# GODLY PLAY FOUNDATION

# FINANCIAL STATEMENTS
# with
# INDEPENDENT AUDITOR'S REPORT

# YEAR ENDED DECEMBER 31, 2019

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA



September 21, 2020

Board of Directors and Management
Godly Play Foundation
Ashland, Kansas

We have audited the financial statements of Godly Play Foundation, for the year ended December 31, 2019, and have issued our report thereon dated September 21, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 19, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Godly Play Foundation are described in Note A to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of depreciation expense is based on estimated useful lives of property and equipment. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of intellectual property is based on the appraised fair value of the original contribution and evaluated annually for impairment. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 21, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

The limited number of personnel in Godly Play Foundation's accounting and administrative staff precludes certain internal controls that would be preferred if there were more staff to provide optimum segregation of duties. This situation requires that the Board remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This information is intended solely for the use of the Board of Directors and management of Godly Play Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kennedy McKee & Company LLP

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors
Godly Play Foundation
Ashland, Kansas

We have audited the accompanying financial statements of Godly Play Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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.

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

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

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

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Godly Play Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Kennedy McKee & Company LLP

September 21, 2020

# GODLY PLAY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2019

| | |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash | $ 318,142 |
| Certificates of deposit | 250,000 |
| Investments | 349,014 |
| Inventories | 181,554 |
| Total current assets | 1,098,710 |
| Property and equipment, at cost: | |
| Buildings | 18,027 |
| Leasehold improvements | 2,242 |
| Equipment | 67,935 |
| | 88,204 |
| Less accumulated depreciation | (76,278) |
| Total property and equipment | 11,926 |
| Other assets: | |
| Certificates of deposit | 100,000 |
| Intellectual property | 955,253 |
| Total other assets | 1,055,253 |
| Total assets | $ 2,165,889 |
| **LIABILITIES AND NET ASSETS** | |
| Current liabilities: | |
| Accounts payable | $ 15,181 |
| Payroll liabilities | 61 |
| Note payable | 8,000 |
| Total liabilities | 23,242 |
| Net assets: | |
| Without donor restrictions: | |
| Without restrictions | 1,421,234 |
| Board designated | 103,023 |
| Total net assets without donor restrictions | 1,524,257 |
| Net assets with donor restrictions | 618,390 |
| Total net assets | 2,142,647 |
| Total liabilities and net assets | $ 2,165,889 |

The accompanying notes are an integral part of the financial statements.

# GODLY PLAY FOUNDATION

## STATEMENT OF ACTIVITIES

Year ended December 31, 2019

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Support and revenues: | | | |
| Sales | $ 682,786 | $ - | $ 682,786 |
| Cost of sales | (425,452) | - | (425,452) |
| Gross margin on sales | 257,334 | - | 257,334 |
| Program fees | 148,967 | - | 148,967 |
| Contributions | 15,797 | 257,982 | 273,779 |
| In-kind contributions | 7,078 | - | 7,078 |
| Memberships | 30,000 | - | 30,000 |
| Royalties | 11,496 | - | 11,496 |
| Investment income | 51,388 | - | 51,388 |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restrictions | 67,592 | (67,592) | - |
| Total support and revenues | 589,652 | 190,390 | 780,042 |
| Expenses: | | | |
| Program services: | | | |
| College of trainers | 154,360 | - | 154,360 |
| Center for the theology of childhood | 32,304 | - | 32,304 |
| Resources | 159,988 | - | 159,988 |
| Foundation | 117,841 | - | 117,841 |
| Total program services | 464,493 | - | 464,493 |
| Supporting services: | | | |
| Management and general | 94,453 | - | 94,453 |
| Fund-raising | 15,582 | - | 15,582 |
| Total supporting services | 110,035 | - | 110,035 |
| Total expenses | 574,528 | - | 574,528 |
| Change in net assets | 15,124 | 190,390 | 205,514 |
| Net assets at beginning of year | 1,509,133 | 428,000 | 1,937,133 |
| Net assets at end of year | $ 1,524,257 | $ 618,390 | $ 2,142,647 |



The accompanying notes are an integral part of the financial statements.

