

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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**MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Marine Corps Scholarship Foundation, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of Marine Corps Scholarship Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, 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.

Auditors' 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 auditors' 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 Foundation'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 Foundation'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.

Board of Directors
Marine Corps Scholarship Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
February 1, 2022

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 23,401,949	\$ 17,386,966
Receivables	86,284	97,039
Prepaid Expenses	862,300	584,774
Investments	106,986,206	88,624,358
Pledges Receivable, Net of Allowance	13,877,692	16,487,561
Assets Held Under Charitable Trusts and Annuities	3,750,223	2,963,014
Property and Equipment, Net	27,445	59,091
Other Assets	136,094	133,381
Total Assets	\$ 149,128,193	\$ 126,336,184
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 592,219	\$ 264,493
Scholarships Payable, Net of Allowance	8,011,204	7,301,082
Paycheck Protection Program Loan	569,670	564,622
Deferred Rent	59,268	63,634
Obligations Under Charitable Trusts and Annuities	1,259,883	1,222,804
Total Liabilities	10,492,244	9,416,635
NET ASSETS		
Without Donor Restrictions:		
Undesignated	19,286,514	12,065,258
Board Designated	3,142,144	3,121,727
Total Without Donor Restrictions	22,428,658	15,186,985
With Donor Restrictions:		
With Donor Restrictions - Unrestricted Promises to Give for Operations Solely Restricted for Time of Receipt	6,622,493	5,824,824
Total With and Without Donor Restricted Promises to Give	29,051,151	21,011,809
With Donor Restrictions - Purpose Restricted	53,407,262	40,763,714
Total With Donor Restrictions - Time and Purpose	60,029,755	46,588,538
With Donor Restrictions - Perpetual Endowments	56,177,536	55,144,026
Total Net Assets	138,635,949	116,919,549
Total Liabilities and Net Assets	\$ 149,128,193	\$ 126,336,184

See accompanying Notes to Financial Statements.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
REVENUE, GAIN, AND OTHER SUPPORT								
Special Events	\$ 3,416,782	\$ 4,801,078	\$ 447,912	\$ 8,665,772	\$ 5,766,260	\$ 3,417,843	\$ 1,318,094	\$ 10,502,197
Contributions	7,631,614	2,307,045	556,204	10,494,863	4,860,416	3,238,250	958,268	9,056,934
Investment Income, Net	1,785,056	14,539,444	-	16,324,500	326,900	2,956,878	-	3,283,778
Other Revenue - License Plate Programs	130,000	619,866	-	749,866	100,000	618,196	-	718,196
Other Revenue - North Carolina Funds Program	379,506	-	-	379,506	-	-	-	-
Other Revenue/Change in Values of Obligations								
Under Charitable Trusts	13,715	13,500	(1,106)	26,109	16,375	(65,304)	(3,397)	(52,326)
Forgiveness of Paycheck Protection Program Loan	564,622	-	-	564,622	-	-	-	-
Net Assets Released from Restrictions:								
Satisfaction of Program and Time Restrictions	8,809,716	(8,809,716)	-	-	8,887,349	(8,887,349)	-	-
Total Revenue, Gain, and Other Support	22,731,011	13,471,217	1,003,010	37,205,238	19,957,300	1,278,514	2,272,965	23,508,779
EXPENSES								
Scholarship Programs	11,630,130	-	-	11,630,130	12,142,365	-	-	12,142,365
General and Administrative	1,215,172	-	-	1,215,172	1,178,578	-	-	1,178,578
Fundraising	2,643,536	-	-	2,643,536	2,936,446	-	-	2,936,446
Total Expenses	15,488,838	-	-	15,488,838	16,257,389	-	-	16,257,389
CHANGE IN NET ASSETS	7,242,173	13,471,217	1,003,010	21,716,400	3,699,911	1,278,514	2,272,965	7,251,390
Net Assets - Beginning of Year, Before Change in Accounting Policy	15,186,985	46,588,538	55,144,026	116,919,549	11,773,881	44,911,585	52,318,577	109,004,043
CHANGE IN ACCOUNTING POLICY	-	-	-	-	95,000	569,116	-	664,116
Net Assets - Beginning of Year, As Adjusted	15,186,985	46,588,538	55,144,026	116,919,549	11,868,881	45,480,701	52,318,577	109,668,159
Reclassification of Net Assets	(500)	(30,000)	30,500	-	(381,807)	(170,677)	552,484	-
NET ASSETS - END OF YEAR	<u>\$ 22,428,658</u>	<u>\$ 60,029,755</u>	<u>\$ 56,177,536</u>	<u>\$ 138,635,949</u>	<u>\$ 15,186,985</u>	<u>\$ 46,588,538</u>	<u>\$ 55,144,026</u>	<u>\$ 116,919,549</u>

