

DUNBAR ALUMNI FEDERATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Dunbar Alumni Federation

We have reviewed the accompanying financial statements of Dunbar Alumni Federation (a nonprofit organization), as of December 31, 2020, and the related statement of revenues, expenses, and other changes in net assets—cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

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

Washington, DC
January 25, 2022

**DUNBAR ALUMNI FEDERATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Current assets:

Cash	\$ 98,199
Investments (Note 3)	444,940
Accounts receivable	<u>5,900</u>
Total current and total assets	<u><u>\$ 549,039</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Deferred revenue	\$ 13,299
Total current and total liabilities	<u>13,299</u>

Net assets:

With donor restrictions	(23,345)
Without donor restrictions	<u>559,085</u>
Total net assets	<u>535,740</u>
Total liabilities and net assets	<u><u>\$ 549,039</u></u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

DUNBAR ALUMNI FEDERATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Membership dues	\$ 3,741	\$ -	\$ 3,741
Scholarship contributions		34,438	34,438
Other contributions/donations	47,491		47,491
Other income	1,104		1,104
Gain (Loss) on investment	43,940		43,940
Assets released from restrictions	31,000	(31,000)	-
Total support and revenue	<u>127,276</u>	<u>3,438</u>	<u>130,714</u>
<u>EXPENSES</u>			
Program services:			
Scholarships	35,201		35,201
Student activities	9,993		9,993
School funds	17,382		17,382
Total program services	<u>62,576</u>	<u>-</u>	<u>62,576</u>
Support services:			
Management and general	4,990	-	4,990
Total expenses	<u>67,566</u>	<u>-</u>	<u>67,566</u>
Increase (decrease) in net assets	59,710	3,438	63,148
Net assets, beginning of year	<u>499,375</u>	<u>(26,783)</u>	<u>472,592</u>
Net assets, end of year	<u>\$ 559,085</u>	<u>\$ (23,345)</u>	<u>\$ 535,740</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

**DUNBAR ALUMNI FEDERATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in operating liabilities:	
Deferred revenue	<u>290</u>
Net cash provided by (used in) operating activities	<u>290</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net (purchase) sale of investments	<u>43,940</u>
Net cash (used in)provided by investing activities	<u>43,940</u>
Net increase (decrease) in cash and cash equivalents	13,017
Cash and cash equivalents, beginning of year	<u>85,182</u>
Cash and cash equivalents, end of year	<u><u>\$ 98,199</u></u>

SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION

Interest paid	<u><u>\$ -</u></u>
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SEE INDEPENDENT ACCOUNTANTS REPORT.

**DUNBAR ALUMNI FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Description	Program Services				Support Services	
	Scholarships	Students Activities	School Funds	Total	Management and General	Total
Scholarships and awards	\$ 31,000	\$ 2,563	\$ -	\$ 33,563	\$ -	\$ 33,563
Business expenses					910	910
Contract services		1,850		1,850		1,850
Facilities and equipment		950		950	502	1,452
Travel and meetings				-	1,356	1,356
Operating expenses	4,201	4,630	3,105	11,936	2,222	14,158
Other expenses			14,277	14,277		14,277
Total expenses	<u>\$ 35,201</u>	<u>\$ 9,993</u>	<u>\$ 17,382</u>	<u>\$ 62,576</u>	<u>\$ 4,990</u>	<u>\$ 67,566</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

**DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 are 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 (\$23,345) of assets with donor restrictions at December 31, 2020.

**DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 and 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, 2020. 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, 2020

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	\$ 444,940	\$ 444,940	\$ -	\$ -
	<u>\$ 444,940</u>	<u>\$ 444,940</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, 2020 for the potential recognition or disclosure in the financial statements. These events and transactions were evaluated through January 25, 2022, the date the financial statements were available to be issued.

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