## GODLY PLAY FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

| | Program Services | | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| | College of trainers | Center for the theology of childhood | Resources | Foundation | Total | Management and general | Fund-raising | Total | Total expenses |
| Expenses: | | | | | | | | | |
| Advertising | $ - | $ - | $ 258 | $ 9,925 | $ 10,183 | $ - | $ 1,840 | $ 1,840 | $ 12,023 |
| Conference & education | 742 | 336 | - | 2,492 | 3,570 | - | - | - | 3,570 |
| Contract labor | - | - | (20) | - | (20) | - | - | - | (20) |
| Dues, fees, & subscriptions | 4,910 | - | 6,306 | 4,369 | 15,585 | - | 150 | 150 | 15,735 |
| Employee benefits | - | - | 18,165 | - | 18,165 | - | - | - | 18,165 |
| Insurance | - | - | 5,086 | - | 5,086 | - | - | - | 5,086 |
| Information technology | - | - | - | - | - | - | 1,320 | 1,320 | 1,320 |
| Labor | 36,018 | 12,000 | 91,773 | 36,163 | 175,954 | 48,400 | 8,640 | 57,040 | 232,994 |
| Meals & entertainment | - | - | 45 | - | 45 | - | - | - | 45 |
| Office supplies | 284 | - | 11,359 | 295 | 11,938 | 1,326 | - | 1,326 | 13,264 |
| Payroll taxes | 2,756 | 918 | 7,155 | 3,916 | 14,745 | 3,703 | 661 | 4,364 | 19,109 |
| Professional fees | 795 | 2,000 | 1,000 | 31,195 | 34,990 | 34,345 | 2,366 | 36,711 | 71,701 |
| Rent | - | 12,046 | 594 | - | 12,640 | 1,404 | - | 1,404 | 14,044 |
| Repairs | - | - | 995 | - | 995 | - | - | - | 995 |
| Supplies | - | - | 3,184 | - | 3,184 | - | - | - | 3,184 |
| Taxes | - | - | 2,884 | - | 2,884 | - | - | - | 2,884 |
| Telephone | 1,409 | - | 2,292 | 1,988 | 5,689 | 632 | - | 632 | 6,321 |
| Trainer contract hire | 73,791 | - | - | - | 73,791 | - | - | - | 73,791 |
| Trainer travel & motel | 21,497 | - | - | - | 21,497 | - | - | - | 21,497 |
| Training expenses | 8,733 | - | - | - | 8,733 | - | - | - | 8,733 |
| Travel and meetings | 3,425 | 5,004 | 4,310 | 27,498 | 40,237 | 4,234 | 605 | 4,839 | 45,076 |
| Utilities | - | - | 3,683 | - | 3,683 | 409 | - | 409 | 4,092 |
| Depreciation | - | - | 919 | - | 919 | - | - | - | 919 |
| Total expenses | $ 154,360 | $ 32,304 | $ 159,988 | $ 117,841 | $ 464,493 | $ 94,453 | $ 15,582 | $ 110,035 | $ 574,528 |

The accompanying notes are an integral part of the financial statements.

**GODLY PLAY FOUNDATION**

STATEMENT OF CASH FLOWS

Year ended December 31, 2019

| | |
|---|---|
| Cash flows from operating activities: | |
| Cash received from: | |
| Sales | $ 682,786 |
| Program fees | 148,967 |
| Contributions | 273,779 |
| Memberships | 30,000 |
| Royalties | 11,496 |
| Interest | 6,839 |
| Cash paid for: | |
| Salaries and related expenses | (270,207) |
| Contractors | (73,771) |
| Inventories | (465,959) |
| Other operating expenses | (219,223) |
| Net cash provided (used) by operating activities | 124,707 |
| Cash flows from investing activities: | |
| Purchase of intellectual property | (8,000) |
| Purchase of certificates of deposit | (150,000) |
| Purchase of investments | (100,000) |
| Net cash provided (used) by investing activities | (258,000) |
| Net increase (decrease) in cash and cash equivalents | (133,293) |
| Cash and cash equivalents at beginning of year | 451,435 |
| Cash and cash equivalents at end of year | $ 318,142 |
| Reconciliation of change in net assets to net cash provided by operating activities: | |
| Change in net assets | $ 205,514 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 919 |
| Investment income | (44,549) |
| Increase in inventory | (40,507) |
| Increase in accounts payable | 3,269 |
| Increase in payroll taxes payable | 61 |
| Net cash provided (used) by operating activities | $ 124,707 |

The accompanying notes are an integral part of the financial statements.

