

VisionCorps Foundation

Year Ended September 30, 2020
with Comparative Totals for 2019



VisionCorps Foundation

Financial Statements

Year Ended September 30, 2020 with Comparative Totals for 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
VisionCorps Foundation
Lancaster, Pennsylvania

We have audited the accompanying financial statements of **VisionCorps Foundation** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 **VisionCorps Foundation** as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1 to the financial statements, **VisionCorps Foundation** adopted new accounting guidance, FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, for the year ended September 30, 2020. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited **VisionCorps Foundation's** 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



November 11, 2020

Lancaster, Pennsylvania

VisionCorps Foundation

STATEMENT of FINANCIAL POSITION

September 30, 2020 with Comparative Totals for 2019

	ASSETS			
	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 94,696	\$	\$ 94,696	\$ 84,514
Bequests Receivable	50,000		50,000	-0-
Pledges Receivable, net		192,308	192,308	184,648
Due From VisionCorps	-0-		-0-	800
Prepaid Expenses	24,055		24,055	15,969
Total Current Assets	168,751	192,308	361,059	285,931
INVESTMENTS				
Fulton Financial Advisors	5,775,148	282,037	6,057,185	5,882,041
Fulton Scholarship Fund	153,220	126,400	279,620	260,140
Fulton Youth Services Fund	174,555	407,163	581,718	553,480
BNY Mellon	-0-		-0-	6,223,980
PNC	6,301,987		6,301,987	-0-
Total Investments	12,404,910	815,600	13,220,510	12,919,641
OFFICE FURNITURE and FIXTURES				
Office Furniture and Fixtures	25,428		25,428	25,428
Accumulated Depreciation	(20,838)		(20,838)	(20,078)
Net Office Furniture and Fixtures	4,590	-0-	4,590	5,350
OTHER ASSETS				
Long-Term Pledges Receivable	-0-	-0-	-0-	192,571
TOTAL ASSETS	12,578,251	1,007,908	13,586,159	13,403,493
LIABILITIES and NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	67,818		67,818	125,662
Accrued Payroll	14,876		14,876	9,422
Accrued Benefits	12,483		12,483	10,108
Charitable Gift Annuities - Current Portion	61,817		61,817	49,065
Deferred Revenue	8,107		8,107	33,856
Total Current Liabilities	165,101	-0-	165,101	228,113
CHARITABLE GIFT ANNUITIES - Long-Term Portion				
	139,677	-0-	139,677	-0-
TOTAL LIABILITIES	304,778	-0-	304,778	228,113
NET ASSETS				
Without Donor Restrictions	12,273,473		12,273,473	11,991,000
With Donor Restrictions		1,007,908	1,007,908	1,184,380
TOTAL NET ASSETS	12,273,473	1,007,908	13,281,381	13,175,380
TOTAL LIABILITIES and NET ASSETS	\$ 12,578,251	\$ 1,007,908	\$ 13,586,159	\$ 13,403,493

See notes to financial statements.

VisionCorps Foundation

STATEMENT of ACTIVITIES

Year Ended September 30, 2020 with Comparative Totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
SUPPORT				
Public Contributions	\$ 512,380	\$ 33,479	\$ 545,859	\$ 365,332
Grants	71,735	2,500	74,235	77,399
Total Support	584,115	35,979	620,094	442,731
REVENUES				
Investment Income	852,988		852,988	270,665
Change in Value of Charitable Gift Annuities	(203,623)		(203,623)	11,302
Total Revenues	649,365	-0-	649,365	281,967
Total Support and Revenues	1,233,480	35,979	1,269,459	724,698
NET ASSETS RELEASED from RESTRICTIONS				
	212,451	(212,451)	-0-	-0-
Total Support, Revenues, and Net Assets Released from Restrictions	1,445,931	(176,472)	1,269,459	724,698
FUNCTIONAL EXPENSES				
Program Expenses:				
Grant-Making	686,603		686,603	652,641
Education and Public Awareness	87,502		87,502	39,918
Development	339,872		339,872	219,697
Administration	159,865		159,865	153,181
Total Functional Expenses	1,273,842	-0-	1,273,842	1,065,437
Changes in Net Assets Before Bequests	172,089	(176,472)	(4,383)	(340,739)
BEQUESTS	110,384	-0-	110,384	-0-
CHANGES in NET ASSETS	282,473	(176,472)	106,001	(340,739)
NET ASSETS				
Beginning of Year	11,991,000	1,184,380	13,175,380	13,516,119
End of Year	\$ 12,273,473	\$ 1,007,908	\$ 13,281,381	\$ 13,175,380

See notes to financial statements.

