



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

OREGON EPISCOPAL SCHOOL

June 30, 2020
(with Comparative Totals for the Year Ended June 30, 2019)



MOSSADAMS

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Report of Independent Auditors

The Board of Trustees
Oregon Episcopal School

Report on the Financial Statements

We have audited the accompanying financial statements of Oregon Episcopal School (the School), which comprise the statement of financial position as of June 30, 2020, and the related statement of operating activities, statement of activities and changes in net assets, statement of functional expenses, and statement of 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 Oregon Episcopal School as of June 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.

Other Matter***Report on Summarized Comparative Information***

We have previously audited the School's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

Portland, Oregon
October 27, 2020

Oregon Episcopal School
Statements of Financial Position

ASSETS

	June 30,	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,575,215	\$ 24,378,196
Accounts receivable, net	11,422	88,592
Pledges receivable, net	2,143,015	1,822,710
Prepaid expenses and other current assets	780,485	859,245
Total current assets	28,510,137	27,148,743
LONG-TERM PLEDGES RECEIVABLE, NET	3,133,740	3,909,510
INVESTMENTS	30,889,567	29,198,699
LAND, BUILDINGS, AND EQUIPMENT, NET	41,058,851	40,819,799
Total assets	<u>\$ 103,592,295</u>	<u>\$ 101,076,751</u>

Oregon Episcopal School
Statements of Financial Position

LIABILITIES AND NET ASSETS

	June 30,	
	2020	2019
CURRENT LIABILITIES		
Accounts payable	\$ 436,181	\$ 615,367
Accrued expenses	209,303	109,074
Accrued salaries and related expenses	2,595,112	2,231,157
Unearned tuition and revenues	18,541,010	20,228,868
Current portion of bonds payable, net of issuance costs	428,340	408,340
Total current liabilities	22,209,946	23,592,806
INTEREST RATE SWAP LIABILITY	2,061,883	1,519,989
NOTES PAYABLE	1,000,000	1,000,000
BONDS PAYABLE, net of current portion and issuance costs	10,503,765	10,932,106
Total liabilities	35,775,594	37,044,901
NET ASSETS		
Without donor restrictions		
Undesignated	25,537,494	26,317,648
Board-designated	17,827,053	16,530,474
Total without donor restrictions	43,364,547	42,848,122
With donor restrictions		
Purpose and time restricted	17,581,392	14,344,838
Perpetual in nature	6,870,762	6,838,890
Total with donor restrictions	24,452,154	21,183,728
Total net assets	67,816,701	64,031,850
Total liabilities and net assets	<u>\$ 103,592,295</u>	<u>\$ 101,076,751</u>

Oregon Episcopal School
Statements of Operating Activities
For the Year Ended June 30, 2020
(with Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
OPERATING ACTIVITIES				
Revenues and support				
Tuition and fees	\$ 29,237,907	\$ -	\$ 29,237,907	\$ 28,654,090
Less financial aid grants	(3,148,243)	-	(3,148,243)	(2,913,188)
Tuition and fees, net	26,089,664	-	26,089,664	25,740,902
Return on investments and cash equivalents, net	319,265	-	319,265	248,116
Endowment earnings appropriations	790,000	-	790,000	775,000
Contributions and support for operations	1,466,046	80,934	1,546,980	1,558,662
Auxiliary services	1,491,600	-	1,491,600	1,523,071
Release of restrictions	27,809	(27,809)	-	-
Total revenue and support	30,184,384	53,125	30,237,509	29,845,751
EXPENSES				
Program services	23,340,779	-	23,340,779	23,909,734
Supporting services				
General administrative	4,549,372	-	4,549,372	4,196,024
Fundraising	1,603,969	-	1,603,969	1,689,500
Total support services	6,153,341	-	6,153,341	5,885,524
Total expenses	29,494,120	-	29,494,120	29,795,258
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ 690,264	\$ 53,125	\$ 743,389	\$ 50,493

Oregon Episcopal School
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2020
(with Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	\$ 690,264	\$ 53,125	\$ 743,389	\$ 50,493
NON-OPERATING ACTIVITIES				
Investing activities				
Non-operating investment return, net	960,189	697,975	1,658,164	709,115
Less endowment earnings appropriations	(362,795)	(427,205)	(790,000)	(775,000)
Loss on disposals	(117,848)	-	(117,848)	-
Change in net assets from non-operating investing activities	479,546	270,770	750,316	(65,885)
Financing activities				
Endowment and quasi-endowment contributions	1,000	48,739	49,739	111,279
Capital campaign contributions	-	2,519,088	2,519,088	8,266,632
Change in the discount on pledges receivable	-	376,704	376,704	(670,157)
Capital campaign expenses	(37,386)	-	(37,386)	(113,052)
Uncollected pledges expense	(75,105)	-	(75,105)	(176,698)
Change in value of interest rate swap agreement	(541,894)	-	(541,894)	(395,451)
Change in net assets from non-operating financing activities	(653,385)	2,944,531	2,291,146	7,022,553
Total change in net assets	516,425	3,268,426	3,784,851	7,007,161
NET ASSETS, beginning of year	42,848,122	21,183,728	64,031,850	57,024,689
NET ASSETS, end of year	\$ 43,364,547	\$ 24,452,154	\$ 67,816,701	\$ 64,031,850