See accompanying Notes to Financial Statements.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Scholarship Programs	General and Administrative	Fundraising	Total Expenses	Scholarship Programs	General and Administrative	Fundraising	Total Expenses
Scholarships	\$ 8,819,080	\$ -	\$ -	\$ 8,819,080	\$ 7,560,233	\$ -	\$ -	\$ 7,560,233
Wages and Benefits	1,582,927	492,605	1,573,587	3,649,119	1,553,380	450,828	1,592,978	3,597,187
Direct Special Events	845,639	-	-	845,639	2,304,498	-	-	2,304,498
Advertising and Promotion	40,166	213,437	267,903	521,506	126,453	237,930	246,866	611,249
Professional Fees	112,488	192,133	199,041	503,662	123,749	92,218	273,760	489,727
Information Technology	99,065	27,990	81,261	208,316	110,435	43,807	80,830	235,071
Direct Mail	-	-	190,737	190,737	-	-	158,957	158,957
Occupancy	80,520	30,778	76,830	188,128	49,937	25,487	47,709	123,133
Legal and Accounting	-	173,772	-	173,772	-	108,586	2,658	111,243
Office Expenses	21,552	28,528	85,484	135,564	25,375	23,568	124,067	173,010
Other	-	-	91,652	91,652	-	1,973	80,476	82,449
Travel	7,639	1,431	55,712	64,782	46,667	18,085	226,130	290,882
Bad Debt	-	800	-	800	-	70,452	-	70,452
Insurance	-	40,866	-	40,866	-	41,373	-	41,373
Depreciation	15,804	5,450	15,077	36,331	20,781	7,166	19,826	47,773
Meetings and Conferences	5,250	7,382	6,252	18,884	220,857	57,105	82,190	360,152
Total Functional Expenses	\$ 11,630,130	\$ 1,215,172	\$ 2,643,536	\$ 15,488,838	\$ 12,142,365	\$ 1,178,578	\$ 2,936,446	\$ 16,257,389

See accompanying Notes to Financial Statements.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 21,716,400	\$ 7,251,390
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Permanently Restricted Contributions	(1,003,010)	(2,272,965)
Depreciation	36,331	47,773
Realized (Gain) Loss on Sales of Investments	(11,436,881)	32,762
Unrealized Gain on Investments	(2,649,436)	(982,380)
Forgiveness of Paycheck Protection Program Loan	(564,622)	-
Change in Assets and Liabilities:		
Receivables	10,755	48,674
Prepaid Expenses	(277,526)	16,372
Pledges Receivable	2,609,869	2,888,814
Other Assets	(2,713)	(28,249)
Accounts Payable and Accrued Expenses	327,726	(215,842)
Scholarships Payable	710,122	(331,946)
Deferred Rent	(4,366)	(82,585)
Deferred License Plate Program Revenue	-	4,713
Net Cash Provided by Operating Activities	9,472,649	6,376,531
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(60,204,507)	(44,988,682)
Proceeds from Sales of Investments	55,141,767	39,252,147
Purchases of Property and Equipment	(4,685)	(1,589)
Net Cash Used by Investing Activities	(5,067,425)	(5,738,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts Under Charitable Trusts and Annuities	37,079	38,975
Contributions with Donor Restrictions - Perpetuity	1,003,010	2,272,965
Proceeds from Paycheck Protection Program	569,670	564,622
Net Cash Provided by Financing Activities	1,609,759	2,876,562
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,014,983	3,514,969
Cash and Cash Equivalents - Beginning of Year	17,386,966	13,871,997
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 23,401,949	\$ 17,386,966
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Receipt of Donated Stock	\$ 108,515	\$ 1,315,588

See accompanying Notes to Financial Statements.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Marine Corps Scholarship Foundation, Inc. (Foundation) is the Nation's oldest and largest provider of need-based scholarships to military children. Founded in 1962, the Marine Corps Scholarship Foundation provides access to education for the children of Marines, Navy Corpsmen, Navy Chaplains, and Religious Program Specialists attending post-high school, undergraduate, and career technical education programs.

The Foundation includes twenty-two unincorporated committees, which carry out special events for the Foundation with the purpose of increasing visibility of the mission and providing support to its programs. The activities of subordinate committees are included in the accompanying financial statements as they are an integral part of the Foundation.

