



FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

SILVERSOURCE, INC.

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February 28, 2021 and February 29, 2020

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Independent Auditor's Report

To the Board of Directors of
SilverSource, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of SilverSource, Inc. (a Connecticut corporation, not for profit) (the Foundation) which comprise the statements of financial position as of February 28, 2021 and February 29, 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 SilverSource, Inc. as of February 28, 2021 and February 29, 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.

AAFCPAs, Inc.

Westborough, Massachusetts
June 15, 2021

SILVERSOURCE, INC.Statements of Financial Position
February 28, 2021 and February 29, 2020

Assets	2021	2020
Current Assets:		
Cash	\$ 157,238	\$ 44,965
Grants and contributions receivable	53,480	2,175
Prepaid expenses	8,708	18,558
Total current assets	219,426	65,698
Investments	15,122,575	13,501,693
Security Deposits	9,171	71,377
Property and Equipment, net	24,609	27,771
Total assets	<u>\$ 15,375,781</u>	<u>\$ 13,666,539</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 96,258	\$ 51,773
Net Assets:		
Without donor restrictions:		
Operating	133,301	86,327
Property and equipment	24,609	27,771
Board-designated endowment	15,121,613	13,500,668
Total net assets without donor restrictions	15,279,523	13,614,766
Total liabilities and net assets	<u>\$ 15,375,781</u>	<u>\$ 13,666,539</u>

SILVERSOURCE, INC.Statements of Activities and Changes in Net Assets
For the Years Ended February 28, 2021 and February 29, 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues and Support:		
Appropriation of endowment net assets for operations	\$ 842,325	\$ 781,020
Grants and contributions	289,760	192,593
Government grants	245,608	50,827
Special events, net of direct benefit costs of \$104,378 for the year ended February 29, 2020	65,872	138,328
In-kind goods and services	40,753	87,361
	<u>1,484,318</u>	<u>1,250,129</u>
Operating Expenses:		
Program services	1,056,165	1,050,777
General and administrative	160,654	117,163
Fundraising	189,478	153,339
	<u>1,406,297</u>	<u>1,321,279</u>
Changes in net assets without donor restrictions from operations	<u>78,021</u>	<u>(71,150)</u>
Non-Operating Income:		
Investment income, net	2,429,061	795,293
Appropriation of endowment net assets for operations	<u>(842,325)</u>	<u>(781,020)</u>
	<u>1,586,736</u>	<u>14,273</u>
Changes in net assets without donor restrictions	1,664,757	(56,877)
Net Assets Without Donor Restrictions:		
Beginning of year	<u>13,614,766</u>	<u>13,671,643</u>
End of year	<u>\$ 15,279,523</u>	<u>\$ 13,614,766</u>

SILVERSOURCE, INC.

Statements of Cash Flows

For the Years Ended February 28, 2021 and February 29, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Changes in net assets without donor restrictions	\$ 1,664,757	\$ (56,877)
Adjustments to reconcile changes in net assets without donor restrictions to net cash used in operating activities:		
Write-off of security deposits	60,881	-
Depreciation	10,537	10,005
Realized and unrealized gains	(2,178,025)	(470,028)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(51,305)	63,697
Prepaid expenses	9,850	4,555
Security deposits	1,325	(12,252)
Accounts payable and accrued expenses	44,485	(6,118)
	<u>(437,495)</u>	<u>(467,018)</u>
Net cash used in operating activities		
	<u>(437,495)</u>	<u>(467,018)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(7,375)	-
Purchases of investments	(1,094,388)	(569,183)
Sales of investments	1,651,531	1,010,687
	<u>549,768</u>	<u>441,504</u>
Net cash provided by investing activities		
	<u>549,768</u>	<u>441,504</u>
Net Change in Cash	112,273	(25,514)
Cash:		
Beginning of year	44,965	70,479
End of year	<u>\$ 157,238</u>	<u>\$ 44,965</u>
Supplemental Disclosure on Non-Cash Transactions:		
Unrealized gain on investments	<u>\$ 1,997,283</u>	<u>\$ 424,375</u>

SILVERSOURCE, INC.