Oregon Episcopal School
Statement of Functional Expenses – June 30, 2020

	Program Services			General Administrative	Fundraising	2020 Total	2019 Total
	Educational Services	Auxiliary Services	Total Program				
Salaries	\$ 12,357,082	\$ 991,524	\$ 13,348,606	\$ 1,899,909	\$ 889,125	\$ 16,137,640	\$ 15,915,786
Payroll taxes and benefits	3,960,768	317,809	4,278,577	608,970	284,988	5,172,535	5,089,444
Total salaries and related expenses	16,317,850	1,309,333	17,627,183	2,508,879	1,174,113	21,310,175	21,005,230
Programs, supplies, and materials	1,302,805	1,238,588	2,541,393	22,631	7,335	2,571,359	3,037,422
Property services	772,700	200,094	972,794	28,756	9,872	1,011,422	1,159,990
Professional growth and development	166,592	10,276	176,868	42,969	22,817	242,654	330,755
Professional services	55,937	416	56,353	257,102	56,555	370,010	583,419
Other expenses	192,583	65,027	257,610	1,653,807	315,662	2,227,079	1,981,017
Total expenses before depreciation and amortization	18,808,467	2,823,734	21,632,201	4,514,144	1,586,354	27,732,699	28,097,833
Depreciation and amortization	1,356,294	352,284	1,708,578	35,228	17,615	1,761,421	1,697,425
Total expenses	<u>\$ 20,164,761</u>	<u>\$ 3,176,018</u>	<u>\$ 23,340,779</u>	<u>\$ 4,549,372</u>	<u>\$ 1,603,969</u>	<u>\$ 29,494,120</u>	<u>\$ 29,795,258</u>

Oregon Episcopal School

Statements of Cash Flows

	Years Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,784,851	\$ 7,007,161
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Less noncash items:		
Depreciation and amortization	1,761,421	1,697,425
Write off of pledges receivable	82,129	52,500
Noncash change in allowance for uncollectible pledges	(17,024)	114,260
Noncash change in discount on pledges	(376,704)	670,157
Net (gain) loss on investments	(1,490,401)	326,802
Net loss on disposals	117,848	-
Noncash change in value of interest rate swap agreement	541,894	395,451
Amortization of bond issuance costs	21,659	21,660
Endowment return, other than gain/loss considered non-operating	(177,525)	(1,036,179)
Contributions restricted for endowment	(49,739)	(111,279)
Pledges received, net	(2,000,238)	(7,269,968)
Appropriations from endowment for operations	790,000	775,000
Cash provided by changes in operating assets and liabilities:		
Accounts receivable	77,170	(22,799)
Prepaid expenses and other assets	78,760	(243,793)
Accounts payable	(179,186)	293,420
Accrued expenses	100,229	(55,704)
Accrued salaries and related expenses	363,955	(131,510)
Unearned tuition and revenues	(1,687,858)	830,868
Net cash provided by operating activities	<u>1,741,241</u>	<u>3,313,472</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of land, buildings, and equipment	(2,118,321)	(3,298,093)
Purchases of investments	(42,366,343)	(2,629,136)
Net proceeds from the sale of investments	42,343,401	3,294,566
Appropriations from endowment for operations	(790,000)	(775,000)
Net cash used in investing activities	<u>(2,931,263)</u>	<u>(3,407,663)</u>

Oregon Episcopal School

Statements of Cash Flows

	Years Ended June 30,	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on bonds payable	\$ (430,000)	\$ (410,000)
Proceeds from notes payable	-	1,000,000
Cash collected on pledges, net of expenses	2,767,302	2,929,865
Cash collected on contributions to endowment fund	49,739	111,279
	<u>2,387,041</u>	<u>3,631,144</u>
Net cash provided by financing activities	2,387,041	3,631,144
CHANGE IN CASH AND CASH EQUIVALENTS	1,197,019	3,536,953
CASH AND CASH EQUIVALENTS, beginning of year	<u>24,378,196</u>	<u>20,841,243</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 25,575,215</u>	<u>\$ 24,378,196</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 495,292</u>	<u>\$ 503,989</u>

Note 1 – Organization

General

Oregon Episcopal School (OES or the School) is an independent day and boarding school originally founded in 1869 as St. Helen's Hall by Bishop Benjamin Wistar Morris. The School occupies a 59-acre campus, enrolling approximately 870 students in Pre-K through 12th grade. Offering a true liberal arts curriculum, the School has small classes that provide intimate learning environments that allow teachers to instill in each student a love for learning and the joy of discovery. The School has an innovative curriculum, competitive athletics, and a commitment to service. As the oldest Episcopal school west of the Rockies, OES values developing the spirit as well as the mind. Though steeped in Episcopal heritage and tradition, the School welcomes students of all beliefs.

