

RALLY FOUNDATION, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
MARCH 31, 2021 AND 2020

RALLY FOUNDATION, INC.

FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2021 AND 2020
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rally Foundation, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Rally Foundation, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of March 31, 2021 and 2020, and 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position on Rally Foundation, Inc. as of March 31, 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.

Emphasis of Matter

As fully explained in Note 10 to the financial statements a correction has been made to the financial statements as of and for the year ended March 31, 2020. Our report is not modified in regards to this matter.

Ansel & Slotopolsky, LLP

August 6, 2021
Morganville, New Jersey

RALLY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31,

ASSETS

CURRENT ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,862,651	\$ 1,370,127
Promises to give	-	65,388
Investments	1,384,151	3,522,128
Prepaid expenses	<u>10,150</u>	<u>13,150</u>
TOTAL CURRENT ASSETS	5,256,952	4,970,793
Endowment investments	1,388,159	1,034,516
Property and equipment, net	<u>684</u>	<u>1,036</u>
TOTAL ASSETS	\$ <u><u>6,645,795</u></u>	\$ <u><u>6,006,345</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and credit cards payable	\$ 8,664	\$ 8,616
Accrued expenses	109,608	20,931
Deferred revenue	<u>40,596</u>	<u>40,596</u>

TOTAL CURRENT LIABILITIES	158,868	70,143
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OTHER LIABILITIES

PPP Loan	<u>340,900</u>	<u>-</u>
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TOTAL LIABILITIES	<u>499,768</u>	<u>70,143</u>
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NET ASSETS

Without donor restrictions	4,757,868	4,901,686
Without donor restrictions - board designated	1,333,712	992,796
With donor restrictions	<u>54,447</u>	<u>41,720</u>

TOTAL NET ASSETS	<u>6,146,027</u>	<u>5,936,202</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>6,645,795</u></u>	\$ <u><u>6,006,345</u></u>
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See accompanying Notes to the Financial Statements.

**RALLY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Endowment</u>	<u>TOTAL</u>
OPERATING ACTIVITIES			
PUBLIC SUPPORT AND REVENUES			
Contributions	\$ 2,762,857	\$ -	\$ 2,762,857
In-kind contributions	367,658	-	367,658
Special events revenue, gross	1,449,839	-	1,449,839
Miscellaneous revenue	<u>25,000</u>	<u>-</u>	<u>25,000</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>4,605,354</u>	<u>-</u>	<u>4,605,354</u>
EXPENSES			
Program expense			
Grants	3,727,740	-	3,727,740
Education and awareness	887,034	-	887,034
Fundraising	250,060	-	250,060
Fundraising - special events	176,273	-	176,273
Management and general	<u>88,896</u>	<u>-</u>	<u>88,896</u>
TOTAL EXPENSES	<u>5,130,003</u>	<u>-</u>	<u>5,130,003</u>
NET OPERATING ACTIVITIES	(524,649)	-	(524,649)
NONOPERATING ACTIVITIES			
Investment return, net	<u>721,747</u>	<u>12,727</u>	<u>734,474</u>
CHANGE IN NET ASSETS	197,098	12,727	209,825
NET ASSETS AT BEGINNING OF YEAR	<u>5,894,482</u>	<u>41,720</u>	<u>5,936,202</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,091,580</u>	<u>\$ 54,447</u>	<u>\$ 6,146,027</u>

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	PROGRAM SERVICES		SUPPORTING SERVICES			Total
	Grants	Education and Awareness	Fundraising	Special Events - Fundraising	Management and General	
Grants	\$ 3,442,499	\$ -	\$ -	\$ -	\$ -	\$ 3,442,499
Salaries and benefits	214,787	464,020	113,937	83,856	28,804	905,404
Accounting and audit fees	6,163	6,162	6,163	6,162	-	24,650
Depreciation	35	250	28	-	39	352
Insurance	974	6,913	779	-	1,071	9,737
Meals and entertainment	3,183	22,600	2,547	-	3,501	31,831
Office expenses	22,311	158,405	17,848	-	24,542	223,106
Outside services	-	-	81,425	81,424	-	162,849
Postage and printing	1,757	12,477	1,406	-	1,934	17,574
Rent	7,427	52,729	5,942	-	8,169	74,267
Supplies	18,735	133,021	14,988	-	20,609	187,353
Travel	207	1,471	166	-	227	2,071
Website maintenance	9,662	28,986	4,831	4,831	-	48,310
TOTAL EXPENSES	\$ 3,727,740	\$ 887,034	\$ 250,060	\$ 176,273	\$ 88,896	\$ 5,130,003