Statements of Functional Expenses
For the Years Ended February 28, 2021 and February 29, 2020

	2021				2020				
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Direct Benefit Costs	Total
Operating Expenses:									
Salaries and related:									
Salaries	\$ 401,041	\$ 83,708	\$ 89,895	\$ 574,644	\$ 412,594	\$ 53,318	\$ 67,662	\$ -	\$ 533,574
Payroll taxes and benefits	73,239	15,282	16,412	104,933	79,763	10,307	13,080	-	103,150
Total salaries and related	474,280	98,990	106,307	679,577	492,357	63,625	80,742	-	636,724
Occupancy:									
Facility lease	49,563	5,418	4,025	59,006	51,881	4,035	1,726	-	57,642
Utilities and maintenance	16,362	1,788	1,329	19,479	15,891	1,236	533	-	17,660
Total occupancy	65,925	7,206	5,354	78,485	67,772	5,271	2,259	-	75,302
Other:									
Individual assistance	299,244	-	-	299,244	289,123	-	-	-	289,123
Program related expenses	81,695	-	-	81,695	32,408	-	-	-	32,408
Consultants	22,910	48,294	2,230	73,434	15,097	41,515	3,319	11,269	71,200
Advertising	-	-	41,534	41,534	-	-	14,564	13,139	27,703
In-kind goods and services	20,753	-	20,000	40,753	44,794	-	42,567	-	87,361
Public relations	33,065	-	5,835	38,900	15,600	-	-	3,800	19,400
Marketing	16,183	-	2,856	19,039	33,680	-	5,944	-	39,624
Insurance	16,048	1,262	938	18,248	13,472	2,509	823	-	16,804
Office supplies	14,368	1,571	1,167	17,106	25,627	1,993	854	-	28,474
Depreciation	8,852	967	718	10,537	9,005	700	300	-	10,005
Miscellaneous	2,842	2,364	2,539	7,745	11,842	1,550	1,967	12,218	27,577
Food and entertainment	-	-	-	-	-	-	-	29,508	29,508
Facility rental	-	-	-	-	-	-	-	34,444	34,444
Total other	515,960	54,458	77,817	648,235	490,648	48,267	70,338	104,378	713,631
Less - special event expense	1,056,165	160,654	189,478	1,406,297	1,050,777	117,163	153,339	104,378	1,425,657
	-	-	-	-	-	-	-	(104,378)	(104,378)
Total operating expenses	\$ 1,056,165	\$ 160,654	\$ 189,478	\$ 1,406,297	\$ 1,050,777	\$ 117,163	\$ 153,339	\$ -	\$ 1,321,279

The accompanying notes are an integral part of these statements.

SILVERSOURCE, INC.

Notes to Financial Statements
February 28, 2021 and February 29, 2020

1. OPERATIONS AND NONPROFIT STATUS

SilverSource, Inc. (the Foundation) was formed in 1908 for the purpose of providing information and financial assistance to the over-sixty population of Stamford, Connecticut. The Foundation's mission is to advance the dignity, independence and quality of life of older adults by providing supportive services to those who are in need, and guidance to families, by engaging in community partnerships and advocating for sound public policies. The Foundation focuses on housing stability, transportation, medical care, nutrition, and community outreach as its key areas of focus.

In 1935, the Foundation became qualified as an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also exempt from state income taxes. The Foundation operates as a private operating foundation subject to an excise tax on net investment income, as defined under Section 4942(j)(3) of the IRC. Donors can deduct contributions made to the Foundation within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Foundation prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance 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.

Income Taxes

The Foundation accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Foundation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at February 28, 2021 and February 29, 2020. The Foundation's tax returns are subject to examination by the Federal and state jurisdictions.

The Foundation is classified as a non-operating foundation under the IRC. As such, its net investment earnings are subject to a Federal excise tax. The Foundation incurred excise taxes of \$6,446 and \$5,339 arising from net investment earnings excluding unrealized gains and losses for the years ended February 28, 2021 and February 29, 2020, respectively. The Foundation's excise tax obligation for the years ended February 28, 2021 and February 29, 2020, was calculated using the rate of 1.39% under IRC Section 4940(e). Deferred taxes arise from differences between the cost and fair value of investments and are calculated at a rate of 1.39%. The Foundation recorded a deferred tax liability of \$27,762 and \$8,488 as of February 28, 2021 and February 29, 2020, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Foundation follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Foundation would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Foundation uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Foundation. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Foundation and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds and exchange traded funds are based on share prices reported by the funds as of the last business day of the fiscal year. Reported fair values of money market funds are based on market values reported by the market as of the last business day of the year.