Income Tax Status

The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Foundation has received from the IRS a favorable ruling that it is recognized as a "public charity" within the meaning of Internal Revenue Code Section 170(b)(1)(A)(vi) and thus, meets the exception to private foundation status under section 509(a)(1).

The Foundation adopted the income tax standard for uncertain income tax positions. The Foundation evaluated its tax positions and determined that its positions are more likely than not to be sustained on examination. The Foundation's income tax returns are subject to review and examination by federal and state authorities.

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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments with maturity dates of three months or less when purchased are considered cash equivalents. The Foundation does not consider money market funds that are part of the investments portfolio to be cash equivalents.

Receivables

Receivables are stated at their net realizable value. Receivables past due are individually analyzed for collectability. When all collection efforts are exhausted, the receivable is written off against bad debt expense. Management estimates that all receivables are fully collectible.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair values in the accompanying statements of financial position. The Foundation may also invest in alternative investments, such as hedge funds and a private placement LLP. The hedge funds and private placement LLP are recorded at estimated fair value based on net asset value. There are inherent limitations in any valuation technique for nonreadily marketable securities. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.

Pledges Receivable

Pledges are stated at their net realizable value. Pledges past due are individually analyzed for collectability. Pledges receivable which management determines to be uncollectible are written off. Management has established an allowance of \$60,000 as of June 30, 2021 and 2020 for those pledges receivable it does not believe to be collectible.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets (three to seven years for furniture and equipment, five years for software and three years for website development). Leasehold improvements are amortized over the lesser of the estimated useful lives or the lease term. Assets with a cost of \$1,500 or more and useful lives of more than one year are capitalized.

Deferred Rent

Deferred rent represents escalations and abatements in monthly rent payments and a tenant improvement allowance which are amortized using the straight-line method over the life of the lease.

Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, its net assets and revenue have been classified into net asset groups based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

Without Donor Restrictions - Operating Fund: Represents resources of the Foundation available to support general operations and exempt purpose programs. The June 30, 2021 and 2020, balances were \$19,286,514 and \$12,065,258, respectively. At June 30, 2021 and 2020, there were \$6,622,493 and \$5,824,824, respectively, in multi-year pledges receivable to fund operations and exempt purpose programs in future years that are not included in the June 30, 2021 and 2020, net assets without donor restrictions as these funds are currently restricted due to the timing of the pledge payments to be received in future years.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Board Designated: From time-to-time, the board of directors of the Foundation may designate net assets without donor restrictions for the purposes of building and maintaining an adequate level to support the Foundation's day-to-day operations in the event of unforeseen, emergency working capital shortfalls. The Board Designated Net Assets, known as the Operating Reserve, will be reviewed on an annual basis and will be funded and available in cash or cash equivalents. At June 30, 2021 and 2020, Board Designated Net Assets were \$3,142,144 and \$3,121,727 respectively.

With Donor Restrictions – Time and Purpose: Represents resources, including earnings on permanent endowments, which are subject to donor-imposed purpose or time restrictions.

Perpetual Endowments: Represents resources contributed to the Foundation which are to be held in perpetuity.

Reclassification of Net Assets

The Foundation has a stipulated policy whereby donor-restricted funds pledged or received with the intention of being endowed funds are recorded as net assets with donor restriction – purpose and time until such time as accumulations in the fund as defined reach a minimum of \$100,000, inclusive of earnings. Upon reaching the accumulation threshold, the funds are reclassified to net assets with donor restrictions – perpetuity, endowed funds.

Net Assets With Donor Restrictions – Purpose and Time Support

The Foundation's policy is to report interest and dividends and realized and unrealized gains and losses attributable to investment assets related to net assets with donor restrictions – perpetuity as net assets with donor restrictions – purpose and time support. When a restriction expires (that is, when a stipulated time restriction ends or the purpose for restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Special Events

Throughout the year, committees conduct various scholarship balls, golf tournaments, and other ancillary events in order to increase visibility of the Foundation's mission and to provide support to its scholarship programs. The Foundation also conducts special events through a combined effort of committees and the Foundation's national office.

The Foundation receives various levels of sponsorships from its sponsors. The Foundation recognizes such sponsorships as contributions as the fair value of direct benefits received by sponsors are minimal in comparison to the total reported special events revenue.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received, including unconditional promises to give, are reported as support with and without donor restrictions in the period received at their fair values, based on donor intent.

In the normal course of business, the Foundation receives donated services from volunteers, including officers and directors, and affiliated committees to support fundraising and administrative activities. The value of these contributed services is not reflected in the accompanying financial statements.

