

STAND FOR CHILDREN
LEADERSHIP CENTER

Audited Financial Statements
For the Year Ended August 31, 2020



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stand for Children Leadership Center

We have audited the accompanying financial statements of Stand for Children Leadership Center (a nonprofit corporation), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows 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 organization'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 organization'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 Stand for Children Leadership Center as of August 31, 2020, and 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 Stand for Children Leadership Center's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
December 14, 2020

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF FINANCIAL POSITION
August 31, 2020
(With comparative totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 11,792,876	\$ 12,038,041
Contributions and grants receivable	550,000	146,250
Accrued interest income and other assets	23,721	30,937
Investments	8,849,645	7,876,866
Prepaid expenses and deposits	263,100	508,673
Due from Stand for Children, Inc.	63,379	64,500
Property and equipment, net	6,410	22,789
 TOTAL ASSETS	 \$ 21,549,131	 \$ 20,688,056
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 70,796	\$ 197,962
Accrued payroll and related liabilities	1,474,885	1,073,850
Deferred revenue	166,667	303,370
Note payable and accrued interest	1,482,927	-
Total liabilities	3,195,275	1,575,182
Net assets:		
Net assets without donor restrictions:		
Undesignated	11,303,066	11,849,937
Board designated operating reserve	2,739,000	2,909,000
Total net assets without donor restrictions	14,042,066	14,758,937
Net assets with donor restrictions	4,311,790	4,353,937
Total net assets	18,353,856	19,112,874
 TOTAL LIABILITIES AND NET ASSETS	 \$ 21,549,131	 \$ 20,688,056

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF ACTIVITIES
For the year ended August 31, 2020
(With comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions and grants	\$ 4,830,793	\$ 10,196,259	\$ 15,027,052	\$ 16,333,869
Program revenue	309,726	-	309,726	422,130
Investment income	200,958	-	200,958	139,248
Other income	134,755	-	134,755	265,801
Net assets released from purpose and time restrictions	10,238,406	(10,238,406)	-	-
Total support and revenue	15,714,638	(42,147)	15,672,491	17,161,048
Expenses:				
Program	11,952,831	-	11,952,831	12,894,172
Management and general	3,604,248	-	3,604,248	3,597,673
Fundraising	874,430	-	874,430	966,630
Total expenses	16,431,509	-	16,431,509	17,458,475
Change in net assets	(716,871)	(42,147)	(759,018)	(297,427)
Net assets:				
Beginning of year	14,758,937	4,353,937	19,112,874	19,410,301
End of year	\$ 14,042,066	\$ 4,311,790	\$ 18,353,856	\$ 19,112,874

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2020
(With comparative totals for 2019)

	2020				2019 Total
	Program	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 9,338,083	\$ 2,960,761	\$ 755,240	\$ 13,054,084	\$ 12,478,262
Consultants and professional services	838,089	122,014	12,875	972,978	1,347,600
Other services	228,808	4,495	50,350	283,653	805,102
Occupancy, equipment and insurance	393,438	157,637	-	551,075	596,758
Travel	295,730	30,647	13,282	339,659	461,424
Supplies and postage	52,112	20,395	4,502	77,009	78,448
Telephone, web hosting and information technology	356,165	256,331	20,948	633,444	569,014
Recruitment and staff development	16,397	22,467	19	38,883	123,080
Grants to others	385,835	-	-	385,835	920,806
Other expenses	48,174	29,501	17,214	94,889	77,981
 Total expenses	 <u>\$ 11,952,831</u>	 <u>\$ 3,604,248</u>	 <u>\$ 874,430</u>	 <u>\$ 16,431,509</u>	 <u>\$ 17,458,475</u>