A summary of inputs used in valuing the Foundation's investments for the years ended February 28, 2021 and February 29, 2020, is included in Note 3.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation

Purchased property and equipment (see Note 4) are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized over \$1,000, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furnishing and equipment	5 - 7 years
Vehicles	5 years

Depreciation expense was \$10,537 and \$10,005 for the years ended February 28, 2021 and February 29, 2020, respectively.

Security Deposits

Security deposits are recorded based on payments made to the lessor on behalf of clients, and for the Foundation's office.

Revenue Recognition

Grants and Contributions

In accordance with ASC Subtopic 958-605, *Revenue Recognition - Contributions*, the Foundation must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 9). Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Foundation should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Grants and contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Special Events

Special event income is derived from the Foundation's performance to host its two annual fundraising events in which revenues are recognized at the time of the event. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is recognized in accordance with ASC Subtopic 606, *Revenue from Contracts with Customers*, and is derived from various components, including registration fees, sponsorships and program ads, in which the transaction price is determined annually. Registration fees for these events are set by the Foundation and have not been allocated, as both events are each considered to be one performance obligation.

SILVERSOURCE, INC.

Notes to Financial Statements
February 28, 2021 and February 29, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events (Continued)

Special events income is shown net of direct event costs of \$104,378 for the year ended February 29, 2020. There were no direct event costs for the year ended February 28, 2021. Fees collected in advance of the special event are initially recorded as deferred revenue (contract liabilities) and are only recognized in the statements of activities and changes in net assets after the special event has occurred and the performance obligation has been met. There was no deferred revenue as of February 28, 2021 and February 29, 2020, as fees were collected and the events were held in the same period. Special events income consists of the following as of February 28 and 29:

	<u>2021</u>	<u>2020</u>
Contributions (Topic 958)	\$ 65,872	\$ 185,476
Ticket sales (Topic 606)	-	57,230
Direct event costs	<u>-</u>	<u>(104,378)</u>
Special events, net	<u>\$ 65,872</u>	<u>\$ 138,328</u>

Investment and Other Income

Investment income is recorded as earned. Realized gains and losses on investment transactions are recorded upon sales. Unrealized gains and losses are recognized based on fair value changes during the period. The Foundation's investment policy sets forth guidelines for prudent investments of funds, taking into account liquidity, risk and return characteristics appropriate for different categories of the Foundation's holding.

Unless otherwise restricted by the donor, investment return is available for operations and is reflected as Board-designated endowment without donor restrictions in the accompanying financial statements. Endowment funds and the income generated therefrom, classified as Board-designated endowment, is subject to the Foundation's annual spending policy appropriation (see Note 5). All other income is recognized when earned.

Bequests

The Foundation is and may be named principal beneficiary of various trusts and wills. The amounts to be received, if any, cannot be determined, and therefore, are not reflected in the Foundation's financial statements until the amounts become known or are received.

Advertising Costs

The Foundation expenses advertising costs as incurred.

Grants and Contributions Receivable and Allowance for Doubtful Accounts

Grants and contributions receivable consist of grants or contributions committed to the Foundation. Contributions receivable are recorded at their net present value when unconditionally committed. An allowance for doubtful accounts is based on management's evaluations of the collectability of individual accounts. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. There was no allowance for doubtful accounts deemed necessary as of February 28, 2021 and February 29, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function. The financial statements contain certain categories of expenses that are attributable to program and supporting functions, and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, which is allocated based on estimate of time and level of effort spent on the Foundation's program and supporting functions, occupancy costs, insurance, and office supplies, which are allocated based on the square footage of department locations.

In-Kind Goods and Services

The Foundation receives donated goods and services for various fundraising and program expenses. These donations are reflected in the accompanying financial statements based upon the estimated value assigned by management. The value of these services for the years ended February 28, 2021 and February 29, 2020, was \$40,753 and \$87,361, respectively, which is reflected as in-kind goods and services in the accompanying statements of activities and changes in net assets and functional expenses. In-kind goods and services consist of contracted services, care packages, and other goods during the years ended February 28, 2021 and February 29, 2020.

Net Assets Classification

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Foundation. The Foundation has grouped its net assets without donor restrictions into the following categories:

- *Operating* - represents funds available to carry on the operations of the Foundation.
- *Property and equipment* - reflect the net book value of the Foundation's property and equipment.
- *Board-designated endowment* - represents funds set aside to function as the Foundation's endowment. The use of these funds requires approval of the Board of Directors.