VisionCorps Foundation

STATEMENT of FUNCTIONAL EXPENSES

Year Ended September 30, 2020 with Comparative Totals for 2019

FUNCTIONAL EXPENSES	Program Expenses				Total Expenses	
	Grant - Making	Education and Public Awareness	Development	Administration	2020	2019
Salaries and Wages	\$ 13,611	\$ 72,383	\$ 125,064	\$ 29,568	\$ 240,626	\$ 211,036
Payroll Taxes	1,077	5,729	9,898	2,153	18,857	16,194
Other Employee Benefits	141	5,438	5,352	739	11,670	14,566
Retirement Plan Contributions	743	3,952	6,828	1,485	13,008	12,541
Professional Services - Other			59,902	18,224	78,126	55,063
Office and Janitorial Supplies				11,891	11,891	1,973
Telephone				1,845	1,845	1,722
Postage and Mailing				2,429	2,429	1,334
Utilities				2,960	2,960	2,784
Building Repairs and Maintenance				1,378	1,378	744
Maintenance Contracts				1,955	1,955	2,446
Insurance				2,498	2,498	2,744
Travel and Automobile Expenses				1,058	1,058	5,008
Seminar Expenses				1,361	1,361	465
Miscellaneous				6,342	6,342	1,339
Organization Dues and Subscriptions				2,385	2,385	1,420
Rent				3,210	3,210	1,918
Grants	671,031				671,031	574,808
Depreciation				760	760	760
Marketing				5,093	5,093	20,969
Management Fees				60,588	60,588	56,760
Interest				1,943	1,943	1,851
Fundraising Expenses			132,828		132,828	76,992
2020 Total Expenses	686,603	87,502	339,872	159,865	1,273,842	
2019 Total Expenses	\$ 652,641	\$ 39,918	\$ 219,697	\$ 153,181		\$ 1,065,437

See notes to financial statements.

VisionCorps Foundation

STATEMENT of CASH FLOWS

Year Ended September 30, 2020 with Comparative Totals for 2019

	2020	2019
CASH FLOWS from OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 106,001	\$ (340,739)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and Unrealized Gain on Investments	(527,411)	(47,434)
Changes in Value of Charitable Gift Annuities	203,623	(11,302)
Contributed Investments	(6,357)	(22,071)
Depreciation	760	760
(Increase) Decrease in:		
Pledges and Other Receivables	135,711	176,999
Prepaid Expenses	(8,086)	(9,332)
Increase (Decrease) in:		
Accounts Payable	(57,844)	5,274
Accrued Payroll	5,454	1,091
Accrued Benefits	2,375	1,016
Deferred Income	(25,749)	19,403
	(171,523)	(226,335)
CASH FLOWS from INVESTING ACTIVITIES		
Purchase of Investments	(18,179,821)	(4,279,265)
Proceeds from Sale of Investments	18,412,720	4,548,918
	232,899	269,653
CASH FLOWS from FINANCING ACTIVITIES		
Proceeds from Charitable Gift Annuities	16,521	-0-
Payments Made on Charitable Gift Annuities	(67,715)	(69,485)
	(51,194)	(69,485)
INCREASE (DECREASE) in CASH and CASH EQUIVALENTS	10,182	(26,167)
CASH and CASH EQUIVALENTS		
Beginning	84,514	110,681
Ending	\$ 94,696	\$ 84,514

See notes to financial statements.

VisionCorps Foundation

STATEMENT of CASH FLOWS

(Continued)

Year Ended September 30, 2020 with Comparative Totals for 2019

	2020	2019
SUPPLEMENTAL DISCLOSURE of CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	1,943	1,851

See notes to financial statements.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

VisionCorps Foundation (the Foundation) was established by the Board of Directors of VisionCorps. The Foundation's mission is to use funds generated by VisionCorp's Enterprise Group and through fundraising to support projects which benefit people who are blind or whose vision is severely impaired. In addition to meeting its primary responsibility to fund the operations and capital needs of VisionCorps, the Foundation seeks to support projects which address needs beyond those traditionally served by VisionCorps. VisionCorps is the sole member of the Foundation.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). Current US GAAP standards are contained in the Accounting Standards Codification (ASC) as set forth by the Financial Accounting Standards Board (FASB).

