the benefit plan in the statement of financial position and gains and losses that arise during the period that are deferred under pension accounting rules in the statement of activities as a change to net assets.

No contributions are required by employees. The benefit plan obligation as of June 30, 2020 amounted to \$286,729.

At June 30, 2020 the fair market value of the Plan's assets were \$397,032, and were held in mutual funds. The present value of the benefit obligation was fully funded as required under the terms of the Plan. The only significant change in the fair value of the assets during the year ended June 30, 2020 was employer contributions by the Foundation of \$85,000.

The expected long-term return on plan assets rate assumption is based on the expected market performance of the Plan's asset portfolio as determined by an actuarial analyst and is subject to fluctuation based on foreseeable market conditions.

No benefits were paid by the Plan to participants during the year ended June 30, 2020. Benefit payments provided by the Plan are expected to be paid in 2032.

8. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the statement of financial position date and through December 11, 2020, which represents the date the financial statements were available for issue.