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose or amounts restricted for use in future periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or as the time period lapses. There were no net assets with donor restrictions as of February 28, 2021 and February 29, 2020.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating income includes investment activity.

Subsequent Events

Subsequent events have been evaluated through June 15, 2021, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

SILVERSOURCE, INC.Notes to Financial Statements
February 28, 2021 and February 29, 2020

3. INVESTMENTS

Investments consist of shares of equity, fixed income, real estate and cash funds. The Foundation generally intends to hold the investments long-term.

The balances of these investments, which are stated at fair value in the accompanying statements of financial position, by level within the valuation framework (see Note 2), as of February 28, 2021 and February 29, 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Level 1 investments:		
Mutual funds:		
Equity	\$ 9,592,346	\$ 7,887,428
Fixed income	4,330,135	4,449,392
Real estate	<u>778,382</u>	<u>678,922</u>
Total Level 1 investments	14,700,862	13,015,742
Cash held for investment, at cost	<u>421,713</u>	<u>485,951</u>
Total investments	<u>\$ 15,122,575</u>	<u>\$ 13,501,693</u>

Investment income consists of the following for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 310,028	\$ 364,280
Net realized gain on sale of investments	180,742	45,653
Net unrealized gain on investments	<u>1,997,283</u>	<u>424,375</u>
Net income on investments	2,488,053	834,308
Investment fees	(24,784)	(25,188)
Federal excise tax expense	<u>(34,208)</u>	<u>(13,827)</u>
Investment income, net	<u>\$ 2,429,061</u>	<u>\$ 795,293</u>

4. PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following as of February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Vehicles	\$ 54,334	\$ 54,334
Furnishing and equipment	<u>24,388</u>	<u>25,791</u>
	78,722	80,125
Less - accumulated depreciation	<u>(54,113)</u>	<u>(52,354)</u>
Net property and equipment	<u>\$ 24,609</u>	<u>\$ 27,771</u>

5. BOARD-DESIGNATED ENDOWMENT

The Foundation's endowment fund consists of funds designated by the Board of Directors as endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based upon the existence or absence of donor-imposed restrictions required by U.S GAAP.

The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CUPMIFA") as requiring preservation of 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. There were no donor-restricted endowment funds in the years ended February 28, 2021 and February 29, 2020. The Foundation follows the laws of CUPMIFA for the Board-designated endowment fund.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies, approved by the Board, with the goal of providing financial resources to underwrite and support the programs of the Foundation. The investment philosophy of the Foundation combined the goal of total return and preservation of capital with prudent risk tolerance in order to achieve investment results consistent with the financial goals and objectives of the Foundation. Assets are primarily invested through high-quality financial institutions that provide a diversified portfolio to protect against large investment losses and to reduce the probability of excessive performance volatility.

The Foundation's goal is for investment assets, over time, to produce a long-term real rate of return, after inflation and net of fees, of approximately 6% to 7% annually. Actual results in any given year may vary. Investment risk is measured in terms of the total investment assets and allocation between asset classes, and strategies are managed so as not to expose the fund to unacceptable levels of risk. In light of constant changes in market conditions, the Foundation will continually reassess its investment and spending policies.

Spending Policy

The Foundation's spending policy balances the competing objectives of providing a stable flow of income to the operating budget and protecting the real value of the endowment over time. The target spending rate is 5.50%. Endowment spending in any given year sums to 80% of previous year's spending and 20% of targeted long-term spending rate applied to the average fair value estimate of investments for twelve quarters preceding the quarter in which the expenditure is planned. The calculated rate is constrained to at least 4.75% and not more than 6.25% of the average fair value of investments for twelve quarters.

SILVERSOURCE, INC.Notes to Financial Statements
February 28, 2021 and February 29, 2020

5. BOARD-DESIGNATED ENDOWMENT (Continued)**Spending Policy (Continued)**

A reconciliation of endowment activity is as follows for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 13,500,668	\$ 13,472,568
Dividend and interest	310,028	364,280
Net appreciation on investments	2,178,025	470,028
Investment fees	<u>(24,784)</u>	<u>(25,188)</u>
	<u>2,463,269</u>	<u>809,120</u>
Appropriation of endowment assets for expenditure	<u>(842,325)</u>	<u>(781,020)</u>
Endowment net assets, end of year	<u>\$ 15,121,613</u>	<u>\$ 13,500,668</u>

6. FACILITY LEASE

The Foundation has a lease agreement for office space with monthly payments of \$4,947 and \$4,827 for the years ended February 28, 2021 and February 29, 2020, respectively, increasing in increments of \$121 annually. The lease expires on May 31, 2022, with a five-year renewal option. In addition, the Foundation is responsible for monthly payments of \$664 for utilities, as defined in the agreement.