The financial statements have been presented in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which requires The Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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 the Foundation's management and the Board of Trustees.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Financial Statement Presentation

Information for the year ended September 30, 2019, is not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States of America and is presented for comparative purposes only.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to the valuation of pledges receivable, depreciation of property and equipment, charitable gift annuities (split interest agreements), the allocation of expenses to the various functional areas of the Foundation's operations, fair value measurements, and other unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except for cash that is held in the investment accounts and is treated as an investment.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at outstanding principal adjusted for charge offs. Account balances generally are written off when management judges such balances uncollectible, such as an account in bankruptcy. Management continually monitors and reviews accounts receivable balances. Generally, the Foundation does not obtain collateral in support of these receivables.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Bequests receivable, if any, are receivables expected to be collected in less than one year.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a rate of return that a market participant would demand at the date of the promise to give. Amortization of discounts is included in contribution revenue. Pledges receivable at September 30, 2020 and 2019 were \$192,308 and \$377,219, respectively.

The Foundation records an allowance for doubtful accounts relative to its accounts receivable and promises to give balances. The allowance for doubtful accounts is based on management's assessment of the collectability of specific balances and the aging of the receivables and promises to give. If there is a deterioration of a customer or major contributor's financial status or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Foundation could be adversely affected. No allowance was deemed necessary at September 30, 2020 and 2019.

Investments and Fair Value Measurements

Investments are recorded at fair value in the statement of financial position in accordance with FASB ASC Topic 958, *Not-For-Profit Entities*. Gains and losses on investments are required to be reported in the statement of activities as increases or decreases in net assets without restrictions unless restrictions are stipulated by the donor or the law.

The Foundation has adopted FASB ASC Topic 820, *Fair Value Measurements*. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Property and Equipment

The Foundation capitalizes assets with a cost or fair value in excess of \$5,000 and/or a useful life of at least five years. The cost of maintenance and repairs is expensed as incurred; expenditures for betterments which extend the useful life of assets are capitalized. Property and equipment is capitalized at cost or fair value at the date of donation and depreciated on the straight-line basis over their estimated useful lives. The Foundation does not imply time restrictions with respect to donations of long-lived assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Deferred Revenue

The Foundation recognizes deferred revenue which consists of miscellaneous revenue received for special events which was received in advance of the year in which the event is scheduled to occur.

Revenue and Support

Contributions received are reported as increases to net assets without donor restrictions, unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when the purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted donations whose restrictions are met in the same period are accounted for as net assets without donor restrictions.

Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its programs and support services. Supporting services consist of development and administrative expenses. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management estimates of time spent amongst functions.

Marketing

The Foundation expenses marketing costs as they are incurred.

Income Tax Status and Uncertain Tax Provisions

The Foundation is exempt from taxation as provided by Code Section 501(c)(3) if the Internal Revenue Code (the Code). Section 501(c)(3) defines the exempt organization as being “organized and operated for religious, charitable, scientific, testing for public safety, literacy or educational purposes, or the prevention of cruelty to children or animals.” In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation, within the meaning of Section 509(a) of the Code.

The Foundation is not aware of any unrelated business income that would be subject to taxation. Accordingly, the Internal Revenue Service Form 990-T was not filed. The Foundation follows the provisions of ASC Topic 740, *Income Taxes*, and is not aware of any uncertain tax positions, and accordingly, no corresponding liability, including penalties and interest, has been recorded in the accompanying financial statements.

Accounting Standards Adopted in Fiscal Year 2020

During the current fiscal year, the Foundation adopted the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). The update assists entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions. The adoption of this new accounting standard was determined not to have a material impact on the Foundation’s financial statements.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Adopted in Fiscal Year 2020 (Continued)

During the current fiscal year, the Foundation adopted the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01), which assists entities in addressing certain aspects of recognition measurement, presentation, and disclosure of financial instruments as well as the measurement of credit losses of financial assets in a separate project. The adoption of this new accounting standard was determined not to have a material impact on the Foundation's financial statements.

Accounting Standards Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires entities to recognize revenue when a customer obtains control rather than when entities have transferred substantially all risks and rewards of a good or service. This update is effective for fiscal year ending September 30, 2021. The Foundation is currently assessing the impact adoption of ASU 2014-09 will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02), which will require lessees to recognize most leases on their balance sheet, increasing their reported assets and liabilities. This update was developed to provide financial statement users with more information about an entity's leasing activities, and will require changes in processes and internal controls. This update is effective for fiscal year ending September 30, 2023. The Foundation is currently assessing the impact the adoption of ASU 2016-02 will have on its financial statements.