The School is a member of and accredited by the Northwest Association of Independent Schools and is registered with the State of Oregon. The School is also a member of the National Association of Independent Schools and the National Association of Episcopal Schools.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently adopted standards

As of July 1, 2019, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* on a modified prospective basis. This guidance is intended to improve the evaluation and determination of whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. In addition, the standard requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The adoption of ASU 2018-08 had no impact on the School's change in net assets.

As of July 1, 2019, the School adopted FASB ASU No. 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This guidance is intended to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required that is most important to users of the financial statements. ASU 2018-13 modifies the disclosure requirements on fair value measurements founded within ASC Topic 820 Fair Value Measurements, including streamlining disclosures related to transfers between Level 1 and Level 2 classifications, and simplifying disclosures for Level 3 assets and liabilities. The School's fair value disclosures in Note 6 reflect the changes required by ASU 2018-13.

Oregon Episcopal School

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Without donor restrictions – Net assets not subject to donor-imposed stipulations. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the School. In addition to these exchange transactions, changes in this category of net assets include certain types of philanthropic support including gifts without restrictions and those gifts designated by the Board of Trustees (the Board) to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service; endowment, annuity, and life income gifts; pledges; investment returns on "true" endowment funds; and endowments where the principal may be expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the School, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment and providing loans to students) and that only the income be made available for program operations. Generally, the donors of these assets permit the School to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of time or purpose restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures, and equipment) are reported in net assets with donor restrictions. When the long-lived assets are placed in service, the School reflects the expiration of the donor-imposed restriction as a reclassification included in the net assets released from restrictions.

The School considers contributions for capital investments in plant and contributions for endowment to be non-operating contributions.

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue recognition

Tuition and fees are recognized as revenue when they are earned. Prepaid tuition and enrollment deposits are deferred to the appropriate school year. Revenue from auxiliary services are recorded in the period earned. Contributions in cash are recorded as revenues in the period received, in accordance with donor-imposed restrictions. Unconditional promises to give are recorded at fair value as receivables and as revenues in the period the promise is received, in accordance with donor-imposed restrictions. An allowance for doubtful contributions receivable is provided based on management's judgment including such factors as prior collection history, type of contribution, and current aging of contributions receivable.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less other than those held in the School's investment portfolio and subject to its investment policy.

Accounts and pledges receivable and allowance for doubtful accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts is maintained at a level considered adequate to provide for potential uncollectible pledges and past due tuition payments. The adequacy of the allowance is based upon management's evaluation of the quality, character, and inherent risks in the various receivable categories. It is the School's policy to charge off uncollectible accounts receivable management determines will not be collected. The accounts receivable allowance totaled \$3,251 and \$3,300 at June 30, 2020 and 2019, respectively. See Note 4 for pledges receivable allowance disclosures.

Other long-term commitments

The School has employment contracts with numerous employees, but only one long-term contract that extends to June 30, 2022. Terms of the agreement include compensation, benefits, and an annual bonus based upon achievement of specific objectives as agreed upon with the Board of Trustees.

Bond issuance costs

Bond issuance costs include underwriter and legal fees, printing costs, and other expenses associated with the June 30, 2015 bond offering (Note 8). Debt issuance costs related to a recognized debt liability are presented in the statements of financial position as a direct reduction from the carrying amount of that debt liability. Amortization is calculated using the straight-line method, which approximates the effective interest method, over the term of the bond.

Oregon Episcopal School

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Investments

Investments with readily determinable market values are stated at fair value based on quoted market prices. Alternative investments, which are not readily marketable, are carried at estimated fair value as provided by investment managers. The School reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed. Investments acquired by gift are recorded at fair value on the date received by the School. Investments are adjusted to fair value through recognition of unrealized gains or losses. Investment returns on endowment assets are recognized as investment income within net assets with donor restrictions until appropriated for spending by the Board of Trustees.