**GODLY PLAY FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

1. Business activity

   The Organization's purpose is to facilitate the practice of Godly Play® through research, training, and resources. The Organization trains and supports a network of independent Godly Play Trainers. The Godly Play approach teaches classical religious (e.g. Christian, Quaker, Jewish) language in a way that enhances the child's authentic experience of God. Trainers learn to use Montessori's approach to education and stimulate children's active participation in story and ritual and to awaken their creativity for learning of the language, sacred stories, parables, liturgical action and silence of their religious tradition. The Organization sells materials (e.g. Arks, Temples) that are used in combination with publications to deliver the Godly Play method.

2. Basis of presentation

   The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

   Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

   Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

   The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents transferred to the investment manager and being held for investment are included in investments.

4. Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

5. Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

6. Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using a modified accelerated cost recovery system.

7. Intellectual property

The Organization received a series of copyrighted publications from the author. The Organization has an agreement with a publishing company whereby the publishing company pays a royalty to the Organization based on sales. The Organization recorded the original contributions based on appraised values at the contribution dates. Under generally accepted accounting principles, the carrying amount is not amortized but is reduced if management determines that its implied fair value has been impaired.

8. Fair value measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework 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 are described below:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Fair value measurements (continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 by other means.

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.

9. Revenue with and without donor restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

10. Donated services

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 Organization. Volunteers providing services throughout the year are not recognized as contributions in the financial statements if the recognition criteria are not met.

11. Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on an estimate of amounts allocable to each function. The expenses that are allocated include personnel costs and travel which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Actual results could differ from those estimates.

13. Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of December 31, 2019. The Organization is no longer subject to examinations by tax authorities for years before 2017. No authorities have commenced income tax examinations as of December 31, 2019.

## B. INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets and other relevant information generated by market transactions (all Level 1 measurements) and consist of the following:

| | December 31, 2019 | |
|---|---|---|
| | Cost | Fair value |
| Money market | $ 1,041 | $ 1,041 |
| Episcopal church foundation growth fund | 189,375 | 213,074 |
| Episcopal church foundation income fund | 133,721 | 134,899 |
| | $ 324,137 | $ 349,014 |

The following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis:

*Episcopal church funds*: Valued at the net asset value (NAV) of share on the last trading day of the year, which is the basis for transactions at that date.

## C. ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled $12,023 for the year ended December 31, 2019.

## D. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as in-kind contributions in the financial statements consist of legal fees. Donated goods and services totaled $7,078 for the year ended December 31, 2019.

## E. NOTE PAYABLE

The note payable is an interest-free note due in 2020. The note was signed on March 30, 2019 for the purchase of story material design rights. $8,000 was due on closing. The remaining $8,000 is due January 2, 2020.

## F. RESTRICTIONS/LIMITATIONS ON NET ASSETS

The governing board of the Organization has designated net assets without donor restrictions for the following purposes:

| | |
|---|---|
| International development fund | $ 3,023 |
| Designated for long-term investment | 100,000 |
| Board designated net assets | $ 103,023 |

Net assets with donor restrictions:

| | |
|---|---|
| Subject to expenditures for specified purpose: | |
| International development fund | $ 961 |
| For the work of the Center | 132,063 |
| Getting in touch with people we have trained | 58,714 |
| Establishing a training relationship with Sewanee/Beechen Center | 6,007 |
| Website and infrastructure | 100,000 |
| For the office of the advocate for international development | 120,645 |
| Donor-restricted endowment not subject to appropriation: | |
| General use | 200,000 |
| Net assets with donor restrictions | $ 618,390 |



Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

| | |
|---|---|
| Satisfaction of purpose restrictions: | |
| International development fund | $ 10,360 |
| For the work of the Center | 20,415 |
| Getting in touch with people we have trained | 12,722 |
| For the office of the advocate for international development | 24,095 |
| Net assets released from restrictions | $ 67,592 |

## G. ENDOWMENT

Godly Play Foundation's endowment consists of individual funds established by donors for a variety of purposes. Its endowment includes permanent endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