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
STATEMENT OF CASH FLOWS
For the year ended August 31, 2020
(With comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from grantors, donors and others	\$ 14,841,946	\$ 17,454,692
Cash paid to suppliers and employees	<u>(15,579,914)</u>	<u>(17,187,333)</u>
Net cash flows from operating activities	<u>(737,968)</u>	<u>267,359</u>
Cash flows from investing activities:		
Net proceeds from investments	4,630,000	3,830,000
Purchase of investments	<u>(5,615,197)</u>	<u>(3,896,043)</u>
Net cash flows from investing activities	<u>(985,197)</u>	<u>(66,043)</u>
Cash flows from financing activities:		
Proceeds from note payable	<u>1,478,000</u>	<u>-</u>
Net cash flows from financing activities	<u>1,478,000</u>	<u>-</u>
Net change in cash and cash equivalents	(245,165)	201,316
Cash and cash equivalents - beginning of year	<u>12,038,041</u>	<u>11,836,725</u>
Cash and cash equivalents - end of year	<u><u>\$ 11,792,876</u></u>	<u><u>\$ 12,038,041</u></u>

See notes to financial statements.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS
August 31, 2020

I. ORGANIZATION

On June 1, 1996, more than 300,000 people gathered in Washington, DC to attend the first Stand for Children Day, the largest rally for children in American history. Stand for Children Leadership Center (the Organization), a private nonprofit organization incorporated in the District of Columbia in 1996 (at the time under the name of National Day of Commitment for Children), was established to organize the event and build on the momentum gathered from the rally.

The Organization is an education advocacy organization focused on ensuring all students receive a high quality, relevant education, especially those whose boundless potential is overlooked and under-tapped because of their skin color, zip code, first language, or disability.

The Organization advocates mainly at the state and local level for proven policies and funding, primarily focused on helping students reach make-or-break milestones of reading well by the end of third grade and graduating high school ready for college, career training, or career.

Through its work, the Organization ensures the changes fought for reach classrooms and directly support students. The Organization partners with parents to support their children's education journey and to become a strong advocate.

While the Organization supports children's needs throughout the United States, the Organization focuses its efforts in strategically selected states. During 2020, the Organization had staff in Arizona, Colorado, Illinois, Indiana, Louisiana, Oregon, Tennessee, Texas, and Washington.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Contributions and Grants Receivable

Contributions and grants receivable are reported at the amount management expects to collect on balances outstanding at period-end. Based on an assessment of the collection history with those having outstanding balances and current relationships with the donors, management has concluded that any uncollectible promises to give will be immaterial. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using estimated market interest rates. Adjustments to the discount is included in contribution support.

Investments

Investments are carried at fair value.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation and Amortization

Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions and Grants: Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Program Fees: Revenues from program work are recognized in the period in which the programs and other activities occur. Deferred revenue represents advanced payments for programs that relate to the following year.

Donated Assets and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization regularly receives contributed services from a large number of volunteers who assist in the Organization's efforts and activities. No amounts have been recorded in the financial statements as the services do not meet the criteria.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, consultants and professional services, other program services, occupancy, equipment and insurance, travel, supplies and postage, telephone, technology, recruitment and staff development, and other expenses which are allocated on the basis of actual hours worked by employees in each area.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising

The Organization expenses advertising costs as these are incurred. Advertising expense totaled approximately \$26,500 and \$41,500, respectively, for the years ended August 31, 2020 and 2019.

Income Tax Status

Stand for Children Leadership Center is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and comparable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization has no other activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Change in Accounting Principle

The Organization implemented Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Organization's revenue recognition in either year presented for this change in accounting principle.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events

The Organization has evaluated all subsequent events through December 14, 2020, the date the financial statements were available to be issued.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summarized Financial Information for 2019

The financial information as of August 31, 2019 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 11,792,876	\$ 12,038,041
Contributions and grants receivable	550,000	146,250
Accrued interest income and other assets	23,721	30,937
Investments	<u>8,849,645</u>	<u>7,876,866</u>
	21,216,242	20,092,094
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	4,311,790	4,353,937
Board designated operating reserve	<u>2,739,000</u>	<u>2,909,000</u>
Financial assets available for general expenditure	<u>\$ 14,165,452</u>	<u>\$ 12,829,157</u>

See Note 7 for information about the Organization's line of credit.