Land, buildings, and equipment

Purchased land, buildings, and equipment are recorded at cost, and those received by donations are capitalized at their estimated fair values on the date received. All assets with a useful life of greater than one year and a cost greater than \$5,000 are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Buildings, facilities, and improvements	8 – 50 years
Furniture, equipment, and other fixed assets	3 – 10 years
Vehicles	3 – 8 years

The School uses the direct expensing method to account for planned major maintenance activities.

Federal income taxes

The School is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business income. Unrelated business income tax is insignificant and no tax provision has been made in the accompanying financial statements.

The School recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The School had no unrecognized tax benefits at June 30, 2020 and 2019. The School recognizes interest accrued and penalties related to unrecognized tax benefits, if any, as an administrative expense. During the years ended June 30, 2020 and 2019, the School recognized no interest and penalties.

The School is exempt from filing the IRS Form 990 due to its religious affiliation. Unrelated business income tax returns are filed annually in the U.S. federal and Oregon state jurisdictions.

Note 2 – Summary of Significant Accounting Policies (continued)

Unearned tuition and revenues

Unearned tuition and revenues represent school tuition deposits and payments received in fiscal years 2020 and 2019, but related to fiscal years 2021 and 2020, respectively.

Contributions and grants

The School recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurement performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met in accordance with ASU 2018-08.

All contributions and grants are considered to be available for OES's unrestricted use unless specifically restricted by the donor. Contributions and grants restricted by the donor are recorded as net assets with donor restrictions. When the restrictions are satisfied, the restricted amounts are released to net assets without donor restrictions.

Contributed services

A substantial number of corporations and volunteers have donated significant amounts of time and services to the School's operations and to its fundraising campaigns. However, unless such contributions meet the criteria promulgated by accounting principles generally accepted in the United States of America (U.S. GAAP) which include professional services and services required to construct a fixed asset, they are not reflected in the accompanying financial statements.

Derivative instruments

Interest rate swap contracts are reported at fair value. The gain or loss on the effective portion of the hedge is included as an expense on the statements of non-operating activities.

Concentration of credit risk

Financial instruments which potentially subject the School to concentrations of credit risk consist of cash, long-term investments, student accounts receivable and pledges receivable. The School has established guidelines relative to diversification and maturities in its investment portfolio that seek to maintain safety and liquidity. At times, amounts in the individual investment portfolio accounts and the operating bank accounts are in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protector Corporation (SIPC) insurance limits.

Credit risk concentration with respect to tuition and pledges receivable is limited due to the number of students and donors involved. The School monitors its exposure for credit losses and maintains allowances for anticipated losses.

Related-party transactions

Contributions from members of the Board of Trustees totaled approximately \$193,000 and \$1,190,000 for the years ended June 30, 2020 and 2019, respectively.

Oregon Episcopal School

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Functional allocation of expenses

The costs of the School's various activities and programs have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs, supporting services, and auxiliary activities benefited based on various methods, including categories based on time expended, and estimated or actual usage. Auxiliary activities include the School's extended care programs, summer camp, dining, school store, and transportation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for the School for the year ended June 30, 2019, from which the summarized information was derived.

Subsequent events

Subsequent events are events or transactions that occur after the date of the statement of financial position but before financial statements are available to be issued. The School recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The School's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the date of the statement of financial position and before financial statements are available to be issued.

The School's management has evaluated subsequent events through October 27, 2020, the date on which the financial statements were available to be issued.

Oregon Episcopal School Notes to Financial Statements

Note 3 – Liquidity and Availability

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

	2020	2019
Cash and cash equivalents	\$ 21,906,268	\$ 23,823,756
Accounts receivable, net	11,422	88,592
Operating investments	5,863,683	4,740,199
Pledges receivable	34,127	29,440
Distributions from assets held under beneficial interest in perpetual trust	<u>20,541</u>	<u>15,625</u>
Total financial assets available within one year	<u><u>\$ 27,836,041</u></u>	<u><u>\$ 28,697,612</u></u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As of June 30, 2020 and 2019 the board-designated endowment of \$11,291,775 and \$11,047,622, respectively, is subject to an annual spending rate of 3.0% to 4.0% annually as described in Note 14. Although OES does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 4 – Pledges Receivable

Unconditional promises to give are recorded as receivables and revenue when the promise is made. The School distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. As of June 30, the pledges receivable balances consisted of the following:

	2020	2019
Receivable in less than one year	\$ 2,143,015	\$ 1,822,710
Receivable in one to five years	<u>3,595,217</u>	<u>4,764,715</u>
Total pledges receivable	5,738,232	6,587,425
Less allowance for uncollectible pledges	(114,715)	(131,739)
Less discounts to present value	<u>(346,762)</u>	<u>(723,466)</u>
Pledges receivable, net	<u><u>\$ 5,276,755</u></u>	<u><u>\$ 5,732,220</u></u>