Scholarships

Scholarships are awarded for a period of one academic year. It is the Foundation's policy to accrue scholarships at the date awarded. During the years ended June 30, 2021 and 2020, the Foundation awarded 2,500 and 2,750 scholarships totaling \$9,200,000 and \$8,500,000, respectively, for use during the 2021-2022 and 2020-2021 academic years. The award amount is prior to any current year reductions, refunds, and withdrawals. Total scholarship expense for the years ended June 30, 2021 and 2020, was \$8,819,080 and \$7,560,233, including an allocation of indirect costs of \$1,965,411 and \$2,277,634, respectively.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Certain costs including occupancy, office supplies, utilities, software, and staff meetings/meals are attributed to more than one program or function, and accordingly, have been allocated among the scholarship program and activities benefited. These costs are allocated based on management's approved percentages, which estimates the use of overhead costs by employee labor within each department.

Fair Value of Financial Instruments

Fair value measurement of investments is determined using a framework for measuring fair value, establishing a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. Fair value refers to the price that would be received upon selling an asset or the price paid to transfer a liability in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. In accordance with accounting principles generally accepted in the United States of America, an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable is permitted to measure the fair value of such investments on the basis of that NAV or its equivalent without adjustment.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Management uses its best judgment in estimating the fair value of the Foundation's investments including its consideration of the use of NAV as a practical expedient. There are inherent limitations in any estimation technique. Because the inherent uncertainty of valuation, this estimated fair value may differ from the value that would have been used had a ready market for such investments existed, and the difference could be significant.

The Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active markets or nonactive markets.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

As a part of its liquidity management plan, the Foundation invests cash in excess of daily requirements in various investments based on the Foundation's investment policy. To help manage unanticipated liquidity needs, the Foundation has an available line of credit in the amount of \$1 million which it could draw upon. The Foundation also maintains an Operating Reserve that is available if any cash shortfalls arises. The Foundation's financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 23,401,949	\$ 17,386,966
Receivables	86,284	97,039
Investments	106,986,206	88,624,358
Pledges Receivable, Net of Allowance	13,877,692	16,487,561
Assets Held Under Charitable Trusts and Annuities	<u>3,750,223</u>	<u>2,963,014</u>
Total	148,102,354	125,558,938
Less: Net Assets with Donor Restrictions	<u>(116,207,291)</u>	<u>(101,732,564)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 31,895,063</u>	<u>\$ 23,826,374</u>

Prior Year Adoption of Accounting Standards Update 2018-08

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Foundation adopted the requirements of the new guidance as of July 1, 2019, using the modified prospective approach. The adoption of ASU 2018-08 resulted in the cumulative effect of the modified prospective application to net assets as of July 1, 2019. The net effect of adopting the new guidance was an increase in 2020 other revenue - license plate programs with and without donor restrictions in the amounts of \$150,765 and \$24,983, respectively. Beginning net assets with and without donor restrictions at July 1, 2019, also increased by \$569,116 and \$95,000, respectively.

Adoption of the new guidance resulted in changes to the Foundation's accounting policies for revenue recognition for the state license plate programs. Under the new guidance, the Foundation recognizes contribution revenue with donor restrictions for Florida and Illinois license programs and contribution revenue without donor restrictions for the Arizona license program when funds are received.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Adoption of Accounting Standards Update 2018-08 (Continued)

The modified prospective approach method of transition requires the Foundation to disclose the effect of applying the new guidance on each item included in the financial statements. The following line items of the statement of financial position as of June 30, 2020, were affected as follows:

	<u>Would Have Been Reported</u>	<u>Change Due to ASU 2018-08</u>	<u>As Reported With Adoption of ASU 2018-08</u>
Liabilities:			
Deferred License Plate Program Revenue	\$ 839,864	\$ (839,864)	\$ -
Net Assets:			
Without Donor Restrictions - Undesignated	11,970,258	95,000	12,065,258
With Donor Restrictions - Time and Purpose	46,019,422	569,116	46,588,538

The following line items on the statement of activities and cash flows for the year ended June 30 ,2020, were affected as follows:

	<u>Would Have Been Reported</u>	<u>Change Due to ASU 2018-08</u>	<u>As Reported With Adoption of ASU 2018-08</u>
Revenue:			
Other Revenue - License Plate Programs Without Donor Restrictions	\$ 75,017	\$ 24,983	\$ 100,000
Other Revenue - License Plate Programs With Donor Restrictions	467,431	150,765	618,196
Net Assets Released from Restrictions:			
Satisfaction of Program and Time Restrictions	8,419,918	467,431	8,887,349
Cash Flows:			
Change in Net Assets	7,427,138	175,748	7,251,390
Deferred License Plate Program Revenue	(180,461)	180,461	-

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Standards Update 2014-09

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The Foundation has adopted ASU 2014-09 and analysis of various provisions of the standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 1, 2022, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject the Foundation to a concentration of credit risk consist of demand deposits placed with financial institutions which may, at times, exceed federally insured limits.