Rent expense totaled \$59,006 and \$57,642 for the years ended February 28, 2021 and February 29, 2020, respectively, which is reflected as facility lease in the accompanying statements of functional expenses.

Future minimum lease payments are as follows for the fiscal years ending February 28:

2022	\$ 60,454
2023	<u>15,204</u>
Total	<u>\$ 75,658</u>

7. RETIREMENT PLAN

The Foundation instituted a simplified employee pension plan. The Foundation contributed 4% of each employee's annual salary for years ended February 28, 2021 and February 29, 2020, totaling \$19,413 and \$19,845, respectively, in contributions, which are included in payroll taxes and benefits in the accompanying statements of functional expenses.

SILVERSOURCE, INC.

Notes to Financial Statements
February 28, 2021 and February 29, 2020

8. CONCENTRATIONS OF CREDIT RISK

Grants and Contributions Receivable

The Foundation's grants and contributions receivable are from three donors and one donor as of February 28, 2021 and February 29, 2020, respectively.

Operating Revenues and Support

The Foundation received approximately 57% and 62% of its total operating revenues and support from the appropriation of endowment for the years ended February 28, 2021 and February 29, 2020, respectively.

Investments

The Foundation's investment portfolio is not insured and is subject to ongoing market fluctuations (see Note 3).

9. CONDITIONAL GRANTS

During fiscal years 2021 and 2020, the Foundation was awarded one grant from an organization which is conditional based on certain criteria, as defined in the agreement. Remaining installments on this grant total approximately \$15,527 and \$42,204 as of February 28, 2021 and February 29, 2020, respectively, and are conditional upon the Foundation overcoming certain barriers, such as stipulations that limit discretion by the Foundation to perform activities conducted with the grant funds, as defined in the grant agreement. As such, this amount has not been recorded in the accompanying financial statements as of February 28, 2021 and February 29, 2020, as the barriers have not yet been overcome.

The Foundation applied for and was awarded a loan of \$125,000 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were to be used to pay certain payroll costs, including benefits, as well as rent and utilities during a covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds would be due over a two-year period with interest at 1%. Any repayment would be deferred for a period of ten months from the end of the covered period, when the note, plus interest, would be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations were subject to review and approval by the lending bank and the Small Business Administration (SBA).

The Foundation accounted for the PPP loan of \$125,000 as a conditional grant under ASC Subtopic 958-605. The PPP loan funds were applied in accordance with the agreement under the CARES Act. The Foundation recognized \$125,000 of grant revenue during the year ended February 28, 2021, which is included in grants and contributions in the accompanying statement of activities and changes in net assets. There was no interest accrued on the loan as the loan was forgiven on February 1, 2021.

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Notes to Financial Statements
February 28, 2021 and February 29, 2020

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 157,238	\$ 44,965
Grants and contributions receivable due within one year	<u>53,480</u>	<u>2,175</u>
Financial assets at year end	210,718	47,140
Plus - Board-designated budgeted appropriation of endowment net assets	<u>834,045</u>	<u>842,325</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,044,763</u>	<u>\$ 889,465</u>

As part of the Foundation's liquidity management, the Foundation has a policy to structure its financial assets to be available as its assistance to individuals and other general liabilities come due. Cash withdrawals from the managed investment pool are scheduled on a monthly basis.

11. CONTINGENCIES

During 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Foundation's future operations and the demand for its products/services will depend upon, among other things, the duration, spread and intensity of the pandemic; related government responses, such as required physical distancing; restrictions on business operations and travel; the pace of recovery of economic activity; and the impact to consumers, all of which are uncertain and impossible to predict. The financial impact to the Foundation, if any, cannot be reasonably estimated at this time.

12. RECLASSIFICATIONS

Certain amounts in the fiscal year 2020 financial statements have been reclassified to conform with the fiscal year 2021 presentation.