
THE PUJOLS FAMILY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Pujols Family Foundation, Inc.
111 Westport Plaza, Suite 255
St. Louis, MO 63146

We have audited the accompanying financial statements of The Pujols Family Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pujols Family Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pujols Family Foundation, Inc. and to meet our other 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pujols Family Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore 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, misrepresentations, 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 The Pujols Family 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pujols Family 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.

Sander, Myer + Blackwell CPAs, UT

Springfield, Missouri
November 14, 2022

THE PUJOLS FAMILY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 1,869,640	\$ 2,538,270
Investments, short term	2,626,086	1,551,196
Pledges and Other receivables, net of allowance of \$0 and \$0	27,342	8,444
Other assets	234,238	238,235
Total Current Assets	4,757,306	4,336,145
Long Term Investments	1,093,106	1,070,452
Fixed Assets		
Computer equipment	29,476	29,476
Leasehold improvements	30,890	26,652
Furniture and equipment	75,201	61,201
Total Fixed Assets	135,567	117,329
Less: Accumulated depreciation	(109,967)	(105,617)
Net Fixed Assets	25,600	11,712
Total Assets	\$ 5,876,012	\$ 5,418,309

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 3,603	\$ 5,221
Refundable advance	-	79,440
Total Current Liabilities	3,603	84,661
Net Assets		
Without donor restrictions	5,592,299	5,096,543
With donor restrictions	280,110	237,105
Total Net Assets	5,872,409	5,333,648
Total Liabilities and Net Assets	\$ 5,876,012	\$ 5,418,309

THE PUJOLS FAMILY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Changes in Net Assets			
Operating Revenue			
Donations, including in-kind	\$ 1,009,872	\$ 103,282	\$ 1,113,154
Grant revenue	79,440	-	79,440
Special events, net of costs of \$125,234	964	-	964
Sales, net of costs of \$32,500	(1,216)	-	(1,216)
Investment income, net	166,903	-	166,903
Total Operating Revenue	<u>1,255,963</u>	<u>103,282</u>	<u>1,359,245</u>
Net Assets Released from Restrictions			
Releases from restrictions	60,277	(60,277)	-
Total Public Support and Revenue less Releases	<u>1,316,240</u>	<u>43,005</u>	<u>1,359,245</u>
Expenses			
Program services	599,781	-	599,781
Management and general	140,478	-	140,478
Fundraising	80,225	-	80,225
Total Expenses	<u>820,484</u>	<u>-</u>	<u>820,484</u>
Increase (Decrease) in Net Assets	495,756	43,005	538,761
Net Assets - Beginning of the Year	<u>5,096,543</u>	<u>237,105</u>	<u>5,333,648</u>
Net Assets - End of the Year	<u>\$ 5,592,299</u>	<u>\$ 280,110</u>	<u>\$ 5,872,409</u>

THE PUJOLS FAMILY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Changes in Net Assets			
Operating Revenue			
Donations, including in-kind	\$ 1,279,969	\$ 66,942	\$ 1,346,911
Program revenue	10,830	-	10,830
Special events, net of costs of \$88,308	144,095	-	144,095
Sales, net of costs of \$14,560	24,196	-	24,196
Investment income, net	190,891	-	190,891
Total Operating Revenue	<u>1,649,981</u>	<u>66,942</u>	<u>1,716,923</u>
Net Assets Released from Restrictions			
Releases from restrictions	75,336	(75,336)	-
Total Public Support and Revenue less Releases	<u>1,725,317</u>	<u>(8,394)</u>	<u>1,716,923</u>
Expenses			
Program services	883,446	-	883,446
Management and general	116,710	-	116,710
Fundraising	111,829	-	111,829
Total Expenses	<u>1,111,985</u>	<u>-</u>	<u>1,111,985</u>
Increase (Decrease) in Net Assets	613,332	(8,394)	604,938
Net Assets - Beginning of the Year	<u>4,483,211</u>	<u>245,499</u>	<u>4,728,710</u>
Net Assets - End of the Year	<u>\$ 5,096,543</u>	<u>\$ 237,105</u>	<u>\$ 5,333,648</u>

THE PUJOLS FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 266,714	\$ 60,583	\$ 52,017	\$ 379,314
Depreciation	3,415	431	504	4,350
Insurance	5,038	1,404	867	7,309
Miscellaneous	2,321	508	854	3,683
Office expenses	23,285	4,237	11,628	39,150
Postage	-	-	4,594	4,594
Professional fees	1,024	66,740	69	67,833
Program expenses	268,641	-	-	268,641
Rent	27,773	5,590	7,963	41,326
Service charges	15	632	1,424	2,071
Travel expenses	1,555	353	305	2,213
	<u>1,555</u>	<u>353</u>	<u>305</u>	<u>2,213</u>
Total Functional Expenses	<u>\$ 599,781</u>	<u>\$ 140,478</u>	<u>\$ 80,225</u>	<u>\$ 820,484</u>