Market Value Risk

The Foundation's investments are exposed to various risks, such as interest rate and market and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that such changes in the values of investments will occur in the near-term and that changes could materially affect the amounts reported in the accompanying statements of financial position.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS

Investments comprise the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and Money Market	\$ 1,338,566	\$ 1,338,566	\$ 913,104	\$ 913,104
Mutual Funds - Fixed Income	22,987,031	23,599,817	29,256,923	29,450,320
ETF - Fixed Income	14,389,659	15,059,495	22,813,313	24,410,891
Mutual Funds - Equities	1,351,962	1,942,966	1,318,710	1,429,218
ETF - Equities	61,436,382	67,598,371	30,412,367	34,126,590
Mutual Funds - Real Estate	960,327	1,197,214	1,106,847	1,111,000
Hedge Funds	-	-	146,249	146,249
Total	<u>\$ 102,463,927</u>	<u>\$ 110,736,429</u>	<u>\$ 85,967,513</u>	<u>\$ 91,587,372</u>

The estimated fair value of the Foundation's interests in hedge funds is based on valuations provided by the external investment managers using the NAV or its equivalent as a practical expedient to determine the fair value of the underlying investments which do not have a readily determinable fair value.

Investments are reported in the accompanying statements of financial position as of June 30:

	2021	2020
Investments	\$ 106,986,206	\$ 88,624,358
Assets Held Under Charitable Trusts and Annuities	3,750,223	2,963,014
Total	<u>\$ 110,736,429</u>	<u>\$ 91,587,372</u>

Investment income, net of investment fees, is comprised of the following for the years ended June 30:

	2021	2020
Interest and Dividend Income	\$ 2,468,567	\$ 2,543,868
Unrealized Gain on Investments	2,649,436	982,380
Realized Gain (Loss) on Sales of Investments	11,436,881	(32,762)
Less: Investment Fees	(230,384)	(209,708)
Total	<u>\$ 16,324,500</u>	<u>\$ 3,283,778</u>

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS

The following is a summary of the fair value measurements of the Foundation's investments within the fair value hierarchy, with a disclosure of the hedge funds measured at NAV to allow reconciliation to the statements of financial position at June 30:

	2021			
	Level 1	Level 2	Level 3	Total
<u>Investments</u>				
Cash and Money Market	\$ 1,297,472	\$ -	\$ -	\$ 1,297,472
Mutual Funds - Fixed income	22,485,291	-	-	22,485,291
ETF - Fixed income	15,018,849	-	-	15,018,849
ETF - Equities	67,135,558	-	-	67,135,558
Mutual Funds - Real Estate	1,049,036	-	-	1,049,036
Subtotal	106,986,206	-	-	106,986,206
<u>Assets Held Under Charitable Trusts and Annuities</u>				
Cash and Money Market	41,094	-	-	41,094
Mutual Funds - Fixed income	1,114,526	-	-	1,114,526
ETF - Fixed income	40,646	-	-	40,646
Mutual Funds - Equities	1,942,966	-	-	1,942,966
ETF - Equities	462,813	-	-	462,813
Mutual Funds - Real Estate	148,178	-	-	148,178
Subtotal	3,750,223	-	-	3,750,223
Total Investments	\$ 110,736,429	\$ -	\$ -	\$ 110,736,429
2020				
	Level 1	Level 2	Level 3	Total
<u>Investments</u>				
Cash and Money Market	\$ 875,630	\$ -	\$ -	\$ 875,630
Mutual Funds - Fixed income	28,532,846	-	-	28,532,846
ETF - Fixed income	24,377,054	-	-	24,377,054
ETF - Equities	33,635,605	-	-	33,635,605
Mutual Funds - Real Estate	1,056,974	-	-	1,056,974
Subtotal	88,478,109	-	-	88,478,109
<u>Hedge Funds Measured at NAV:</u>				
Alpha Core Strategies Feeder Fund				146,249
Subtotal				88,624,358
<u>Assets Held Under Charitable Trusts and Annuities</u>				
Cash and Money Market	37,474	-	-	37,474
Mutual Funds - Fixed income	917,474	-	-	917,474
ETF - Fixed income	33,837	-	-	33,837
Mutual Funds - Equities	1,429,218	-	-	1,429,218
ETF - Equities	490,985	-	-	490,985
Mutual Funds - Real Estate	54,026	-	-	54,026
Subtotal	2,963,014	-	-	2,963,014
Total Investments	\$ 91,441,123	\$ -	\$ -	\$ 91,587,372