Oregon Episcopal School

Notes to Financial Statements

Note 5 – Investments

Investments are composed of the following at June 30:

	2020	2019
Cash and money market	\$ 1,139,228	\$ 553,421
Pooled equity funds	4,544,488	15,418,908
Pooled fixed income funds	-	7,695,129
Alternative investments	24,770,607	5,080,442
Perpetual trusts held by banks (Note 9)	380,056	396,923
Life insurance policy	55,188	53,876
Total investments	<u>\$ 30,889,567</u>	<u>\$ 29,198,699</u>

The School considers operating investment return to consist of the amount authorized for spending in the current year from endowment assets and returns on operating bank and investment accounts. All other investment return is considered non-operating. The line items reporting the non-operating investment return are as follows for the years ended June 30:

	2020	2019
Dividends and interest	\$ 270,318	\$ 1,081,681
Realized and unrealized gains (losses), net	1,490,401	(326,802)
Investment fees	<u>(102,555)</u>	<u>(45,764)</u>
Total return on investments and cash equivalents	<u>\$ 1,658,164</u>	<u>\$ 709,115</u>

Note 6 – Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, accounting standards use a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation techniques

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Note 6 – Fair Value Measurements (continued)

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

Interest-bearing cash – Includes money market funds valued at cost plus accrued interest, which approximates fair value.

Marketable securities – Includes equity and bond mutual funds valued at quoted market prices in active markets.

Nonmarketable investments – Includes hedge funds, private equity funds, and other non-publicly traded investments, valued using the Net Asset Value (NAV) provided by the investment's manager. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date. The investments are traded on a private market that is not active.

Beneficial interest in perpetual trusts – Valuation is derived from information provided by trustees, which include fair value of the trust assets, underlying investments, and the School's proportional share.

Interest rate swap liability – Valuation is derived from proprietary or other pricing models based on assumptions regarding past, present, and future market conditions.

The School's policy is to recognize transfers in and out of the fair value level hierarchy as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, 2, and 3 for the years ended June 30, 2020 and 2019.

Oregon Episcopal School

Notes to Financial Statements

Note 6 – Fair Value Measurements (continued)

Fair values measured on a recurring basis

Fair values of assets and liabilities measured on a recurring basis at June 30 were as follows:

Fair Value Measurements as of June 30, 2020				
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Marketable securities				
Cash and money market	\$ 1,139,228	\$ -	\$ -	\$ 1,139,228
Emerging market stock fund	869,130	-	-	869,130
International stock fund	3,061,064	-	-	3,061,064
Income opportunity fund	614,294	-	-	614,294
Total marketable securities	5,683,716	-	-	5,683,716
Nonmarketable investments				
Other	-	-	55,188	55,188
Total nonmarketable investments	-	-	55,188	55,188
Beneficial interest in perpetual trusts	-	-	380,056	380,056
Investments measured at NAV practical expedient				24,770,607
Total financial assets	\$ 5,683,716	\$ -	\$ 435,244	\$ 30,889,567
Liabilities at fair value:				
Interest rate swap liability	\$ -	\$ (2,061,883)	\$ -	\$ (2,061,883)
Total financial liabilities	\$ -	\$ (2,061,883)	\$ -	\$ (2,061,883)

Oregon Episcopal School

Notes to Financial Statements

Note 6 – Fair Value Measurements (continued)

Fair Value Measurements as of June 30, 2019				
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Marketable securities				
Cash and money market	\$ 553,421	\$ -	\$ -	\$ 553,421
Small/mid-cap stock fund	1,317,301	-	-	1,317,301
Large cap stock fund	6,519,592	-	-	6,519,592
Emerging market stock fund	2,483,252	-	-	2,483,252
International stock fund	4,895,430	-	-	4,895,430
Fixed income fund	7,695,129	-	-	7,695,129
Income opportunity fund	203,333	-	-	203,333
Total marketable securities	23,667,458	-	-	23,667,458
Nonmarketable investments				
Other	-	-	53,876	53,876
Total nonmarketable investments	-	-	53,876	53,876
Beneficial interest in perpetual trusts	-	-	396,923	396,923
Investments measured at NAV practical expedient				5,080,442
Total financial assets	\$ 23,667,458	\$ -	\$ 450,799	\$ 29,198,699
Liabilities at fair value:				
Interest rate swap liability	\$ -	\$ (1,519,989)	\$ -	\$ (1,519,989)
Total financial liabilities	\$ -	\$ (1,519,989)	\$ -	\$ (1,519,989)

Oregon Episcopal School

Notes to Financial Statements

Note 6 – Fair Value Measurements (continued)

The table below summarizes significant terms of the agreements with certain investment companies for the nonmarketable investments. There are no significant redemption restrictions or unfunded commitments on other types of investments.