THE PUJOLS FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 237,261	\$ 60,384	\$ 70,727	\$ 368,372
Depreciation	2,534	645	755	3,934
Insurance	8,033	516	615	9,164
Miscellaneous	663	510	1,091	2,264
Office expenses	15,406	5,193	6,057	26,656
Postage	-	-	7,278	7,278
Professional fees	38,476	43,142	8,806	90,424
Program expenses	557,106	-	-	557,106
Rent	22,543	5,737	11,121	39,401
Service charges	296	296	1,367	1,959
Travel expenses	1,128	287	4,012	5,427
	<u>1,128</u>	<u>287</u>	<u>4,012</u>	<u>5,427</u>
Total Functional Expenses	<u>\$ 883,446</u>	<u>\$ 116,710</u>	<u>\$ 111,829</u>	<u>\$ 1,111,985</u>

THE PUJOLS FAMILY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 538,761	\$ 604,938
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	4,350	3,934
Unrealized (gain) loss on investments	16,775	(106,375)
Change in assets - increase (decrease)		
Pledges and other receivables	(18,898)	25,196
Other assets	3,997	(126,267)
Change in liabilities - (increase) decrease		
Accounts payable	(1,618)	(79,291)
Refundable advance	(79,440)	79,440
Total Adjustments	<u>(74,834)</u>	<u>(203,363)</u>
Net Cash Provided by Operating Activities	<u>463,927</u>	<u>401,575</u>
Cash Flows From Investing Activities		
(Purchase) sale of investments	(1,114,319)	(70,610)
Purchase of fixed assets	(18,238)	(3,396)
Net Cash Used by Investing Activities	<u>(1,132,557)</u>	<u>(74,006)</u>
Net Increase in Cash, Restricted Cash and Equivalents	(668,630)	327,569
Cash, Restricted Cash, and Equivalents - Beginning of Year	<u>2,538,270</u>	<u>2,210,701</u>
Cash, Restricted Cash, and Equivalents - End of Year	<u>\$ 1,869,640</u>	<u>\$ 2,538,270</u>

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements.

Nature of Organization

The Pujols Family Foundation, Inc. (the "Organization") was founded in 2005 with the mission to live and share a commitment to faith, family and others. The Organization is committed to a calling of love and service through dedicating to seeing every child as God's creation. At a minimum, the Organization wants to promote awareness, provide hope and meet tangible needs for families and children with Down syndrome. The mission is not limited to Down syndrome and includes providing extraordinary experiences for families and children with disabilities and life-threatening illnesses and to improve the standard of living and quality of life for impoverished children and their families and orphans through education and tangible goods throughout the world, especially in the Dominican Republic and the United States. The Organization is registered in the states of Arizona, California, Tennessee and Missouri. Administrative operations take place generally in Missouri.

The Organization holds events throughout the year to promote awareness and understanding of how wonderful children with Down syndrome, disabilities, and/or life-threatening diseases are and helping them to celebrate their lives. The Organization provides dental, medical, and eye care, bedding, youth baseball, housing assistance, socio economic and other various services to impoverished individuals, children and families in the Dominican Republic.

Method of Accounting

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

Accounting Pronouncement Adopted

During the year ended December 31, 2021, the Organization adopted the provisions of Financial Accounting Standings Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. The ASU applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from estimated amounts.

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all short-term investments with original maturities of less than three months from the date of purchase to be cash equivalents.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their 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.

Pledges and Other Receivables

Pledges receivable due in future periods are recognized in the period the pledges are received. Other receivables are stated at net realizable value. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred. Any estimated losses are based on a review of the current status of the existing receivables. As of December 31, 2021 and 2020, the allowance is \$0 for both years, respectively.

Fixed Assets

Fixed assets are recorded at cost and fair value when donated. Major additions and improvements are capitalized to fixed assets accounts, while replacements, maintenance and repairs, which do not improve or extend the useful life of the respective assets, are expensed as incurred. Depreciation on fixed assets is calculated using the straight-line method over estimated lives of 5, 20, and 10 years for computer equipment, leasehold improvements, and furniture and equipment, respectively. Total depreciation expense was \$4,350 and \$3,934 for the years ended December 31, 2021 and 2020, respectively.

Revenue and Revenue Recognition

Contributions and grants are recognized when cash, other assets; an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met or the donor has explicitly released the restriction. All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges receivable, which are due in subsequent months, are reported at the estimated net realizable value. There were no conditional promises to give for the years ended December 31, 2021 and 2020, respectively.

