

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

FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, 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.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the assets, liabilities, and net assets of Olin B. and Desta Schwab Foundation, Inc. as of June 30, 2022 and 2021, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Olin B. and Desta Schwab Foundation, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for 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.

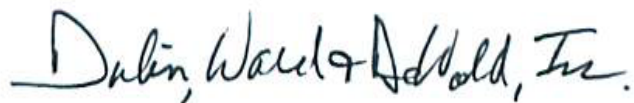
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Olin B. and Desta Schwab Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Olin B. and Desta Schwab Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Fort Wayne, Indiana
December 5, 2022

OLIN B. AND DESTA SCHWAB FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash	\$ 7,278	\$ 440,554
Investments	3,879,527	4,391,768
Website	28,606	28,606
Accumulated amortization	(28,606)	(28,606)
	<u>\$ 3,886,805</u>	<u>\$ 4,832,322</u>
Total Assets	\$ 3,886,805	\$ 4,832,322
LIABILITIES AND NET ASSETS		
Net Assets:		
Without donor restrictions	\$ 3,886,805	\$ 4,832,322
Total Liabilities and Net Assets	\$ 3,886,805	\$ 4,832,322

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, 2022 and 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support, Revenue and Gains:		
Investment income - net	\$ 56,287	\$ 58,656
Realized gain on investments	8,971	1,160,349
Other income	-	85
	65,258	1,219,090
Expenses:		
Program services	962,357	1,298,079
Management and general	48,418	21,064
	1,010,775	1,319,143
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
	(945,517)	(100,053)
NET ASSETS - beginning of year	4,832,322	4,932,375
NET ASSETS - end of year	\$ 3,886,805	\$ 4,832,322

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, 2022 and 2021

	Program Services	Management and General	2022 Total	Program Services	Management and General	2021 Total
Grants	\$ 962,036	\$ -	\$ 962,036	\$ 1,277,500	\$ -	\$ 1,277,500
Excise taxes	-	26,808	26,808	-	-	-
Accounting and audit	-	7,750	7,750	-	6,642	6,642
Website maintenance	-	3,492	3,492	-	4,163	4,163
Legal	-	3,380	3,380	-	4,656	4,656
Outside services	-	2,835	2,835	-	1,268	1,268
Office	-	2,527	2,527	-	2,799	2,799
Insurance - general	-	1,305	1,305	-	1,202	1,202
Meeting expense	321	321	642	329	329	658
Consulting	-	-	-	20,000	-	20,000
Donations	-	-	-	250	-	250
Miscellaneous	-	-	-	-	5	5
Total Expenses	\$ 962,357	\$ 48,418	\$ 1,010,775	\$ 1,298,079	\$ 21,064	\$ 1,319,143

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

OLIN B. AND DESTA SCHWAB FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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 \$16,053 in excise taxes for the year ended June 30, 2022.

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.

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.

(continued)

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

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 December 5, 2022, the date which the financial statements were available for issue.

2. INVESTMENTS

Investments at June 30, 2022 are summarized as follows:

	Cost	Market
Exchange traded funds	\$ 3,876,676	\$ 3,861,074
Cash	<u>2,851</u>	<u>2,851</u>
	<u>\$ 3,879,527</u>	<u>\$ 3,863,925</u>

Investments at June 30, 2021 are summarized as follows:

	Cost	Market
Exchange traded funds	\$ 4,365,233	\$ 4,818,954
Cash	<u>26,535</u>	<u>26,535</u>
	<u>\$ 4,391,768</u>	<u>\$ 4,845,489</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 \$3,886,805 at June 30, 2022 and \$4,832,322 at June 30, 2021.

4. GRANT EXPENSE

During 2022, the Foundation awarded grants totaling \$962,036 to four different organizations. In 2021, the Foundation awarded grants totaling \$1,277,500 to four different organizations.

5. RELATED PARTY

The Foundation paid a company related to a board member \$2,400 in 2022 and \$2,400 in 2021 for office administrative services.

The Foundation awarded grants totaling \$250,000 in 2022 and \$235,500 in 2021 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:

	2022	2021
Cash	\$ 7,278	\$ 440,554
Investments	<u>3,879,527</u>	<u>4,391,768</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,886,805</u>	<u>\$ 4,832,322</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. RISKS AND UNCERTAINTIES

On March 11, 2020, the COVID-19 virus had been declared a global pandemic. As a result, economic uncertainties have arisen which have resulted in significant volatility in the investment markets. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