Asset Class	Fair Value	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds (a)	\$ 826,155	Open ended	\$ -	Quarterly w/60 days notice, 20% of investor's capital; full liquidation takes five quarters of periodic withdrawals.	One year lock-up (ownership is older than one year).
Private equity funds (b)	\$ 1,418,912	Lives ending from 2020 to 2027 with possible extensions.	\$ 416,106	No redemptions.	From not applicable to not allowed.
Other (c)	\$ 22,525,540	Lives ending from 2024 to 2028 with possible extensions	\$ 317,252	No redemptions.	From not applicable to not allowed.
Total	<u>\$ 24,770,607</u>		<u>\$ 733,358</u>		

(a) Hedge fund strategy relates to commercial and residential mortgages, mortgage related securities, and interest rates.

(b) Private equity funds strategies are investing in buyouts and middle market investments.

(c) Various other funds investing in a range of equity, preferred equity, office, industrial, retail, multi-family, mezzanine, and other.

Oregon Episcopal School Notes to Financial Statements

Note 7 – Land, Buildings, and Equipment

A summary of land, buildings, and equipment is as follows as of June 30:

	2020	2019
Land	\$ 1,543,709	\$ 1,543,709
Buildings and facilities	55,212,718	54,684,024
Vehicles	951,625	895,627
Furniture and equipment	3,152,732	3,025,636
Other fixed assets	208,993	209,394
Construction in progress	2,390,321	1,446,890
	63,460,098	61,805,280
Less accumulated depreciation	(22,401,247)	(20,985,481)
Land, buildings, and equipment, net	<u>\$ 41,058,851</u>	<u>\$ 40,819,799</u>

Note 8 – Bonds Payable, Notes Payable and Interest Rate Swaps

Bonds payable

On June 30, 2015, the School completed a refinancing of the State of Oregon – Oregon Facilities Authority (the Authority) bonds originally issued on October 1, 2004. Series A in the amount of \$10,710,000 was used to refund the 2004 Bonds and to fund transaction costs. Series B was issued in an amount up to \$11,500,000 and is used to provide financing for the Lower School building construction project. The Series A Bonds final maturity is October 1, 2034. As of June 30, 2020, \$2,500,000 has been drawn down from the Series B Bonds. The Series B Bonds may either be repaid or converted to a fixed rate on or prior to June 30, 2021. The rate will be the Ten Year U.S. Treasury Rate plus one hundred basis points (1.00%). At the time of rate conversion, the monthly principal payments will be scheduled so as to fully amortize the Series B Bonds by June 1, 2035.

The Bonds were purchased by First Republic Lending Corporation. They are structured as variable rate bonds, with interest rate for the Series A Bonds synthetically fixed by the School's pre-existing interest rate swap agreements with Bank of America.

The Bonds have the benefit of a security interest in the School's gross receipts, accounts, and pledges receivable. The bond documents contain restrictive covenants that, among other things, require the achievement of certain financial ratios.

Oregon Episcopal School

Notes to Financial Statements

Note 8 – Bonds Payable, Notes Payable and Interest Rate Swaps (continued)

Minimum bond principal payments are as follows:

For the year ended June 30,	2021	\$	450,000
	2022		469,000
	2023		490,000
	2024		511,000
	2025		536,000
	Thereafter		<u>8,800,999</u>
	Total minimal principal payments	\$	<u>11,256,999</u>
	Less unamortized issuance costs	\$	<u>(324,894)</u>
	Total bonds payable, net	\$	<u>10,932,105</u>

Notes payable

On December 7, 2018, the School entered into a term loan in the amount of \$1,000,000. Interest is due monthly and accrues at an annual rate of 3.60%. The entire \$1,000,000 principal balance of the note is due on December 7, 2021; however, the School has the right to prepay all or part of the principal balance at any time prior without penalty.

Interest rate swaps

To minimize the effect of the changes in the variable rate, the School has entered into two interest rate swap agreements. Pursuant to the agreements, the School receives a variable rate equal to 67% of LIBOR and pays fixed rates based on the swap agreements per annum through the maturity of the bonds. Under the first agreement, which became effective February 1, 2005, the School pays interest at a fixed rate of 3.660% on an initial notional amount of \$6,000,000, which declines over the life of the swap. Under the second agreement, which became effective July 1, 2005, the School pays interest at a fixed rate of 3.175% on an initial notional amount of \$6,000,000, which declines over the life of the swap. Both swap agreements are in effect until the maturity of the Series A bonds on October 1, 2034.