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

	PROGRAM SERVICES		SUPPORTING SERVICES			Total
	Grants	Education and Awareness	Fundraising	Special Events - Fundraising	Management and General	
Grants	\$ 3,026,202	\$ -	\$ -	\$ -	\$ -	\$ 3,026,202
Salaries and benefits	89,590	569,312	71,857	190,630	68,450	989,839
Accounting and audit fees	-	950	-	-	8,550	9,500
Depreciation	323	2,186	231	-	337	3,077
Insurance	901	6,112	644	-	942	8,599
Meals and entertainment	3,318	27,292	25,307	36,819	-	92,736
Office expenses	3,916	29,646	16,960	26,101	4,092	80,715
Outside services	31,793	90,793	14,331	320,243	10,627	467,787
Postage and printing	-	-	20,384	-	-	20,384
Rent	7,334	49,736	5,242	-	7,660	69,972
Supplies	3,770	23,495	30,910	49,767	-	107,942
Travel	2,871	16,083	3,692	9,344	-	31,990
Website maintenance	15,552	46,655	7,776	7,776	-	77,759
TOTAL EXPENSES	\$ 3,185,570	\$ 862,260	\$ 197,334	\$ 640,680	\$ 100,658	\$ 4,986,502

See accompanying Notes to the Financial Statements.

**RALLY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 209,825	\$ (527,614)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	352	3,077
Donated securities	-	(9,955)
Net (gains) losses on investments	(677,271)	383,193
Changes in assets and liabilities:		
Decrease (increase) in promises to give	65,388	(59,872)
Decrease in prepaid expenses	3,000	5,249
(Increase) in interest earned on certificates of deposit	-	(1,295)
Increase (decrease) in accounts and credit cards payable	48	(1,284)
Increase (decrease) in accrued expenses	88,677	(9,653)
(Decrease) in deferred revenue	-	(16,790)
NET CASH USED IN OPERATING ACTIVITIES	<u>(309,981)</u>	<u>(234,944)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(2,693)
Proceeds from sale of marketable securities	2,842,849	827,260
Purchase of marketable securities	(381,244)	(2,653,437)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>2,461,605</u>	<u>(1,828,870)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	340,900	-
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	<u>340,900</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVELENTS	2,492,524	(2,063,814)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,370,127</u>	<u>3,433,941</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,862,651</u>	<u>\$ 1,370,127</u>

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 1 - Organization and Nature of Activities

Rally Foundation, Inc. (the Organization), a non-profit organization located in Atlanta, Georgia, empowers volunteers across the United States to raise awareness and funds specifically for childhood cancer research to find better treatments with fewer long-term side effects and, ultimately, cures for childhood cancers. Rally Foundation receives most of its support from contributions made by individuals, businesses, and foundations located throughout the United States.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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, (GAAP).

Basis of Presentation

These financial statements of the Organization have been prepared in accordance with GAAP, which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Promises to Give

Promises to give represent amounts pledged to benefit the Organization before March 31, 2021 and 2020. Unconditional promises to give are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period the pledge is received. Conditional promises to give are recognized when the conditions on which they depend upon, are substantially met. On March 31, 2020, one donor accounted for 96% of the total combined promises to give. There were no outstanding promises as of March 31, 2021.

Property and Equipment

Property and equipment are stated at cost for purchased assets or at fair value on the date of donation for donated assets. Property and equipment that exceed \$1,000 are capitalized as assets. Depreciation is provided using the straight-line method over the estimated useful life - currently five years or less. The costs of repairs and maintenance are expensed as incurred.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consisted of cash in bank deposit accounts and brokerage accounts which at times exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). Uninsured cash totaled \$855,749 and \$-0- on March 31, 2021, and 2020, respectively.

Program Revenue Recognition

Revenues received in exchange for participation in programs or event attendance are deferred and recognized when the program or event occurs.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions (continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind Goods and Services

Contributed goods have been recorded as contributions at their estimated fair value at the date of receipt. Contributed services are recorded as in-kind contributions at rates that would have been paid for similar services, in an arms-length transaction, and are recognized as revenue if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized by the Organization.