G. ENDOWMENT (CONTINUED)

**Interpretation of Relevant Law**

Absent explicit donor stipulations to the contrary, the Board of Directors of Godly Play Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Godly Play Foundation retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**Endowment Net Asset Composition by Type of Fund as of December 31, 2019**

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 200,000 | $ 200,000 |

**Changes in Endowment Net Assets for the Year Ended December 31, 2019**

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 100,000 | $ 100,000 |
| Contributions | - | 100,000 | 100,000 |
| Endowment net assets, end of year | $ - | $ 200,000 | $ 200,000 |

**Net Asset With Donor Restrictions (Endowment Only)**

| | 2019 |
|---|---|
| Endowment funds with donor restrictions: | |
| The portion of perpetual endowment funds that is required to be retained perpetually either by explicit donor stipulation or by SPMIFA and classified as net assets with donor restrictions | $ 200,000 |

G. ENDOWMENT (CONTINUED)

**Funds with Deficits**

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the SPMIFA requires the Godly Play Foundation to maintain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019.

**Return Objectives and Risk Parameters**

The Godly Play Foundation has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner to preserve and enhance its endowment funds with a secondary goal of achieving an overall return which will be sufficient to support a level of spending that, as a percent of investable assets, will be relatively constant and will grow at least as rapidly as inflation.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Godly Play Foundation has adopted a strategic Asset Allocation Plan that envisions a reasonably stable distribution of assets among major asset classes. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization has a policy of appropriating for disbursement each year, the amount required to meet the needs of the Organization within the parameters established by the donor (exclusive of unrealized gains and losses). In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow and maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

H. CONCENTRATION OF CONTRIBUTION REVENUE

For the year ended December 31, 2019, cash contributions from one major contributor accounted for 91% of the total contributions to the Organization.

I. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2019, the Organization's uninsured balances totaled $100,000.

J. LEASE OBLIGATIONS

The Organization signed a seventeen-month operating lease commencing March 1, 2016 with a private company to lease office space in Greenwood Village, CO. The monthly rental payments for the first twelve months was $1,000 per month with an escalation clause increasing the rent to $1,030 per month starting March 1, 2017. The lease was extended and expires on January 31, 2020. Rent expense for the year ended December 31, 2019 was $13,385.

Future minimum lease payments under the lease are as follows:

| | |
|---|---|
| December 31, 2020 | $ 1,118 |

K. LIQUIDITY

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date. Donor-restricted amounts that are available for use within one year for general purposes.

| | |
|---|---|
| Financial assets at year-end | $1,017,156 |
| Less those unavailable for general expenditures within one year, due to: | |
| Donor-restricted for international development | 961 |
| Donor-restricted for the work of the Center | 132,063 |
| Donor-restricted for getting in touch with people we have trained | 58,714 |
| Donor-restricted for establishing a training relationship with Sewanee/Beechen Center | 6,007 |
| Donor-restricted for website and infrastructure | 100,000 |
| Donor-restricted for the office of the advocate For international development | 120,645 |
| Donor-restricted to maintain as an endowment | 200,000 |
| Board designated for international development | 3,023 |
| Board designated for long-term investment | 100,000 |
| Certificate of deposit due in more that one year | 100,000 |
| Financial assets available to meet cash needs for general expenditure within one year | $ 195,743 |

As part of the Organization’s liquidity management, it invests cash in excess of short-term needs in certificates of deposit. The duration of the certificates of deposit vary based on anticipated future cash needs.

## L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 21, 2020, the date on which the financial statements were available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in these financial statements:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. On March 30, 2020, the Organization closed their doors to the public to comply with their respective state's stay-at-home order. The Organization continues to fill orders for training materials, however in person trainings have been postponed due to the uncertainty of the COVID-19 outbreak. The Organization has made available free of charge online videos to be used during the COVID-19 outbreak. The Organization secured a Payroll Protection Plan loan through the Small Business Administration in the amount of $58,890 in May 2020. The loan will be used to cover payroll and other eligible expenses for a period of eight or twenty-four weeks from the loan origination date. The loan will later be evaluated for loan forgiveness by the local lending institution. Any amount determined not to be eligible for loan forgiveness will be due within two years of the loan origination date and bear an interest rate of 1%. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closing. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.