Note 9 – Split Interest Agreements

Beneficial interest in perpetual trusts

The School is one of the beneficiaries of two perpetual trusts, administered by third-party trustees. The School's share of the fair value of the trusts totaled \$380,056 and \$396,923 at June 30, 2020 and 2019, respectively. The School received distributions totaling \$15,000 and \$15,625 for 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, changes to the value of the trust were losses of \$16,867 and \$5,169, respectively, net of distributions and are included in non-operating investment return in the statements of activities and changes in net assets.

Note 10 – Benefit Plans

403(b) defined contribution retirement plan

The School maintains a 403(b) defined contribution retirement plan (the Plan) on behalf of employees who have reached the age of 21 and will complete 1,000 hours of service during the defined 12-month period. The School's contributions to the Plan are based on a match of the employee's contribution, up to a maximum of 7.5% of the employee's compensation. Contributions for the years ended June 30, 2020 and 2019 were \$1,000,094 and \$990,949, respectively.

457(b) deferred compensation plan

The School sponsors a 457(b) deferred compensation plan for senior administrators. Investments are owned by the School and managed individually by the participant. Contributions fully vest upon severance from employment or upon April 1 of the calendar year following the calendar year in which the participant is age 70 ½. Until such time, plan assets are subject to the claim of the School's creditors. At June 30, 2020, the School recorded an asset in the amount of \$238,764 and an associated liability in the amount of \$238,764. At June 30, 2019, the School recorded an asset in the amount of \$182,697 and an associated liability in the amount of \$182,697. The asset and liability are recorded in prepaid expenses and other current assets and accrued expenses, respectively, on the statements of financial position.

457(f) deferred compensation plan

The School sponsors a 457(f) deferred compensation plan for one employee. Contributions are subject to substantial risk of forfeiture by the employee through June 30, 2022. Until such time, plan assets are subject to the claim of the School's creditors. The employer's contributions are intended to provide additional matching contributions that cannot be made to the participant under the employer's qualified plan because of the application of Code Section 401(a)(17). At June 30, 2020 there was a liability of \$116,564 due to the plan and at June 30, 2019, the balance of the 457(f) deferred compensation plan was paid in full.

Note 11 – Net Assets Without Donor Restrictions – Board-Designated

The Board of Trustees designated net assets without donor restrictions for the following specific purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Designated for property reserves	\$ 742,653	\$ 742,653
Designated for operating reserves	4,740,199	4,740,199
Designated for capital campaign	1,052,426	-
Designated for quasi-endowment (Note 14)	<u>11,291,775</u>	<u>11,047,622</u>
 Total net assets without donor restrictions – board-designated	 <u><u>\$ 17,827,053</u></u>	 <u><u>\$ 16,530,474</u></u>

Oregon Episcopal School

Notes to Financial Statements

Note 12 – Net Assets with Donor Restrictions

Purpose and time restrictions

Net assets with donor restrictions contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the School. These net assets are available for the following specific purposes, or time restrictions have been placed on the use of the funds as noted in the following schedule at June 30:

	2020	2019
Purpose restriction		
Support of program activities	\$ 89,036	\$ 35,911
Capital campaign	10,631,287	7,735,495
Unappropriated accumulated earnings on endowments	6,805,881	6,519,556
	<u>17,526,204</u>	<u>14,290,962</u>
Time restriction		
Life insurance policy	<u>55,188</u>	<u>53,876</u>
Net assets with donor restrictions – purpose and time restricted	<u><u>\$ 17,581,392</u></u>	<u><u>\$ 14,344,838</u></u>

Perpetual in nature

Net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity, and consist of the following at June 30:

	2020	2019
Faculty salaries	\$ 496,597	\$ 496,596
Scholarships and financial aid	4,137,779	4,089,665
Professional growth and development	285,835	285,835
General endowment	1,331,032	1,331,032
Facilities	25,000	25,000
Programs	214,463	213,839
Beneficial interest in perpetual trusts (Note 9)	<u>380,056</u>	<u>396,923</u>
Net assets with donor restrictions – perpetual in nature	<u><u>\$ 6,870,762</u></u>	<u><u>\$ 6,838,890</u></u>

Note 13 – Net Assets Released from Restrictions

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified were as follows at June 30:

	2020	2019
Support of program activities	\$ 27,809	\$ 47,155
Capital improvement projects	-	205,500
Application of spending policy to endowments	427,205	418,389
	<u>\$ 455,014</u>	<u>\$ 671,044</u>

Note 14 – Endowments

The School's endowments consist of 72 funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees of the School has reviewed the Oregon State Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, 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 determination, the School 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the School and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the School
- The investment policies of the School

Oregon Episcopal School

Notes to Financial Statements

Note 14 – Endowments (continued)