Contributed goods, services and use of contributed facilities for the years ended March 31, 2021 and 2020 totaled \$367,658 and \$253,506 and are reported as in-kind contributions and program and supporting services on the accompanying statements of activities and functional expenses.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program and supporting services. The value of these services does not meet the above criteria for recognition in the financial statements and the value of the volunteer time is not reflected in these financial statements.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimate is the functional allocation of expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon time devoted to various activities by the employees of the Organization or the type of services provided to the Organization. The allocation is based upon management's estimate of employee utilization.

Advertising Costs

The Organization follows the policy of charging the cost of advertising to expense as incurred. At March 31, 2021 and 2020, advertising costs were \$17,574 and \$20,384, respectively, and presented as postage and printing expenses on the accompanying statements of functional expenses.

Note 3 - Investments and Fair Value Measurements

Investments consisted of the following on March 31:

	2021	2020
Equities	\$ 1,056,926	\$ 699,539
Fixed Income	149,182	174,356
Mutual Funds	1,566,202	3,682,749
Total	<u>\$ 2,772,310</u>	<u>\$ 4,556,644</u>

Investments are presented on the statements of financial position on March 31 as follows:

	2021	2020
Investments	\$ 1,384,151	\$ 3,522,128
Endowment Investments	1,388,159	1,034,516
Total	<u>\$ 2,772,310</u>	<u>\$ 4,556,644</u>

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 3 - Investments And Fair Value Measurements (continued)

Investment return consisted of the following for the years ended March 31:

	2021	2020
Interest and dividends	\$ 110,299	\$ 111,974
Realized gains	54,392	5,557
Unrealized gains (losses)	582,228	(388,750)
Investment fees	(12,445)	(14,478)
Total Investment return, net	\$ 734,474	\$ (285,697)

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities.

All investments held by the Organization are valued using Level 1 inputs.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2021 and 2020.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at fiscal year-end. Equities and Fixed Income Funds - Valued at the closing price reported on the active market on which the individual securities are traded.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 4 – Property and Equipment

Property and equipment consisted of the following at March 31:

	<u>2021</u>		<u>2020</u>
Furniture	\$ 13,556	\$	13,556
Office and computer equipment	19,959		19,959
Software	<u>5,761</u>		<u>5,761</u>
Total property and equipment	39,276		39,276
Less: accumulated depreciation	<u>(38,592)</u>		<u>(38,240)</u>
Property and equipment (net)	\$ <u>684</u>	\$	<u>1,036</u>

Depreciation expense relating to property and equipment for the years ended March 31, 2021 and 2020 was \$352 and \$3,077, respectively.

Note 5 – Liquidity and Availability of Financial Assets

Liquidity

The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose of the restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that grant commitments will continue to be met, ensuring the sustainability of the Organization.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 5 – Liquidity and Availability of Financial Assets (continued)

Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,862,651	\$ 1,370,127
Promises to give, current portion	-	65,388
Investments	2,772,310	4,556,644
Total financial assets	<u>6,634,961</u>	<u>5,992,159</u>
Endowment investments	<u>(1,388,159)</u>	<u>(1,034,516)</u>
Financial assets available to meet cash for general expenditures within one year	<u>\$ 5,246,802</u>	<u>\$ 4,957,643</u>

Note 6 - Endowments

The Organization's endowment consists of one donor-restricted fund and one quasi endowment fund designated by the Board of Directors to function similarly to an endowment. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated by the Board of Directors are considered a category of unrestricted net assets.

Interpretation of Relevant Law

The Organization is subject to the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, 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 Organization classifies as net assets with donor restrictions to be held in 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. The remaining portion of the donor-restricted endowment fund representing accumulated earnings is held as net assets with donor restriction until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 6 – Endowments (continued)

Interpretation of Relevant Law (continued)

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

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiency of this nature existed in one donor-restricted endowment fund, which had an original gift value of \$50,000, had a current fair value of \$41,720, and a deficiency of \$8,280 as of March 31, 2020. This deficiency resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds. This condition was resolved by March 31, 2021.

Return Objectives and Risk Parameters

The Board has adopted an investment and spending policy for the endowment designed to provide growth of the fund corpus to support spending needs while preserving purchasing power in real terms and minimizing year-to-year fluctuations in the value of the portfolio. To achieve these objectives, endowment assets are invested in a well-diversified, balanced portfolio intended to capture the broad market return. This means the portfolio assumes moderate investment risk consistent with the broad market.