The board designated operating reserve is based on two months of operating expenses and is available for spending when approved by the board of directors.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are unsecured and represent unconditional promises to give. For the years ended August 31, 2020 and 2019, receivables are expected to be collected within one year and total \$550,000 (\$500,000 of which is due from one foundation) and \$146,250, respectively.

As of August 31, 2020, the Organization has received promises to give contingent on the Organization meeting specific program or matching requirements. Conditional contributions have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met. Provided the conditions are met, annual installments of the promises to give are as follows:

Within one year	\$3,400,000
Within two to five years	<u>4,500,000</u>
Total conditional promises to give	<u>\$ 7,900,000</u>

5. INVESTMENTS

Investments consist of the following at August 31, 2020 and 2019:

	2020	2019
Cash and money fund	\$ 3,988,715	\$ 1,912,873
Corporate bonds - publicly traded	3,604,152	\$ 5,963,993
U.S. Treasury bonds	<u>1,256,778</u>	<u>-</u>
Total investments	<u>\$ 8,849,645</u>	<u>\$ 7,876,866</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2020 and 2019:

	2020	2019
Office and computer equipment	\$ 315,997	\$ 315,997
Leasehold improvements	225,067	225,067
Computer software	<u>7,890</u>	<u>7,890</u>
Total property and equipment	548,954	548,954
Less accumulated depreciation and amortization	<u>542,544</u>	<u>526,165</u>
Property and equipment, net	<u>\$ 6,410</u>	<u>\$ 22,789</u>

Depreciation and amortization totaled \$16,379 for each of the years ended August 31, 2020 and 2019.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

7. LINE OF CREDIT

The Organization has a \$750,000 unsecured line of credit with a financial institution. Interest payments are due monthly on the outstanding balance at a variable rate, the greater of prime rate less .5% or 3.75% (prime rate was 3.25% as of August 31, 2020) (greater of prime plus 1.5% or 5% in 2019). The line matures March 2021. There were no outstanding advances on the line at August 31, 2020 and 2019.

8. NOTE PAYABLE

The Organization received a Paycheck Protection Program (PPP) loan of \$1,478,000 guaranteed by the Small Business Administration (SBA) in April 2020, which accrues interest at 1%. The loan may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the loan will be recognized as a gain from extinguishment of debt. Any amounts not forgiven are due in monthly payments beginning six months after the covered period. As of the date of the report, the rules for the PPP loan program have changed, and certain provisions are pending, including possible changes to delay the start of any repayment as well as a longer re-payment period. Additionally, these changes have caused delays in financial institutions' ability to accept applications for forgiveness. Management has recorded the loan based on the original terms of the loan, but anticipates that all or most of the loan will be forgiven.

Future maturities are as follows:

Year ending August 31, 2021	\$ 956,094
2022	<u>521,906</u>
Total	<u><u>\$ 1,478,000</u></u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
State operations	\$ 1,249,553	\$ 2,269,872
Scholarships	224,569	166,690
Other purpose restricted	<u>2,837,668</u>	<u>1,917,375</u>
Total net assets with donor restrictions	<u><u>\$ 4,311,790</u></u>	<u><u>\$ 4,353,937</u></u>

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

10. SELF-FUNDED HEALTH INSURANCE

The Organization is self-funded for employee health insurance. An estimated liability of approximately \$334,600 is recorded for claims incurred, including claims incurred but not yet reported as of August 31, 2020 (\$137,100 for 2019). The estimated liability for self-insurance is based on management's judgement, and assumptions and factors related to claims development history and the frequency and severity of claims.

The Organization limits its exposure and maintains insurance coverage with a third-party insurer to limit individual claims and total exposure under this program. For individual claims over \$75,000, the coverage is unlimited and total Organization's insurance policy covers claims over 125% of estimated annual claims. The ultimate settlement of health insurance claims may differ significantly from amounts accrued in the financial statements.

