

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

The Psi Upsilon Foundation, Inc.

*Years ended June 30, 2020 and 2019
with Independent Auditors' Report*

The Psi Upsilon Foundation, Inc.
Audited Financial Statements
Years ended June 30, 2020 and 2019

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Independent Auditors' Report

Board of Directors
The Psi Upsilon Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Psi Upsilon Foundation, Inc., (a nonprofit organization) which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities and net assets, functional expenses and cash flows 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 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 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 the 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 The Psi Upsilon Foundation, Inc. as of June 30, 2020 and 2019, 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statement of changes in donor restricted funds as of and for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Petrow Kane Leenhuis

October 20, 2020

The Psi Upsilon Foundation, Inc.

Statements of Financial Position

	June 30, 2020			June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Cash and cash equivalents	\$ 21,446	\$ 76,123	\$ 97,569	\$ 45,570	\$ -	\$ 45,570
Investments	-	1,408,798	1,408,798	1,000	1,400,972	1,401,972
Promises to give	-	51,974	51,974	-	63,215	63,215
Property and equipment, net	152,212	-	152,212	184,877	-	184,877
Accounts receivable - related party	2,112	-	2,112	-	-	-
Accounts receivable	23,891	-	23,891	31,495	-	31,495
Total assets	\$ 199,661	\$ 1,536,895	\$ 1,736,556	\$ 262,942	\$ 1,464,187	\$ 1,727,129
Liabilities						
Accounts payable	\$ 6,473	\$ -	\$ 6,473	\$ 16,707	\$ -	\$ 16,707
Accounts payable - related party	37,894	-	37,894	47,750	-	47,750
Scholarships payable	42,750	-	42,750	35,000	-	35,000
Total liabilities	87,117	-	87,117	99,457	-	99,457
Net assets						
Without donor restrictions	112,544	-	112,544	163,485	-	163,485
With donor restrictions	-	1,536,895	1,536,895	-	1,464,187	1,464,187
Total net assets	112,544	1,536,895	1,649,439	163,485	1,464,187	1,627,672
Total liabilities and net assets	\$ 199,661	\$ 1,536,895	\$ 1,736,556	\$ 262,942	\$ 1,464,187	\$ 1,727,129

See accompanying notes and independent auditors' report.

The Psi Upsilon Foundation, Inc.

Statements of Activities and Net Assets

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Contributions	\$ 248,139	\$ 48,921	\$ 297,060	\$ 212,191	\$ 4,075	\$ 216,266
Rental income	28,500	-	28,500	25,000	-	25,000
Realized gains on investments, dividends and interest	-	33,767	33,767	314	48,782	49,096
Unrealized gain (losses)	201	61,580	61,781	2,595	49,083	51,678
Miscellaneous	-	-	-	3,656	-	3,656
Total revenues	276,840	144,268	421,108	243,756	101,940	345,696
Revenue released from restrictions	71,560	(71,560)	-	159,141	(159,141)	-
Total revenue and other support	348,400	72,708	421,108	402,897	(57,201)	345,696
Expenses:						
Educational programming	231,981	-	231,981	182,857	-	182,857
Support services	77,232	-	77,232	119,741	-	119,741
Fundraising expenses	90,128	-	90,128	81,619	-	81,619
Total expenses	399,341	-	399,341	384,217	-	384,217
Change in net assets	(50,941)	72,708	21,767	18,680	(57,201)	(38,521)
Net assets at beginning of year	163,485	1,464,187	1,627,672	144,805	1,521,388	1,666,193
Net assets at end of year	\$ 112,544	\$ 1,536,895	\$ 1,649,439	\$ 163,485	\$ 1,464,187	\$ 1,627,672

See accompanying notes and independent auditors' report.

The Psi Upsilon Foundation, Inc.