NOTE 2 - CONCENTRATION of CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of temporary cash investments with a bank and investments with financial institutions where balances may at times exceed FDIC and SIPC insurance limitations.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the value of investments could occur in the near term. Such changes could materially affect investment balances.

Related party receivables are generally amounts due from VisionCorps for management services. The Foundation generally does not obtain collateral in support of its receivables with VisionCorps.

VisionCorps Foundation
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 3 - PLEDGES RECEIVABLE

As of September 30, 2020 and 2019, the Foundation's total pledges receivable were \$192,308 and \$377,219, respectively, which have been discounted to the estimated present value using a rate of 4%. The current and long-term portion of pledges receivable, included in the statement of financial position in the current assets and other assets section, respectively, are as follows:

	2020	2019
Pledges Receivable	200,000	400,000
Discount	<u>(7,692)</u>	<u>(22,781)</u>
Net Present Value of Pledges Receivable	192,308	377,219
Current Portion	<u>(192,308)</u>	<u>(184,648)</u>
Long-Term Pledges Receivable	-0-	192,571
Receivables Due In:		
Less than One Year	192,308	184,648
One to Five Years	<u>-0-</u>	<u>192,571</u>
	192,308	377,219

NOTE 4 - INVESTMENTS

A comparison of cost and fair values of investments at September 30, 2020 and 2019, is as follows:

	2020	Cost	Fair Value	Unrealized Gain
Fulton Financial Advisors		5,713,588	6,057,185	343,597
Fulton Scholarship Fund		247,866	279,620	31,754
Fulton Youth Services Fund		517,187	581,718	64,531
PNC		<u>6,240,859</u>	<u>6,301,987</u>	<u>61,128</u>
		12,719,500	13,220,510	501,010
	2019	Cost	Fair Value	Unrealized Gain
Fulton Financial Advisors		5,047,281	5,882,041	834,760
Fulton Scholarship Fund		239,020	260,140	21,120
Fulton Youth Services Fund		508,928	553,480	44,552
BNY Mellon		<u>5,741,371</u>	<u>6,223,980</u>	<u>482,609</u>
		11,536,600	12,919,641	1,383,041

VisionCorps Foundation
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 4 - INVESTMENTS (Continued)

A breakdown of the investment income for the years ended September 30, 2020 and 2019, is as follows:

	2020	2019
Interest and Dividends	385,638	290,381
Unrealized Gains (Losses)	(328,710)	(184,986)
Realized Gains	856,121	232,420
Investment Fees	<u>(60,061)</u>	<u>(67,150)</u>
	852,988	270,665

NOTE 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 - Inputs to the valuation methodology are adjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

US Treasury Notes: Valued based on quoted market prices.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

Corporate Bonds and Notes: Valued using matrix pricing techniques that value securities based on their relationship to benchmark quoted prices.

Mutual Funds and Exchange-Traded Funds: Valued based on quoted market prices, which represent the net asset value of shares held by the Foundation at year end.

Common Stocks: Valued at the closing price reported in the principal market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis as of September 30, 2020 and 2019:

2020	Level 1	Level 2	Level 3	Total Fair Value
Government and Corporate Bonds and Notes:				
US Treasury Notes	176,898			176,898
Corporate Bonds and Notes		448,835		448,835
Mutual Funds:				
Alternative/Liquid Real Assets	325,950			325,950
Equity	259,330			259,330
International and Emerging Markets	806,146			806,146
Large Cap	1,411,042			1,411,042
Small Cap/Mid Cap	691,634			691,634
Money Market	703,209			703,209
Fixed Income	3,685,350			3,685,350
Exchange-Traded Funds	1,749,946			1,749,946
Common Stocks:				
Consumer Staples	223,932			223,932
Consumer Discretionary	330,293			330,293
Energy	39,039			39,039
Financials	362,547			362,547
Healthcare	519,100			519,100
Industrial	308,075			308,075
Materials	89,578			89,578
Real Estate	35,200			35,200
Technology	713,513			713,513
Telecom	236,150			236,150
Utilities	104,743			104,743
	<u>12,771,675</u>	<u>448,835</u>	<u>-0-</u>	<u>13,220,510</u>

