

**OLIN B. AND DESTA SCHWAB
FOUNDATION, INC.**

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Assets, Liabilities and Net Assets – modified cash basis	3
Statements of Support, Revenue, Expenses and Change in Net Assets – modified cash basis...	4
Statements of Functional Expenses – modified cash basis	5
Notes to Financial Statements	6



INDEPENDENT AUDITORS' REPORT

Board of Directors
Olin B. and Desta Schwab Foundation, Inc.
Fort Wayne, Indiana

We have audited the accompanying financial statements of Olin B. and Desta Schwab Foundation, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2020 and 2019, and the related statements of support, revenue, expenses and change in net assets – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements 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.

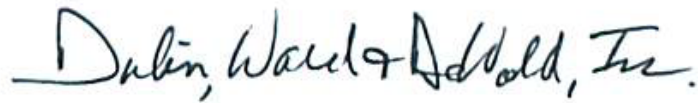
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Olin B. and Desta Schwab Foundation, Inc. as of June 30, 2020 and 2019, and its support, revenue and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Dublin, Ward & Adbold, Inc." The signature is written in a cursive, flowing style.

Fort Wayne, Indiana
August 10, 2020

OLIN B. AND DESTA SCHWAB FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 14,612	\$ 13,712
Investments	4,917,763	5,224,074
Website	28,606	28,606
Accumulated amortization	<u>(28,606)</u>	<u>(28,606)</u>
Total Assets	<u><u>\$ 4,932,375</u></u>	<u><u>\$ 5,237,786</u></u>
LIABILITIES AND NET ASSETS		
Net Assets:		
Without donor restrictions	<u>\$ 4,932,375</u>	<u>\$ 5,237,786</u>
Total Liabilities and Net Assets	<u><u>\$ 4,932,375</u></u>	<u><u>\$ 5,237,786</u></u>

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

OLIN B. AND DESTA SCHWAB FOUNDATION, INC.
STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGE IN NET ASSETS -
MODIFIED CASH BASIS
Years Ended June 30, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support, Revenue and Gains:		
Investment income - net	\$ 154,101	\$ 145,059
Realized gain on investments	-	117,073
	154,101	262,132
Expenses and Losses:		
Program services	351,603	1,061,146
Management and general	17,497	34,044
Realized loss on investments	90,412	-
	459,512	1,095,190
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
	(305,411)	(833,058)
NET ASSETS - beginning of year	5,237,786	6,070,844
NET ASSETS - end of year	\$ 4,932,375	\$ 5,237,786

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

OLIN B. AND DESTA SCHWAB FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Years Ended June 30, 2020 and 2019

	Program Services	Management and General	2020 Total	Program Services	Management and General	2019 Total
Grants	\$ 301,500	\$ -	\$ 301,500	\$ 1,010,674	\$ -	\$ 1,010,674
Consulting	50,000	-	50,000	50,000	-	50,000
Accounting and audit	-	7,050	7,050	-	5,830	5,830
Legal	-	4,373	4,373	-	3,543	3,543
Office expense	-	2,680	2,680	-	2,400	2,400
Website maintenance	-	1,835	1,835	-	2,234	2,234
Insurance - general	-	1,202	1,202	-	1,202	1,202
Miscellaneous	-	255	255	-	223	223
Meeting expense	103	102	205	472	471	943
Taxes - excise	-	-	-	-	17,556	17,556
Outside services	-	-	-	-	585	585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u><u>\$ 351,603</u></u>	<u><u>\$ 17,497</u></u>	<u><u>\$ 369,100</u></u>	<u><u>\$ 1,061,146</u></u>	<u><u>\$ 34,044</u></u>	<u><u>\$ 1,095,190</u></u>

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

OLIN B. AND DESTA SCHWAB FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Olin B. and Desta Schwab Foundation, Inc. (the Foundation) is a nonprofit organization located in Fort Wayne, Indiana. The Foundation's mission is to identify and support programs that help middle and high school students connect their education to their future career choices by providing the resources and opportunities they need to investigate, explore and experience the array of career options available to them in a 21st century global economy.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal excise tax at the rate of 2% on net investment income. There is an overpayment of \$7,096 in excise taxes for the year ended June 30, 2020.

Recent Accounting Guidance

During 2019, the Foundation adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly.

Estimates

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis include recognition of intangibles and amortization. This basis differs from generally accepted accounting principles primarily because investments have not been recorded at fair value and accounts payable, accruals and their related effects on earnings have not been recognized in the accompanying financial statements.

Investments

Investments in marketable securities and all investments in debt securities are reported at cost in the statement of assets, liabilities and net assets – modified cash basis.

Net Assets

Net assets without donor restrictions are available for use at the discretion of the Foundation's management and the board of directors. From time to time the board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expense

The costs of providing the Foundation's programs and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include the following:

Expense	Method of Allocation
Meeting expense	Time and effort

Subsequent Events

Management has evaluated subsequent events through August 10, 2020, the date which the financial statements were available for issue.

2. INVESTMENTS

Investments at June 30, 2020 are summarized as follows:

	Cost	Market
Equity	\$ 2,744,778	\$ 3,322,212
Fixed income	1,464,708	1,478,397
Money market	<u>708,277</u>	<u>708,277</u>
	<u>\$ 4,917,763</u>	<u>\$ 5,508,886</u>

Investments at June 30, 2019 are summarized as follows:

	Cost	Market
Equity	\$ 3,035,355	\$ 3,739,565
Fixed income	2,038,388	2,028,581
Money market	<u>150,331</u>	<u>150,331</u>
	<u>\$ 5,224,074</u>	<u>\$ 5,918,477</u>

The market value of investments was determined by reference to quoted market prices and other relevant information generated by market transactions.

3. NET ASSETS

Net assets without donor restrictions include undesignated net assets of \$4,932,375 at June 30, 2020 and \$5,237,786 at June 30, 2019.

4. GRANT EXPENSE

During 2020, the Foundation awarded grants totaling \$301,500 to three different organizations. In 2019, the Foundation awarded grants totaling \$1,010,674 to six different organizations.

5. RELATED PARTY

The Foundation paid a company related to a board member \$2,680 in 2020 and \$2,985 in 2019 for office administrative services.

The Foundation awarded grants totaling \$86,500 in 2020 and \$262,000 in 2019 to an organization sharing a board member with the Foundation.

6. CONCENTRATIONS AND CREDIT RISK

Investments are exposed to various risks and rewards, such as interest rate, market and credit risks.

Due to these risks and rewards associated with certain investments, it is possible that changes in the values of investments may occur and that such changes could affect the amounts reported in the financial statements.

7. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 comprise the following:

	2020	2019
Cash	\$ 14,612	\$ 13,712
Investments	<u>4,917,763</u>	<u>5,224,074</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,932,375</u>	<u>\$ 5,237,786</u>

In addition to financial assets available to meet general expenditures over the next twelve months, the Foundation receives investment earnings, which are available to meet its cash needs for general expenditures.

8. SUBSEQUENT EVENT

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets, resulting in a substantial decline in the value of investments. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