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

In accordance with ASC subtopic 820-10, certain investments measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The investment objective of the Alpha Core Strategies Feeder Fund, Q.P. is to achieve attractive risk-adjusted rates of return through investment in a diversified portfolio of assets. Redemptions could generally be made at the net asset value of the last business day of each calendar quarter, on at least 60 calendar days' written notice to the respective Feeder Fund. There are no unfunded future commitments at June 30, 2021 and 2020.

NOTE 5 PLEDGES RECEIVABLE

Promises to give at June 30, 2021 and 2020, represent unconditional amounts pledged. Pledges expected to be collected in more than one year are reflected at fair value. The fair value is estimated by calculating the present value of estimated future cash flows. The discount rate used ranges from 0.27% - 2.94%.

The amount of the discounted promises to give at June 30, 2021 and 2020, at the realized present value is reflected below:

	2021	2020
Receivables Due in One Year	\$ 5,906,601	\$ 6,904,258
Receivables Due in Two to Five Years	8,027,000	9,662,000
Receivables Due in More than Five Years	250,000	400,000
Total Pledges Receivable	14,183,601	16,966,258
Less:		
Discount to Reduce to Present Value	(245,909)	(418,697)
Allowance for Uncollectible Pledges	(60,000)	(60,000)
Net Pledges Receivable	\$ 13,877,692	\$ 16,487,561

Approximately 43% and 45% of the Foundation's pledges receivable balance was comprised from one individual donor at June 30, 2021 and 2020, respectively.

NOTE 6 LICENSE PLATE PROGRAMS

The Foundation has agreements with Florida and the Marine Corps Coordinating Council of Illinois whereby a grant is received from the states for the purpose of the Foundation providing grants for scholarships for higher education. In addition, the Foundation receives contributions without donor restrictions from the Arizona license plate program that started in 2015. During the years ended June 30, 2021 and 2020, the Foundation received contribution revenue in the amount of \$130,000 and \$100,000, respectively, from the state of Arizona.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 LICENSE PLATE PROGRAMS (CONTINUED)

As part of the Florida License Plate Program, the Foundation awards scholarships to the Marine Corps Junior Reserves Officers' Training Corps (JROTC) Program in Florida in the amount of \$55,000 each academic year. In addition, the Foundation provides \$55,000 to the Florida Young Marines program. The recipients of these funds are required to meet criteria that are different than the standard criteria of the Foundation. JROTC and Young Marines programs payable balances representing approved scholarships were \$70,898 and \$66,202 at June 30, 2021 and 2020, respectively.

The scholarship recipients, except for those who participate in the JROTC and Young Marines programs, must be the children of current or former members of the United States Marine Corps and U.S. Navy Corpsman, Chaplain or Religious Programs Specialist who is/was attached to a U.S. Marine Corps unit that meet the academic, financial, and other requirements established by the Foundation and states of the license plate program.

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment, net of accumulated depreciation, is comprised on the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Furniture and Equipment	\$ 392,998	\$ 443,471
Leasehold Improvements	328,791	328,791
Software and Website Development	<u>304,908</u>	<u>304,908</u>
Total Property and Equipment	1,026,697	1,077,170
Less: Accumulated Depreciation and Amortization	<u>(999,252)</u>	<u>(1,018,079)</u>
Net Property and Equipment	<u>\$ 27,445</u>	<u>\$ 59,091</u>

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 PAYCHECK PROTECTION PROGRAM

In May 2020, the Foundation received a loan from a financial institution in the amount of \$564,622 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The submission of loan forgiveness to the financial institution was made during fiscal year 2021 and, in April 2021, the PPP Loan was forgiven in full and paid by the SBA to the financial institution. The recognition of debt forgiveness is presented as Forgiveness of Paycheck Protection Program Loan in the accompanying statement of activities for the year ended June 30, 2021.