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

2019	Level 1	Level 2	Level 3	Total Fair Value
Mutual Funds:				
Alternative/Liquid Real Assets	568,593			568,593
Equity	1,136,236			1,136,236
International and Emerging Markets	1,772,095			1,772,095
Large Cap	2,955,294			2,955,294
Mid Cap	527,505			527,505
Money Market	125,782			125,782
Real Estate	105,655			105,655
Small Cap	653,799			653,799
Active Income Funds	2,030,930			2,030,930
Multi-Sector Funds	2,215,060			2,215,060
Common Stocks:				
Consumer Staples	64,818			64,818
Consumer Goods	86,663			86,663
Energy	41,187			41,187
Financials	108,372			108,372
Healthcare	112,719			112,719
Industrial	85,284			85,284
Materials	19,607			19,607
Technology	196,352			196,352
Telecom	88,150			88,150
Utilities	25,540			25,540
	<u>12,919,641</u>	<u>-0-</u>	<u>-0-</u>	<u>12,919,641</u>

Level 1 and 2 Transfers

There were no transfers in or out of levels 1 and 2 during the years ended September 30, 2020 and 2019.

Level 3 Gains and Losses

There were no level 3 assets or liabilities measured on a recurring basis during the years ended September 30, 2020 and 2019.

The following table sets forth, by level within the fair value hierarchy, the Foundation's assets and liabilities that are measured at fair value on a non-recurring basis as of September 30, 2020:

2020	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Pledges Receivable	-0-	-0-	200,000	200,000
Discounts on Pledges Received	<u>-0-</u>	<u>-0-</u>	<u>(7,692)</u>	<u>(7,692)</u>
	-0-	-0-	192,308	192,308
Liabilities:				
Charitable Gift Annuities	-0-	-0-	201,494	201,494

VisionCorps Foundation
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities that are measured at fair value on a non-recurring basis as of September 30, 2019:

2019	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Pledges Receivable	-0-	-0-	400,000	400,000
Discounts on Pledges Received	<u>-0-</u>	<u>-0-</u>	<u>(22,781)</u>	<u>(22,781)</u>
	-0-	-0-	377,219	377,219
Liabilities:				
Charitable Gift Annuities	-0-	-0-	49,065	49,065

The following tables set forth a summary of changes in the fair values of the Foundation's level 3 assets and liabilities measured at fair value on a non-recurring basis for the years ended September 30, 2020 and 2019:

	Pledges Receivable	Charitable Gift Annuities
Balance, September 30, 2018	555,018	129,852
Payments on Charitable Gift Annuities	-0-	(69,485)
Pledges Collected	(200,000)	-0-
Change in Present Value Discount	<u>22,201</u>	<u>(11,302)</u>
Balance, September 30, 2019	377,219	49,065
Liabilities Assumed	-0-	16,521
Payments on Charitable Gift Annuities	-0-	(67,715)
Pledges Collected	(200,000)	-0-
Change in Present Value Discount	<u>15,089</u>	<u>203,623</u>
Balance, September 30, 2020	192,308	201,494

The fair values of charitable gift annuities are determined based upon discounted expected future cash flows over the actuarially determined life expectancies of the annuitants. The fair values of pledges receivable are determined based on discounted expected future cash flows, using a risk free rate of return. The risk free rate is used because the risk of uncollectibility is already reflected in an allowance. This methodology is an application of the income approach.

VisionCorps Foundation
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 6 - BOARD DESIGNATED NET ASSETS and NET ASSETS WITH DONOR RESTRICTIONS

The board designated net assets to be held in long-term investment accounts. The designation of funds is to support the ongoing operations of VisionCorps and its mission. The long-term investments, by account, have the following balances at September 30, 2020 and 2019:

	2020	2019
Available to Support Operations:		
Cash and Cash Equivalents (Held in BNY Account)	-0-	6,333
Fulton Financial Advisors	5,775,148	5,635,983
BNY Mellon - Investments	-0-	6,223,980
PNC - Investments	<u>6,301,987</u>	<u>-0-</u>
	12,077,135	11,866,296

Net assets with donor restrictions are comprised of the following at September 30, 2020 and 2019:

	2020	2019
Purpose Restrictions:		
Scholarships and Grants	126,400	132,400
Youth Services	407,163	428,703
Technology Fund	73,537	37,558
Time Restrictions:		
Pledges Receivable	192,308	377,219
Perpetual:		
Investment in Perpetuity	<u>208,500</u>	<u>208,500</u>
	1,007,908	1,184,380

The income from investments restricted in perpetuity is available for general purposes.