Statements of Functional Expenses

	Year Ended June 30, 2020				Year Ended June 30, 2019			
	Educational Programming	Support Services	Fundraising	Total	Educational Programming	Support Services	Fundraising	Total
Personnel	\$ 46,764	\$ 23,381	\$ 23,888	\$ 94,033	\$ 45,672	\$ 22,837	\$ 22,835	\$ 91,344
Scholarships	41,250	-	-	41,250	37,500	-	-	37,500
Kaiser program expenses	1,887	-	-	1,887	1,177	-	-	1,177
Chapter Leadership grant	58,894	-	-	58,894	40,000	-	-	40,000
Insurance	2,610	2,014	2,014	6,638	1,073	805	805	2,683
Telephone	580	563	563	1,706	257	249	249	755
Postage	-	-	-	-	-	-	529	529
Direct mail solicitation	-	-	22,200	22,200	-	-	30,150	30,150
Publications	7,463	463	-	7,926	3,834	3,084	-	6,918
Newsletter	-	-	-	-	142	-	-	142
Alumni relations	2,817	-	939	3,756	-	-	-	-
Legal and professional fees	19,510	18,485	6,924	44,919	16,977	16,904	5,641	39,522
Meeting expense	4,196	3,147	3,146	10,489	353	265	265	883
Travel	10,460	3,487	3,487	17,434	11,812	3,937	3,937	19,686
Building maintenance	9,169	4,585	4,585	18,339	4,745	2,372	2,372	9,489
Utilities	5,302	2,077	2,077	9,456	8,125	3,527	3,528	15,180
Depreciation	3,455	2,592	2,592	8,639	3,776	2,831	2,832	9,439
Bad debt expense	-	-	-	-	-	52,266	-	52,266
Miscellaneous	17,624	16,438	17,713	51,775	7,414	10,664	8,476	26,554
Total expenses	\$ 231,981	\$ 77,232	\$ 90,128	\$ 399,341	\$ 182,857	\$ 119,741	\$ 81,619	\$ 384,217

See accompanying notes and independent auditors' report.

The Psi Upsilon Foundation, Inc.

Statements of Cash Flows

	Years Ended June 30	
	2020	2019
Operating activities		
Change in net assets	\$ 21,767	\$ (38,521)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Permanently restricted contributions	(48,921)	(4,075)
Unrealized gain on investments	(61,781)	(51,678)
Bad debt expense	-	52,266
Depreciation	8,639	9,439
Realized gains on sales of investments	8,158	-
Changes in operating assets and liabilities:		
Promises to give	11,241	-
Accounts receivable	7,604	3,684
Accounts receivable - related party	(2,112)	-
Prepaid expenses	-	2,661
Accounts payable	(10,234)	(172)
Accounts payable - related party	(9,856)	(4,137)
Scholarships payable	7,750	(1,500)
Net cash used by operating activities	<u>(67,745)</u>	<u>(32,033)</u>
Investing activities		
Proceeds from sales and maturities of investments	128,586	137,938
Purchases of investments	(81,788)	(49,805)
Proceeds from insurance	26,540	-
Purchase of property and equipment	(2,515)	(31,540)
Net cash provided by investing activities	<u>70,823</u>	<u>56,593</u>
Financing activities		
Contributions with donor restrictions	48,921	4,075
Net cash provided by financing activities	<u>48,921</u>	<u>4,075</u>
Net increase in cash and cash equivalents	51,999	28,635
Cash and cash equivalents at beginning of year	45,570	16,935
Cash and cash equivalents at end of year	<u>\$ 97,569</u>	<u>\$ 45,570</u>

See accompanying notes and independent auditors' report.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Significant Accounting Policies

Organization

The Psi Upsilon Foundation, Inc. (the “Foundation”) is a Rhode Island not-for-profit organization organized in 1958, whose primary responsibilities include supporting various educational programs of the Psi Upsilon Fraternity (the “Fraternity”) and awarding scholarships.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements prepared in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor - (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents includes deposits with an initial maturity of three months or less at the date of deposit.