As of June 30, 2020, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 13,296,587	\$ 13,296,587
Board-designated quasi-endowment funds	11,291,775	-	11,291,775
Endowment net assets	<u>\$ 11,291,775</u>	<u>\$ 13,296,587</u>	<u>\$ 24,588,362</u>

Reconciliation of endowment net assets to
total assets perpetual in nature:

Endowment net assets	\$ 13,296,587
Perpetual trusts (Note 9)	380,056
Less: Unappropriated accumulated earnings on endowments (Note 12)	<u>(6,805,881)</u>
Total perpetual in nature net assets	<u>\$ 6,870,762</u>

As of June 30, 2019, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 12,961,523	\$ 12,961,523
Board designated quasi-endowment funds	11,047,622	-	11,047,622
Endowment net assets	<u>\$ 11,047,622</u>	<u>\$ 12,961,523</u>	<u>\$ 24,009,145</u>

Reconciliation of endowment net assets to
total assets perpetual in nature:

Endowment net assets	\$ 12,961,523
Perpetual trusts (Note 9)	396,923
Less: Unappropriated accumulated earnings on endowments (Note 12)	<u>(6,519,556)</u>
Total perpetual in nature net assets	<u>\$ 6,838,890</u>

Oregon Episcopal School
Notes to Financial Statements

Note 14 – Endowments (continued)

Changes to endowment net assets for the year ended June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets June 30, 2019	<u>\$ 11,047,622</u>	<u>\$ 12,961,523</u>	<u>\$ 24,009,145</u>
Endowment investment return			
Interest and dividends	48,420	57,018	105,438
Realized and unrealized gains	<u>557,528</u>	<u>656,512</u>	<u>1,214,040</u>
Total endowment investment return	605,948	713,530	1,319,478
Contributions received	1,000	48,739	49,739
Appropriation of endowment for expenditures	<u>(362,795)</u>	<u>(427,205)</u>	<u>(790,000)</u>
Endowment net assets June 30, 2020	<u><u>\$ 11,291,775</u></u>	<u><u>\$ 13,296,587</u></u>	<u><u>\$ 24,588,362</u></u>

Changes to endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets June 30, 2018	<u>\$ 11,136,397</u>	<u>\$ 12,957,121</u>	<u>\$ 24,093,518</u>
Endowment investment return			
Interest and dividends	195,348	229,187	424,535
Realized and unrealized gains	<u>71,238</u>	<u>83,575</u>	<u>154,813</u>
Total endowment investment return	266,586	312,762	579,348
Contributions received	1,250	110,029	111,279
Appropriation of endowment for expenditures	<u>(356,611)</u>	<u>(418,389)</u>	<u>(775,000)</u>
Endowment net assets June 30, 2019	<u><u>\$ 11,047,622</u></u>	<u><u>\$ 12,961,523</u></u>	<u><u>\$ 24,009,145</u></u>

Oregon Episcopal School

Notes to Financial Statements

Note 14 – Endowments (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions restricted in perpetuity and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2020 and 2019.

Return objectives and risk parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the total return of a weighted average benchmark based on the endowment's asset allocation while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation, realized and unrealized, and current yield, such as interest and dividends. The School targets a diversified asset allocation that places a greater emphasis on equity based and absolute return investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The School has a history of appropriating for distribution each year between 3.0% and 5.5% of its endowment fund's average fair value over the prior 12 quarters preceding the end of the fiscal year in which the distribution is planned. Multiple criteria are used to determine spending within UPMIFA rules, including the preservation of the endowment fund, economic conditions, and other resources of the institution. In establishing this policy, the School considered the long-term expected return on its endowment. Accordingly, over the long term, the School expects the current spending policy to allow its endowment to grow at an average of 3.0% to 4.0% annually after its planned payouts. This is consistent with the School's objective to 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.

Note 15 – Risks and Uncertainties

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The related adverse public health developments, including orders to shelter-in-place, travel restrictions and mandated business closures, have adversely affected workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the School's operations.

The School transitioned its students to online learning and almost all of its employees to remote work in mid-March of 2020. In recognition of substantial expense savings in remote learning, the Board of Trustees granted a discretionary credit to 19-20 families totaling \$939,585. In August 2020, the Oregon Department of Education and Oregon Health Authority established COVID-19 metrics that must be met before bringing employees and students back to in-person instruction. Those metrics have not been met, and as of issuance, the school remains in a fully remote learning environment.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities ("CARES") Act was signed into law. The School received approximately \$250,000 of tax credits as a result of available government relief programs under the CARES Act.

Administration has been closely monitoring the impact of COVID-19 on the School's operations, including the impact on students, families, prospective students and employees. As of the date of issuance, financial impacts have not been negative. However, the duration and intensity of the pandemic is uncertain and it may influence future student enrollment, donor decisions, and investment performance.