NOTE 7 - RETIREMENT PLANS

Foundation employees participate in a tax shelter annuity plan, sponsored by VisionCorps, which covers all full-time employees. The plan consists of 403(b) deferrals by eligible employees and employer matching contributions. The employer makes a safe harbor matching contribution equal to 100% of participant salary deferrals up to 6% of compensation. The plan also allows the employer to make discretionary contributions to the plan. Eligible employees are fully vested in their 403(b) deferral and employer matching account balances at all times. Eligible employees become vested in discretionary employer contributions according to a vesting schedule over six years. The retirement plan contribution on behalf of eligible employees was \$13,008 and \$12,541 for the years ended September 30, 2020 and 2019, respectively.

VisionCorps Foundation
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 8 - FUNDRAISING ACTIVITIES

The Foundation has events to raise money to fund the mission of the Foundation. Revenues and expenses related to these events are as follows for the years ended September 30, 2020 and 2019:

	2020	2019
Gross Revenue	179,241	16,069
Gross Expenses	<u>55,451</u>	<u>3,374</u>
Net Revenue	123,790	12,695

Revenues from fundraising activities are reported as a component of public support and related expenses are reported as a component of fundraising expenses in the accompanying statement of activities.

NOTE 9 - DONATED SERVICES

The Foundation realized the following donated services:

Volunteer Service - Volunteers gave 558 and 451 hours of service, valued at approximately \$6,975 and \$6,532, during the years ended September 30, 2020 and 2019, respectively. The value of these services is not recorded as support and expenditures on the financial statements, as these services do not meet criteria for recognition under FASB ASC Topic 958, *Not-For-Profit Entities*.

Accounting Services - The Foundation recorded the value of services donated from an accounting firm in the amount of \$4,000 and \$6,000 for the years ended September 30, 2020 and 2019, respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Foundation paid management fees to VisionCorps, a related party, for the following during the years ended September 30, 2020 and 2019:

	2020	2019
Personnel Services	60,396	56,475
Program Expenses	<u>192</u>	<u>285</u>
	60,588	56,760

The Foundation had an amount due from VisionCorps of \$-0- and \$800 at September 30, 2020 and 2019, respectively.

The Foundation had payables of \$58,237 and \$119,932 due to VisionCorps at September 30, 2020 and 2019, respectively.

The Foundation made grants and gifts to VisionCorps in the amounts of \$608,315 and \$538,185 during the years ended September 30, 2020 and 2019, respectively.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 10 - RELATED PARTY TRANSACTIONS (Continued)

The Foundation made in-kind contributions to VisionCorps in the amounts of \$56,716 and \$32,828 during the years ended September 30, 2020 and 2019, respectively.

The Foundation paid interest to VisionCorps in the amount of \$1,943 and \$1,851 for the years ended September 30, 2020 and 2019, respectively.

The Foundation paid rent to VisionCorps in the amount of \$3,210 and \$1,918 for the years ended September 30, 2020 and 2019, respectively.

The Foundation has collateral assignments and guarantee agreements related to financing obtained by VisionCorps as more fully disclosed in Note 12.

NOTE 11 - CHARITABLE GIFT ANNUITIES

On July 2, 2010, the Foundation received a contribution of \$10,000 from an individual for unrestricted use, of which \$4,090 was recorded as a charitable gift annuity liability, which was the present value of the annuity. Under the agreement, \$215 is paid quarterly to the beneficiary. In calculating present value of the liability, the discount rate used was 3.4%. The obligation for the annuity was \$-0- and \$206 at September 30, 2020 and 2019, respectively. Amortization of the discount of the liability was \$9 and \$113 for the years ended September 30, 2020 and 2019, respectively.

On June 24, 2016, the Foundation received a contribution of \$750,000 from an individual for unrestricted use, of which \$233,842 was recorded as a charitable gift annuity liability, which was the present value of the annuity. Under the agreement, \$16,875 is paid quarterly to the beneficiary. In calculating present value of the liability, the discount rate used was 1.8%. Due to change in life expectancy, the obligation has been recalculated for September 30, 2020 and thereafter. The obligation for the annuity was \$184,973 and \$48,859 at September 30, 2020 and 2019, respectively. Amortization of the discount of the liability was \$1,766 and \$6,288 for the years ended September 30, 2020 and 2019, respectively. Additionally, an expense of \$201,848 was recognized for the year ended September 30, 2020 to reflect the change of liability attributed to a change in life expectancy.

