

DUNBAR ALUMNI FEDERATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative totals for 2018)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Dunbar Alumni Federation

We have audited the accompanying financial statements of the Dunbar Alumni Federation ("The Federation"), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, cash flows and statement of functional expenses 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 Dunbar Alumni Federation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Dunbar Alumni Federation's 2018 financial statements, and our report dated September 30, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

F. S. Taylor & Associates, P.C.

March 1, 2021

**DUNBAR ALUMNI FEDERATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 85,182	\$ 55,968
Investments (Note 3)	<u>400,999</u>	<u>382,379</u>
Total current and total assets	<u>\$ 486,181</u>	<u>\$ 438,347</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Deferred revenue	\$ 13,589	\$ 1,010
Total current and total liabilities	<u>13,589</u>	<u>1,010</u>
Net assets:		
With donor restrictions	(26,783)	(1,367)
Without donor restrictions	<u>499,375</u>	<u>438,704</u>
Total net assets	<u>472,592</u>	<u>437,337</u>
Total liabilities and net assets	<u>\$ 486,181</u>	<u>\$ 438,347</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

DUNBAR ALUMNI FEDERATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019 (with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>SUPPORT AND REVENUE</u>				
Membership dues	\$ 7,425	\$ -	\$ 7,425	\$ 4,150
Scholarship contributions		50,766	50,766	36,300
Other contributions/donations	74,774		74,774	37,102
Special events income	39,900		39,900	50,737
Other income	2,483		2,483	672
Gain (Loss) on investment	18,620		18,620	(17,701)
Total support and revenue	143,202	50,766	193,968	111,260
<u>EXPENSES</u>				
Program services:				
Special events	16,783		16,783	38,681
Scholarships	5,947	76,182	82,129	77,986
Student activities	28,672		28,672	13,195
School funds	10,697		10,697	1,410
Total program services	62,099	76,182	138,281	131,272
Support services:				
Management and general	20,432	-	20,432	25,187
Total expenses	82,531	76,182	158,713	156,459
Increase (decrease) in net assets	60,671	(25,416)	35,255	(45,199)
Net assets, beginning of year	438,704	(1,367)	437,337	482,536
Net assets, end of year	\$ 499,375	\$ (26,783)	\$ 472,592	\$ 437,337

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

DUNBAR ALUMNI FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019 (with comparative totals for 2018)

Description	Program Services					Support Services	2019 Total	2018 Total
	Special Events	Scholarships	Students Activities	School Funds	Total	Management & General		
Scholarships and awards	\$ -	\$ 76,182	\$ -	\$ -	\$ 76,182	\$ 1,010	\$ 77,192	\$ 73,572
Business expenses	233	33			266	1,113	1,379	1,570
Contract services	500		1,600		2,100	7,623	9,723	23,334
Facilities and equipment	1,300		7,566		8,866	650	9,516	4,515
Travel and meetings	2,026	2,803	4,531	2,772	12,132	6,575	18,707	17,047
Operating expenses	9,746	3,111	6,180		19,037	1,816	20,853	22,951
Other expenses	2,978		8,795	7,925	19,698	1,645	21,343	13,470
Total expenses	<u>\$ 16,783</u>	<u>\$ 82,129</u>	<u>\$ 28,672</u>	<u>\$ 10,697</u>	<u>\$ 138,281</u>	<u>\$ 20,432</u>	<u>\$ 158,713</u>	<u>\$ 156,459</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

DUNBAR ALUMNI FEDERATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 35,255	\$ (45,199)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase in operating liabilities:		
Deferred revenue	12,579	1,010
Net cash provided by (used in) operating activities	<u>47,834</u>	<u>(44,189)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (purchase) sale of investments	(18,620)	17,701
Net cash (used in)provided by investing activities	<u>(18,620)</u>	<u>17,701</u>
Net increase (decrease) in cash and cash equivalents	29,214	(26,488)
Cash and cash equivalents, beginning of year	<u>55,968</u>	<u>82,456</u>
Cash and cash equivalents, end of year	<u>\$ 85,182</u>	<u>\$ 55,968</u>
<u>SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 -- ORGANIZATION AND PURPOSE

The Dunbar Alumni Federation (DAF) is a not-for-profit organization founded in 2002. It was organized to provide scholarship and other financial support to students and graduates of the Paul Laurence Dunbar High School in Washington, DC.

The Federation initiates various endeavors to promote and support scholarship efforts, school and community education activities; support of activities for respective alumni classes; and focuses on ways to leverage the prestige of Dunbar High School and its distinguished alumni to enhance the education of students. The Federation receives funding through membership dues, annual gala, contributions and grants. The funds are expended on the scholarship and awards program and other school and alumni-based activities.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting; consequently revenue is recorded when earned and expenses are recorded when incurred.

Income Tax Status – DAF is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal taxes.

Fair Value Measurements – All of the assets and liabilities on the statement of financial position are valued at Level one fair value measurements.

Financial Statement Presentation – DHMS reports its financial statements in accordance with FASB ASC 958. Under FASB ASC 958, financial statements are required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset categories follows:

- Without donor restrictions – the portion of the net assets that is not subject to donor-imposed restrictions. Within net assets without donor restrictions are board-designated net assets. These are net assets without donor restrictions but are subject to self-imposed limits by action of the governing board, which could include amounts earmarked for future programs, investment, contingencies, purchase of fixed assets, or other uses.
- With donor restrictions – the portion of the net assets that is subject to donor-imposed restrictions including endowment funds for which principal amounts are held in perpetuity.

There were (\$26,783) and (\$1,367) of assets with donor restrictions at December 31, 2019 and 2018, respectively.

DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash and Cash Equivalents - For the purposes of presentation of the Federation's statement of cash flows, cash equivalents are short term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of any donor restrictions. Time-restricted contributions are required to be reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time restriction.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 period. Actual results could differ from those estimates.

Concentration of Credit Risk – The Federation maintains cash balances at various banking institutions. Accounts at those institutions were insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2019 and 2018, respectively. There were no uninsured cash balances at December 31, 2019 and 2018, respectively.

NOTE 3 -- INVESTMENTS

In accordance with generally accepted accounting principles, The Federation uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 – INVESTMENTS – (CONTINUED)

The following is a summary of input levels to determine fair values of assets, measured at fair value on a recurring basis, at December 31, 2019:

	Total	Level 1	Level 2	Level 3
Endowment Fund	\$ 400,999	\$ 400,999	\$ -	\$ -
	<u>\$ 400,999</u>	<u>\$ 400,999</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of input levels to determine fair values of assets, measured at fair value on a recurring basis, at December 31, 2018:

	Total	Level 1	Level 2	Level 3
Endowment Fund	\$ 382,379	\$ 382,379	\$ -	\$ -
	<u>\$ 382,379</u>	<u>\$ 382,379</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5 --SUBSEQUENT EVENTS

In preparing these financial statements, management of the Federation has evaluated events and transactions that occurred after December 31, 2019 for the potential recognition or disclosure in the financial statements. These events and transactions were evaluated through March 1, 2021, the date the financial statements were available to be issued.

Management did not identify any such events or transactions that would require disclosure.