The Foundation maintains its cash in bank accounts which, at times, may exceed the federally insured limits. The Foundation has not experienced any losses in its deposit accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Investments

Investments in money market funds, equities and equity income mutual funds with readily determinable fair values are stated at their fair values based on quoted prices in active markets. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and net assets. Investment income is recognized as earned and reported net of advisory fees.

Property and Equipment

Property and equipment consists of land, building and improvements and office equipment and are recorded at cost, net of accumulated depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets. Building and building improvements are depreciated over useful lives of 39 years and 15 years, respectively. Equipment is depreciated over 5 years. Assets sold or otherwise retired are removed from the accounts, and any gain or loss on disposal is reflected in the accompanying statements of activities and net assets. The Foundation reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. No impairment loss was recognized during the years ended June 30, 2020 or 2019.

The Foundation expenses asset purchases that are less than \$1,000.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Significant Accounting Policies (continued)

Support and Revenue Recognition

Contributions that include unconditional promises to give are recognized as support in the year the contribution is received or promise is made. If a donor restriction on the contribution expires in the reporting year in which the revenue is recognized, the revenue is recognized as an increase in net assets without donor restrictions. Contributions not restricted by the donor are reported as an increase in net assets without donor restrictions. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Endowment fund pledges and three-year Annual Fund pledges are accounted for as unconditional promises to give. Amounts expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at net present value of their estimated cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the amounts are to be received. Amortization of the discounts is included in contribution revenue in the accompanying statements of activities and net assets.

Expense Allocations

Functional expenses which are not specifically attributable to program services or supporting services are allocated by management based on various allocation factors.

Income Taxes

The Internal Revenue Service has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to federal income tax under present income tax law. The Foundation is also exempt from state and local income taxes, property taxes and sales taxes.

In consideration of ASC 740-10-25 *Accounting for Uncertainties in Income Taxes*, management believes that the Foundation has not taken any uncertain tax positions that should be recognized in the accompanying financial statements.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

2. Investments

The following is a summary of investments as of June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Stocks	\$ 323,817	\$ 596,341	\$ 334,834	\$ 601,480
Mutual funds	748,557	812,457	746,392	800,492
Total Investments	\$ 1,072,374	\$ 1,408,798	\$ 1,081,226	\$ 1,401,972

ASC Section 820-10-35 *Fair Value Measurements* establishes a fair value hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value; however, the level of fair value of each financial asset or liability presented below is based on the lower significant input level within this fair value hierarchy.

Fair value measurements based on Level 1 inputs: Measurements that are most observable are based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

2. Investments (continued)

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 596,341	\$ -	\$ -	\$ 596,341
Mutual funds	-	812,457	-	812,457
	\$ 596,341	\$ 812,457	\$ -	\$ 1,408,798

	2019			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 601,480	\$ -	\$ -	\$ 601,480
Mutual funds	-	800,492	-	800,492
	\$ 601,480	\$ 800,492	\$ -	\$ 1,401,972

3. Promises to Give

As a part of the Annual Fund, the Foundation has established the Leadership Initiative Fund to which members have made promises to give that are payable over five years. Promises to give for the year ended June 30, is as follows:

	2020	2019
Cumulative promises to give - beginning of year	\$ 63,215	\$ 115,481
Received	(11,241)	-
Write-off of promises to give	-	(52,266)
	\$ 51,974	\$ 63,215

Promises to give as of June 30 consists of the following:

	2020	2019
Promises to give	\$ 51,974	\$ 63,215
Less: unamortized discount	-	-
Net unconditional promise to give	\$ 51,974	\$ 63,215
Amounts due in:		
Less than one year	\$ 51,974	\$ 25,500
One to five years	-	37,715
Total	\$ 51,974	\$ 63,215

Management assumes that all promises to give are collectible.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

4. Property and Equipment

As of June 30, 2020 property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 86,933	\$ -	\$ 86,933
Building	435,528	370,249	65,279
Equipment	45,041	45,041	-
Total	\$ 567,502	\$ 415,290	\$ 152,212

As of June 30, 2019 property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 86,933	\$ -	\$ 86,933
Building	459,553	361,609	97,944
Equipment	45,041	45,041	-
Total	\$ 591,527	\$ 406,650	\$ 184,877

Depreciation expense for the year ended June 30, 2020 and 2019 totaled \$8,639 and \$9,439, respectively.