On September 15, 2020, the Foundation received a contribution of \$50,000 from an individual for the technology fund, of which \$16,521 was recorded as a charitable gift annuity liability, which was the present value of the annuity. Under the agreement, \$1,075 is paid quarterly to the beneficiary. In calculating present value of the liability, the discount rate used was 0.6%. The obligation for the annuity was \$16,521 and \$-0- at September 30, 2020 and 2019, respectively. Amortization of the discount of the liability was \$-0- for each of the years ended September 30, 2020 and 2019.

During the year ended September 30, 2019, the Foundation had two other charitable gift annuities which were written off as a result of the termination of the agreement due to the death of the donor. Amortization of the discount of the liability was \$342 and the amount written off was \$18,045 for the year ended September 30, 2019.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 12 - COLLATERAL ASSIGNMENTS and GUARANTEE AGREEMENT

In June 2018, the Foundation entered into a collateral assignment and commercial guarantee with a financial institution in which the Foundation assigned investment assets as collateral in a \$5 million line of credit facility obtained by VisionCorps. Total investment assets assigned under this agreement had a fair value of \$6,057,185 at September 30, 2020, and are identified as investments "Fulton Financial Advisors" on the accompanying statement of financial position. Under this agreement, the Foundation must maintain certain debt to collateral ratios. Additionally, the Foundation must not sell, offer to sell, or otherwise transfer any of the collateral. Under the guarantee agreement, the Foundation unconditionally guarantees the \$5 million line of credit facility obtained by VisionCorps. The balance on the line of credit was \$-0- at September 30, 2020 and 2019.

There are various events of default which would make the Foundation liable under the guarantee. The Foundation has no collateral or recourse with respect to the guarantee. The Foundation currently does not believe there is a substantial payment or performance risk relative to the guarantee.

In June 2018, the Foundation also entered into a collateral assignment agreement with a separate financial institution in which the Foundation assigned investment assets as collateral in a \$3.9 million line of credit facility obtained by VisionCorps. Total assets assigned under this agreement had a fair value of \$6,301,987 at September 30, 2020 and are identified as investments "PNC" on the accompanying statement of financial position. Under this agreement, the Foundation must maintain certain debt to collateral ratios. The Foundation does not separately provide a guarantee of the \$3.9 million line of credit facility obtained by VisionCorps. The balance on the line of credit was \$237,750 at September 30, 2020 and 2019.

NOTE 13 - LIQUIDITY and AVAILABILITY of RESOURCES

The Foundation maintains a policy to ensure its financial assets are available to meet its expenditures and other obligations with a goal to maintain balances to meet three to six months of ordinary business expenses. Excess operating cash not needed for operations will be invested in the Foundation's long-term investment accounts to be invested in accordance with its investment policy. Assets from the long-term investment accounts can be converted to cash as necessary, per policy. The Foundation does not intend to spend from its long-term investment accounts other than amounts appropriated for general expenditure as part of its annual budget approval process; however, if deemed necessary by the Finance Committee and approved by the Board of Trustees, amounts from its long-term investment accounts could be made available.

VisionCorps Foundation
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 13 - LIQUIDITY and AVAILABILITY of RESOURCES (Continued)

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows at September 30, 2020:

Financial Assets:	
Cash and Cash Equivalents	94,696
Bequests Receivable	50,000
Pledges Receivable, net	192,308
Investments	<u>13,220,510</u>
Total Financial Assets Available within One Year	13,557,514
Less Amounts Unavailable for General Expenditures, Due to:	
Contractual or Donor-Imposed Restrictions:	
Restricted by Donors with Purpose Restrictions	(607,100)
Restricted by Donors in Perpetuity	(208,500)
Board Designation for Investment for Long-Term Purposes	<u>(12,077,135)</u>
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	664,779

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 11, 2020, which represents the date the financial statements were available to be issued. No events have occurred between year-end and this date, which would require recording or disclosure in these financial statements.

The VisionCorps Board of Directors and the VisionCorps Foundation Board of Trustees have both resolved to merge the Foundation into VisionCorps during the 2021 fiscal year. All elected Foundation Trustees for 2021 will become part of the VisionCorps Board, and assigned to appropriate Board Committees.