In March 2021, the Foundation received an additional loan from a financial institution in the amount of \$569,670 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The second PPP loan has the same general loan terms as the first PPP loan except for its maturity date being five years instead of two. Such amount may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The second PPP Loan has not been forgiven as of February 1, 2022 and the outstanding balance is reflected in the accompanying statement of financial position as of June 30, 2021.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

NOTE 9 OBLIGATIONS UNDER CHARITABLE TRUSTS AND ANNUITIES

The Foundation received assets in 2005 under the Cuneo Charitable Remainder Unitrust (Unitrust), which requires the Foundation, as trustee of the Unitrust, to pay the remaining beneficiary annually the lesser of the Unitrust income or 5% of the fair value of Unitrust assets until the beneficiary's death. The assets of the Trust, which are included in the accompanying statements of financial position at June 30, 2021 and 2020, totaled \$862,708 and \$694,332, respectively. The liability under the Unitrust at June 30, 2021 and 2020, which represents the present value of the beneficiary's projected payments, using an assumed long-term rate of return on Unitrust assets of 5% at June 30, 2021 and 2020, a pay-out assumption of annual income being earned on the Unitrust assets at 2.5% at June 30, 2021 and 2020, and a risk-free discount rate of 4.91%, totaled \$85,956 and \$88,203, respectively.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 OBLIGATIONS UNDER CHARITABLE TRUSTS AND ANNUITIES (CONTINUED)

The Foundation began receiving assets under charitable gift annuities in 2015. These agreements represent an irrevocable transfer of investments to the Foundation. In return, the donors receive a promise from the Foundation to receive fixed installed payments (amounts vary per agreement) for the remainder of their lives. The investments in the split interest agreements are recorded at fair value when contributed and adjusted monthly to reflect changes in value and disbursements. The value of the related investments at June 30, 2021 and 2020, was \$2,887,515 and \$2,268,682, respectively. The corresponding liability related to all future estimated payments to donors (actuarially determined based on life expectancy tables, estimated inflation, and rates of return, etc.) has been recorded within obligations under charitable trusts and annuities in the accompanying statements of financial position. The balance at June 30, 2021 and 2020, was \$1,173,927 and \$1,134,601, respectively.

NOTE 10 LINE OF CREDIT

In December 2014, the Foundation established an unsecured revolving line of credit with a maximum loan amount of \$1,000,000. The term was for one year and was renewable annually. The line of credit matured on November 24, 2021. The Foundation is currently in the midst of negotiating a line of credit with another financial institution. There were no outstanding balances at June 30, 2021 and 2020. The line of credit accrues interest at a rate equal to London Interbank Offered Rate (LIBOR) rate + 2.75%. At June 30, 2021 and 2020, the variable interest rate was 2.84% and 2.83%, respectively.

NOTE 11 ENDOWMENT

The Foundation has donor-restricted endowment funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of the Foundation has interpreted Virginia's 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 donor stipulations to the contrary.

The Foundation interpreted Virginia's 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 donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets restricted into perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 ENDOWMENT (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted into perpetuity is classified as net assets restricted for time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation's endowment investment policy objectives are to protect the principal, earn a return, satisfy the payout requirement, and provide growth. The Foundation's spending policy provides for the awarding of annual scholarships in an amount equal to 4% of a moving three-year average of the fair value of all endowed funds as of the close of each calendar year.

Except as specifically directed otherwise by a particular donor in the instrument governing a donation or a fund, the annual amount that may be spent from each endowment fund (the Spending Amount), after payment of its allocable share of general investment and administrative expenses of the endowment, shall be a percentage (the Spending Percentage) of a trailing three-year average of the fair value of each endowment fund, determined as of the last day of each calendar year. For the first calendar year of a fund, there shall be no spending from the fund unless directed otherwise by the donor. For the second calendar year of a fund, the Spending Amount shall be the Spending Percentage of the preceding calendar year-end fair value of the fund; and for the third calendar year of a fund, the Spending Amount shall be the Spending Percentage of the average of the two preceding calendar year-end fair values of the fund. For subsequent calendar years, the Spending Amount shall be the Spending Percentage of the average of the three preceding calendar year-end fair values of the fund. The Spending Percentage currently is 4%, and it shall be reviewed and set by the Foundation's Finance and Investment Committee each fall for the following academic year.

With respect to all endowment funds created by pledge agreements that do not include an allocation to general operating support of the Foundation and that are not charged a "management fee," and all endowment funds with no written agreement, 80 basis points of the fair value as defined in the previous paragraph shall be used for direct expenses of operating the Foundation's scholarship program. The balance of the Spending Amount of each fund will be spent on scholarships within the guidelines of the specific fund. Any portion of the Spending Amount for any fund not spent in a particular year shall remain a part of the fund.