Economic facts such as changes in the economy and the number of contributors impact the nature, amount, timing and variability of revenues and cash flows.

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program (Refundable Advance)

During 2020, the Organization received proceeds in the amount of \$79,440 under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved lender. As part of the CARES Act, the PPP provides for forgivable loans to qualifying organizations as long as the organization maintains its payroll levels and uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities, over a “covered period” (either 8 or 24 weeks, not to extend beyond December 31, 2020). Up to 100% of the loan is forgivable. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization used PPP loan proceeds for purposes consistent with the PPP. The Organization received notice that the PPP loan had been fully forgiven in April of 2021.

In accordance with the guidance for conditional contributions, the Organization recognizes grant revenue when there is no longer a measurable performance or other barrier and a right to return the PPP loan or when such conditions are explicitly waived. The Organization has interpreted the conditions of the grant to be satisfied upon the approval of the forgiveness application by the lender and SBA; therefore, the Organization recorded the loan as a refundable advance in the statement of financial position at December 31, 2020. Upon forgiveness, the refundable advance was relieved and the balance was recognized into grant revenue on the statement of activities for the year ended December 31, 2021.

Donated Services and Materials

Various services and materials are donated to the Organization. Donated materials and donated services that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations as discussed under this topic of the FASB Accounting Standards Codification, have been recorded at fair value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the years ended December 31, 2021 and 2020, respectively the Organization received donated goods, merchandise and services in the amount of \$380,011 and \$400,945 respectively.

A substantial number of volunteers have donated significant amounts of their time to the Organization. However, the value of these donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation - Continued

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As permitted under ASC 958-210, the Organization reports contributions with donor restrictions as contributions without restrictions in the current year when the Organization meets the donor restrictions in the same period as receipt of the contributions.

Functional Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on a reasonable basis that is consistently applied. Expenses are charged to programs and supporting services on the basis of actual costs incurred by the specific program or supporting service, as well as allocated by time and effort based upon periodic review of time spent. Salaries and related expenses, office expense and depreciation were allocated based on time and effort. All other costs have been directly applied.

Special Events

The gross revenue for special events includes contributions for the events and event ticket revenue, as presented on the statement of activities. Expenses for direct benefits provided to donors at the special events are presented as a reduction of the gross revenue.

The Organization conducts special events in which the children supported by the mission of the Organization are served and to appeal for funds.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable states law. Therefore, there are no provisions for income taxes reflected in these financial statements.

The Organization follows "FASB ASC 740-10, Income Taxes – Overall". The Organization has assessed its federal and state tax positions and determined that there were no unrelated business income taxes and no uncertainties or possible related effects that need to be recorded for the year ended December 31, 2021. The returns of the Organization for 2021, 2020, 2019, and 2018 are subject to examination by the respective taxing authorities generally for three years after they were filed.

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases: Amendments to the FASB Accounting Standards Codification, which amends the existing guidance on accounting for leases, and is effective for fiscal years beginning after December 15, 2022 for entities other than public business and conduit debt not-for-profit entities. This ASU requires the recognition of lease assets and liabilities on the statement of financial position and the disclosure of key information about leasing arrangements. Early adoption is permitted and modified retrospective application is required for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Management is currently evaluating the impact of adopting ASU 2016-02 on the Organization's financial statements and related disclosures.

Date of Management Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2022, the date the financial statements were available for issue.

NOTE 2 STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

During the years ended December 31, 2021 and 2020, the Organization received in-kind donations in the amount of \$380,011 and \$400,945 respectively for various items and professional services to support the mission of the Organization.

NOTE 3 AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,869,640	\$ 2,538,270
Investments	3,719,192	2,621,648
Pledges and other receivables	<u>27,342</u>	<u>8,444</u>
	5,616,174	5,168,362
Less amounts not available to be used within one year for general expenditure:		
Net assets with purpose restrictions	258,048	228,661
Long term investments	<u>1,093,106</u>	<u>1,070,452</u>
	<u>1,351,154</u>	<u>1,299,113</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,265,020</u>	<u>\$ 3,869,249</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization follows “FASB Accounting Standards Codification (“ASC”) 820-10 Fair Value Measurements” for valuing investments. ASC 820-10 defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820-10 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect our assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This hierarchy consists of three broad levels:

Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III – Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Organization’s own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment. Pledges receivable utilize Level III inputs and are reported at net realizable value.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Cash and Cash Equivalents: Valued daily at the closing price as reported by the fund. The mutual funds held by the Organization are deemed to be actively traded.