11. LEASE COMMITMENTS

The Organization leases its office facilities in all states where it conducts business, and certain office equipment under various operating leases that expire through December 2025. In addition, certain offices are leased on a month-to-month basis.

Approximate future minimum lease commitments under operating leases are as follows:

Year ending August 31, 2021	\$ 335,200
2022	151,600
2023	95,800
2024	<u>73,600</u>
Total	<u>\$ 656,200</u>

Rent expense totaled approximately \$407,000 and equipment lease expense totaled approximately \$62,400, for the year ended August 31, 2020. For the year ended August 31, 2019, rent expense totaled approximately \$441,000 and equipment lease totaled approximately \$79,600.

12. RETIREMENT PLAN

The Organization has a defined contribution 401(k) retirement plan (the plan) covering substantially all regular employees, with employees becoming eligible to receive matching contributions after six months of service. Employer contributions are limited to a 4% match of employee elective contributions. Employees are fully vested upon entering the plan. Retirement contributions for the years ended August 31, 2020 and 2019, totaled approximately \$311,600 and \$287,500, respectively. In addition, for the years ended August 31, 2020 and 2019, approximately \$51,100 and \$47,800, respectively, in retirement contributions were incurred by and reimbursed to the Organization under the direct cost reimbursement arrangements between the Organization and Stand for Children, Inc.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

13. TRANSACTIONS WITH AFFILIATED ORGANIZATION

Under a resource sharing agreement between the Organization and Stand for Children, Inc., the Organization is reimbursed by Stand for Children, Inc. for direct costs (primarily personnel) advanced. Total reimbursements from Stand for Children, Inc. under the direct cost reimbursement arrangements approximated \$1,938,200 during the year ended August 31, 2020 and \$2,174,500 during the year ended August 31, 2019.

In addition, the Organization is reimbursed by Stand for Children, Inc. for general and administrative costs on the basis of the proportion of staff hours spent on Stand for Children, Inc. activities. During the years ended August 31, 2020 and 2019, general and administrative cost share charges reimbursed by Stand for Children, Inc. under this agreement are included in other income on the statement of activities and consisted of the following:

	2020	2019
Consultants, accounting and legal	\$ 3,080	\$ 4,301
Other program expenses	1,953	33,540
Recruitment and staff development	8,667	22,323
Occupancy, equipment and insurance	58,099	106,983
Printing, supplies and postage	5,578	10,888
Telephone, web hosting and information technology	54,083	75,433
Other	3,294	-
Total cost-share charges	<u>\$ 134,754</u>	<u>\$ 253,468</u>

Under a lobbying grant agreement between the Organization and Stand for Children, Inc., the Organization may grant funds each year to Stand for Children, Inc. to support its direct and grass roots lobbying on legislation of mutual concern to both organizations. During the year ended August 31, 2020, the Organization made no such grants. During the year ended August 31, 2019, \$830,000 was granted by the Organization to Stand for Children, Inc. pursuant to that agreement.

Advances and other amounts due from Stand for Children, Inc. approximated \$63,400 and \$64,500, respectively, as of August 31, 2020 and 2019 under the operating agreements described above.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

14. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the

The Organization's revenues are concentrated with 51% of total revenue coming from three donors for the year ended August 31, 2020 and 39% of total revenue coming from two donors for the year ended August 31, 2019.

15. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The inputs are categorized by different levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at August 31, 2020 and 2019 included:

	Fair Value	Level 1	Level 2
August 31, 2020			
Corporate bonds - publicly traded	\$ 3,604,152	\$ -	\$ 3,604,152
U.S. Treasury bonds	1,256,778	1,256,778	-
August 31, 2019			
Corporate bonds - publicly traded	\$ 5,963,993	\$ -	\$ 5,963,993

Fair values for government securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in corporate bonds are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

STAND FOR CHILDREN LEADERSHIP CENTER
NOTES TO FINANCIAL STATEMENTS, CONTINUED
August 31, 2020

16. CONTINGENCIES AND UNCERTAINTIES

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Organization has been impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.