At the Foundation's discretion, and as consistent with the Virginia Uniform Prudent Management of Institutional Funds Act, scholarships may be awarded every year from the Spending Amount even if the individual endowment fund's balance is below its initial value. This applies to all endowment funds, including endowment funds with no written agreement.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENT (CONTINUED)

The following is a summary of endowment funds subject to UPMIFA for the years ended June 30, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets, June 30, 2019	\$ -	\$ 12,314,424	\$ 49,350,733	\$ 61,665,157
Investment Income	-	2,669,798	-	2,669,798
Contributions Collected	-	-	3,069,214	3,069,214
Appropriations	-	(2,257,641)	-	(2,257,641)
Reclassifications	-	(371,059)	552,485	181,426
Endowment Net Assets, June 30, 2020	-	12,355,522	52,972,432	65,327,954
Investment Income	-	11,755,040	-	11,755,040
Contributions Collected	-	-	2,255,554	2,255,554
Appropriations	-	(2,278,601)	-	(2,278,601)
Reclassifications	-	(392,455)	30,500	(361,955)
Endowment Net Assets, June 30, 2021	<u>\$ -</u>	<u>\$ 21,439,506</u>	<u>\$ 55,258,486</u>	<u>\$ 76,697,992</u>
Endowment Net Assets, June 30, 2020			\$ 52,972,432	
Pledges Receivable, Net of Allowance			<u>2,171,594</u>	
Endowment Net Assets, June 30, 2020			<u>\$ 55,144,026</u>	
Endowment Net Assets, June 30, 2021			\$ 55,258,486	
Pledges Receivable, Net of Allowance			<u>919,050</u>	
Endowment Net Assets, June 30, 2021			<u>\$ 56,177,536</u>	

Fund with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation had no donor-restricted endowment funds with deficiencies as of June 30, 2021 and 2020.

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 RELATED PARTIES

For the years ended June 30, 2021 and 2020, the Foundation recognized contributions from the Board in the amount of \$418,838 and \$1,677,379, respectively. Pledges receivable from Board members totaled \$210,000 and \$305,000 at June 30, 2021 and 2020, respectively.

NOTE 13 RETIREMENT PLAN

The Foundation maintains a 403(b) Retirement Plan for employees meeting certain eligibility requirements, as outlined within the plan. Participants are eligible to make voluntary contributions to the plan immediately upon employment. The Foundation contributes 5% of each participant's compensation upon completion of one full year of employment and at least 1,000 hours of service. Contributions to the plan by the Foundation totaled \$128,027 and \$138,706 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 COMMITMENTS

Operating Lease

In May 2011, the Foundation entered into a noncancellable operating lease for office space in Alexandria, Virginia that expires in 2022. In the fiscal year 2020, the term of the lease was amended. The amendment extends the lease to February 2032 and calls for an annual escalation increase of 2.5% effective on the anniversary date of each term. Commencing on January 1, 2020, base monthly rent totaled \$14,074 or \$168,891 per year. In addition, the Foundation received a refresh allowance in the amount of \$59,260 of leasehold improvements related to the office space. In accordance with accounting standards, annual rent increases and lease incentives are to be amortized over the life of the lease, and as a result, the Foundation is recognizing rent expense on the straight-line basis over the lease term. The unamortized portion resulting from the difference between the amounts paid and expensed comprise the deferred rent obligation in the accompanying statements of financial position.

Rent and operating expenses for the years ended June 30, 2021 and 2020, totaled \$169,544 and \$98,352, respectively.

At June 30, 2021, total future minimum rental payments for the years ending June 30 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 175,277
2023	179,659
2024	184,151
2025	188,754
2026	193,473
Thereafter	1,191,039
Total	<u>\$ 2,112,353</u>

MARINE CORPS SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 14 COMMITMENTS (CONTINUED)

Other Commitments

The Foundation has entered into agreements with hotels for room and space accommodations and various event providers for services. The agreements indicated that the Foundation is liable for liquidated damages in the event of cancellation. At June 30, 2021 and 2020, the Foundation commitment for liquidated damages totaled approximately \$620,000 and \$468,000, respectively.

NOTE 15 RISKS AND UNCERTAINTIES

During March 2020, the World Health Organization declared the spread of coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its 2022 operations and financial results, including, but not limited to, loss of revenue due to cancellation of certain special events, and other reductions in certain revenue streams. Management believes the Foundation is taking appropriate actions to mitigate the negative impact of the COVID-19 pandemic, including pursuing financial relief from the federal government (see Note 8) and the availability of a line of credit for immediate operational needs (see Note 10). As of February 1, 2022, the amount and likelihood of loss relating to these events is not determined and cannot be reasonably estimated as these events are still developing.