5. Net Assets with Donor Restrictions

Contributions made to the Leadership Initiative Fund in support of the educational and leadership development priorities established by the Foundation and in collaboration with the Fraternity are treated as additions to net assets with donor restrictions and are to be held in perpetuity. Investment income is to be allocated to the fund and used to provide educational and leadership development opportunities for members. Under the terms of the agreement with donors, realized and unrealized investment gains and losses are added to, or subtracted from, the corpus. The portion of educational and leadership support, which exceeds investment income, is charged against the Foundation's revenue without donor restrictions.

Contributions made to the Henry B. Poor Scholarship, Jonathan Persky Scholarship, Lew Finkelstein and Society Fellowship Funds are treated as additions to net assets with donor restrictions and are to be held in perpetuity. Investment income is to be allocated to the fund and used to annually pay one or more scholarships to members of the Fraternity. Realized and unrealized investment gains and losses are added to, or subtracted from, the corpus. The portion of a scholarship which exceeds investment income is charged against the Foundation's revenue without donor restrictions.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

6. Pension Plan

The Foundation maintains a Simplified Employee Pension Plan under which the President and CEO of the Foundation and General Counsel of the Fraternity and the Director of Development and Alumni Services have separate individual retirement accounts. The Foundation expects to make contributions annually in an amount equal to 10% of the employee's eligible compensation and the Fraternity will continue to directly fund its portion.

The Foundation has not made any contributions to the plan for the years ended June 30, 2020 and 2019, respectively.

7. Related Parties

Psi Upsilon Fraternity

The Foundation engages in various transactions with the Fraternity, an affiliated organization.

The following expenses were incurred by the Fraternity and reimbursed to the Foundation for the year ended June 30:

	2020	2019
Reimbursement of shared payroll costs	\$ 12,672	\$ -
	\$ 12,672	\$ -

The following expenses were incurred by the Fraternity and reimbursed by the Foundation for the year ended June 30:

	2020	2019
Reimbursement of health insurance costs	\$ 5,729	\$ 2,726
Use of equipment and administrative expenses	19,637	6,608
Reimbursement of liability insurance	4,250	3,500
	\$ 29,616	\$ 12,834

The Foundation had provided the Fraternity grants to underwrite its educational initiative in the amount of \$58,894 and \$40,000 for the years ended June 30, 2020 and 2019, respectively.

Amounts included in accounts receivable - related party at June 30, 2020 were for reimbursement of shared payroll totaling \$2,112. There were no related party receivables at June 30, 2019.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

7. Related Parties

Amounts included in accounts payable - related party at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Grants payable to Fraternity	\$ 37,894	\$ 40,000
Admin expenses payable to Fraternity	-	5,569
Convention expenses payable to Fraternity	-	2,181
	<u>\$ 37,894</u>	<u>\$ 47,750</u>

The Foundation leases office space to the Fraternity under an operating lease agreement through July 1, 2020. The lease calls for monthly lease payments of \$2,375. Rental income totaling \$28,500 and \$25,000 was paid by the Fraternity to the Foundation for the years ended June 30, 2020 and 2019, respectively.

8. Endowments

The Foundation maintains three endowments – the Leadership Initiative Fund, the Henry B. Poor Scholarship Fund, and the Jonathan Persky Scholarship Fund. The Foundation’s endowments consist of donor-restricted funds and scholarship funds.