Government and Agency, Corporate and Municipal Bonds and Corporate CDs: Valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions

Stocks/Publicly Traded Funds: Valued daily at the closing price as reported by the fund. The common stocks held by the Organization are deemed to be actively traded.

Real Investment Trust: Utilizes level III inputs and is reported at estimated net realizable value.

Net Pledges receivable: Utilizes level III inputs and is reported at net realizable value.

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis as of December 31, 2021 and 2020 are as follows:

	<u>2021</u> <u>Market Value</u>
Cash and Cash Equivalents – Level I	195,243
Corporate CDs and Bonds – Level II	478,365
Municipal Bonds – Level II	558,532
Stocks and Publicly Traded Funds/Equities – Level I	2,430,842
Real Investment Trust – Level III	56,210
Net Pledges Receivable – Level III	27,342
Total Investments	<u>\$ 3,746,534</u>

The following table provides further details of the Level 3 fair value measurements:

Balance at December 31, 2020	\$ 64,445
Net Pledges Made	102,642
Net Decrease in Value of Real Investment Trust	209
Pledges Paid	<u>(83,744)</u>
Balance at December 31, 2021	<u>\$ 83,552</u>

	<u>2020</u> <u>Market Value</u>
Cash and Cash Equivalents – Level I	\$ 78,007
Corporate CDs and Bonds – Level II	471,530
Municipal Bonds – Level II	542,920
Stocks and Publicly Traded Funds/Equities – Level I	1,473,188
Real Investment Trust – Level III	56,001
Net Pledges Receivable – Level III	8,444
Total Investments	<u>\$ 2,630,090</u>

The following table provides further details of the Level 3 fair value measurements:

Balance at December 31, 2019	\$ 94,386
Net Pledges Made	57,500
Net Decrease in Value of Real Investment Trust	(4,745)
Pledges Paid	<u>(82,696)</u>
Balance at December 31, 2020	<u>\$ 64,445</u>

THE PUJOLS FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 PLEDGES RECEIVABLE

As of December 31, 2021 and 2020, the Organization had pledges receivable which were used for the general operations of the Organization of \$27,342 and \$8,444, respectively. All pledges receivable are expected to be received within a year, and are classified as current in the statement of financial position.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, the Organization had \$280,110 and \$237,105, respectively in net assets with donor restrictions due to time and purpose restrictions. In 2021 and 2020, the purpose restriction net assets amounted to \$258,048 and \$228,661 respectively, which will be used for Down syndrome events and Dominican Republic programs. The rest were time restrictions.

NOTE 7 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year ended December 31, 2021 and 2020, net assets in the amounts of \$60,277 and \$75,336 respectively, were released from time and donor-imposed restrictions by receipt of the donations and/or by incurring expenses satisfying the restricted purposes as specified by the donors.

NOTE 8 OPERATING LEASE

The Organization originally entered into a lease dated July 3, 2007 for office space. This lease expired June 30, 2010 and was a tenant-at-will lease through the remainder of 2011. Per the Second Amendment to Lease (the "Agreement"), signed December 31, 2011, the space was converted to storage and office space effective January 1, 2012. The lease is for five years, which expired, and payable in monthly installments of \$266.67. The Agreement stipulates that the lease will be in default if the statue, noted and depicted in the Agreement, is removed from its current location. The Organization has no intention of moving the statue in the foreseeable future. In the event of default, the Organization shall pay Basic Rent and Additional Rent for use of the office space at the then market rate with the option to terminate the lease and vacate both the office and storage space. The lease is currently month-to-month as no subsequent long-term lease has been negotiated.

NOTE 9 RETIREMENT & DEFERRED COMPENSATION PLAN

The Organization has a Simple IRA retirement plan, which allows its employees to contribute a percentage of their wages to an income tax deferred retirement plan of the employee's choosing. The Organization matches 100% of employee deferrals up to 3%. For years ended December 31, 2021 and 2020, the organization matched funds of \$8,331 and \$7,378, respectively.

The Organization also has a non-qualified deferred compensation plan for one of its employees. According to the plan, full eligibility is reached upon age 62 by the participant at which point they are fully vested. Annual deferred compensation is credited annually based on maximum contribution limits under qualified retirement plans. Per ASC 710 guidance, no accrual is recognized until participants are fully eligible for benefits.

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NOTE 10 RISKS AND UNCERTAINTY

The COVID-19 pandemic and Ukrainian war remain a rapidly evolving situation. The extent of the impact of these issues on the organization, market decline on investments and financial results will depend on future developments and remain a risk to the organization. This includes the duration and spread of the outbreak within the communities that they operate and future state and federal financial assistance provided to individuals and businesses, all of which are highly uncertain. All programs and events were virtual (no in-person) for 2021 and 2020. Subsequently there was a substantial reduction in programs and events.