Interpretation of Relevant Law

The Foundation's board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit stipulations to the contrary. As a result, the Foundation classifies as net assets with donor restricted net assets the original value of gifts donated to the permanent endowment until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds:

- o The duration and preservation of the endowment fund;
- o The purposes of the Foundation and the donor-restricted endowment fund;
- o General economic conditions;
- o The possible effects of inflation or deflation;
- o The expected total return from income and the appreciation of investments; and
- o Other resources of the Foundation.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

8. Endowments (continued)

Funds with Deficiencies

From time to time the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no deficiencies of this nature as of June 30, 2020 or June 30, 2019.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to promote long-term growth of principal without undue exposure to risk, through a total return strategy. Under this policy the endowment assets are invested in a manner that is focused on preservation and growth of capital as well as preservation of purchasing power.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within the prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year up to 5% of the endowment fund's average fair value. The formula for calculating allowable distributions shall be applied to the three years ending each February 28, and distributions with respect to each February 28 calculation shall be made no earlier than June 1 following each such February 28 calculation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific period of time as well as to provide additional real growth through new gifts and investment return. The Foundation applied the spending policy at 4% for the years ended June 30, 2020 and 2019 which results in an appropriation of \$56,845 and \$51,180, respectively. These appropriations were transferred to net assets without donor restrictions for the years then ended.

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

9. Liquidity

The information below reflects the Foundation's financial assets as of June 30. Financial assets consists of cash and cash equivalents, investments, promises to give, accounts receivable - related party and accounts receivables, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of that date.

	2020	2019
Financial assets, at year-end	\$ 1,582,232	\$ 1,542,252
Less those unavailable for general expenditures within one year,		
Contractual or donor-imposed restrictions:	(1,536,895)	(1,464,187)
 Financial assets available to meet cash needs for general expenditures within one year	\$ 45,337	\$ 78,065

The Psi Upsilon Foundation, Inc. is funded by contributions from donors that do not contain restrictions and donors that do contain restrictions. Contributions that do contain restrictions require that resources be used in a certain manner or in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Foundation also invests its cash in excess of its daily needs in short-term investments. The Board of Directors occasionally designates amounts to its investments to receive a better return on investment as opposed to leaving cash in a lower yielding checking account. In the event of an unanticipated liquidity need, the Foundation has the capability to withdraw cash and liquidate investments as needed.

10. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, nonrecognized subsequent events).

The Psi Upsilon Foundation, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

10. Subsequent Events (continued)

The Foundation has evaluated subsequent events through October 20, 2020, the date these financial statements were available for issuance.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. As a result of the uncertainty of the pandemic, management continues to evaluate the collectability of receivables and is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Supplementary Information

The Psi Upsilon Foundation
Statement of Changes in Donor Restricted Funds

Year Ended June 30, 2020

	Kaiser Fund	Omega Fund	Dunn Fund	Major Gifts Initiative Fund	Henry Poor Scholarship Fund	Persky Scholarship Fund	Lew Finkelstein Fund	Society Fellowship Fund	Total
Contributions and pledges	\$ 786	\$ -	\$ -	\$ -	\$ 7,988	\$ -	\$ 31,647	\$ 8,500	\$ 48,921
Investment income:									
Interest, dividends and realized gains	1,384	475	977	23,269	4,908	2,754	-	-	33,767
Change in unrealized gains	3,739	1,284	2,639	33,215	13,262	7,441	-	-	61,580
Scholarships and grants	-	-	-	(30,125)	(7,625)	(1,000)	(2,500)	-	(41,250)
Administrative fees	(2,894)	(403)	(604)	(20,287)	(3,906)	(2,216)	-	-	(30,310)
Net change	3,015	1,356	3,012	6,072	14,627	6,979	29,147	8,500	72,708
Balance at beginning of year	59,313	20,018	43,891	1,034,614	197,382	108,969	-	-	1,464,187
Balance at end of year	\$ 62,328	\$ 21,374	\$ 46,903	\$ 1,040,686	\$ 212,009	\$ 115,948	\$ 29,147	\$ 8,500	\$ 1,536,895