Strategies Employed for Achieving Objectives

The Organization utilizes a total return strategy, with investment returns achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Because the Organization seeks to balance current spending with the maintenance of purchasing power over the long term, the asset allocation of the portfolio favors equity investments, but within an overall balanced portfolio.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 6– Endowments (continued)

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization’s current spending policy allows management to spend the realized gains and income earned each year from each endowment fund on the purpose of that fund if the corpus does not fall below the original principal balance. The calculation of the earnings is performed once a year of each year at the regular Board meeting. The target goal will be between 3% and 5% of the Endowment to allow the Endowment to grow and meet the needs of the Organization.

Changes to endowment net assets for the years ended March 31, 2021 and 2020, are as follows:

	<u>Net Assets without donor restrictions</u>	<u>Net Assets with donor restrictions</u>		
	<u>Board Designated</u>	<u>Accumulated earnings</u>	<u>Endowment corpus</u>	<u>Total</u>
Endowment net assets March 31, 2020	\$ 992,796	\$ (8,280)	\$ 50,000	\$ 1,034,516
Investment earnings	369,816	12,727	-	382,543
Appropriations	<u>(28,900)</u>	<u>-</u>	<u>-</u>	<u>(28,900)</u>
Endowment net assets March 31, 2021	<u>\$ 1,333,712</u>	<u>\$ 4,447</u>	<u>\$ 50,000</u>	<u>\$ 1,388,159</u>

	<u>Net Assets without donor restrictions</u>	<u>Net Assets with donor restrictions</u>		
	<u>Board Designated</u>	<u>Accumulate d earnings</u>	<u>Endowmen t corpus</u>	<u>Total</u>
Endowment net assets, March 31, 2019	\$ 1,129,119	\$ 4,815	\$ 50,000	\$ 1,183,934
Investment losses	(108,021)	(13,095)	-	(121,116)
Appropriations	<u>(28,302)</u>	<u>-</u>	<u>-</u>	<u>(28,302)</u>
Endowment net assets, March 31, 2020	<u>\$ 992,796</u>	<u>\$ (8,280)</u>	<u>\$ 50,000</u>	<u>\$ 1,034,516</u>

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

Note 7 – Paycheck Protection Program Loan

The Paycheck Protection Program (PPP) was a component of the CARES Act, a federal law passed to help businesses keep their workforce employees during the COVID-19 crisis. In April 2020, the Organization applied for, and was granted a PPP loan in the amount of \$176,200. Terms of the loan call for payments of principal and interest at a fixed rate of 1% in 18 equal payments commencing with the forgiveness determination. Provided the recipient spends the loan proceeds on payroll, employee benefits, and mortgage or rent payments, the amount of the loan can be partially or totally forgiven. Forgiveness is granted based upon an application to the Small Business Administration. In June 2021, the Organization was notified that the loan has been fully forgiven. In accordance with the Financial Accounting Standards Board's, (FASB), Accounting Standards Codification, (ASC), Topic 470, *Debt*, the borrowing is recorded as debt. The portion forgiven will be recognized as a gain upon debt extinguishment in the statement of activities, when it is forgiven.

In February 2021, the Organization was granted a second PPP loan in the amount of \$164,700 with identical terms. Management fully expects this second loan to be fully forgiven.

Note 8 - Employee Benefit Plan

The Organization has a 403(b)-retirement plan available to all eligible employees. Participants may elect to contribute up to the maximum amounts allowed by law. The Organization fully matches the employee's allowed contribution up to 4% of salary. The Organization made contributions of \$11,816 and \$16,789 to the retirement plan in fiscal years ended March 31, 2021 and 2020, respectively. These contributions are included in Salaries and Benefits in the accompanying Statements of Functional Expenses.

Note 9 – Risks and Uncertainties

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced greater volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company on for future periods.

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Note 10 – Correction of Previously Issued Financial Statements

The Organization has re-evaluated whether grants payable as approved by its board of directors constituted a liability. That re-evaluation led management to the conclusion that there were sufficient conditions to those grants which excluded them from liability measurement. Accordingly, the board of directors' approval of grants has been excluded from the organization's liabilities for the current year. Therefore, the beginning balances of previously issued financial statements have been restated retrospectively as follows:

<u>Beginning Balances, April 1, 2019</u>	<u>Previously Reported</u>	<u>Correction</u>	<u>Restated</u>
Net assets without restrictions	\$ 2,362,032	\$ 2,917,850	\$ 5,279,882
Grants Payable	\$ 3,297,500	\$ (3,297,500)	\$ -
2020 Change in net assets	\$ (907,265)	\$ 379,650	\$ (527,615)

Note 11 - Subsequent Events

One PPP loan, totaling \$176,200, was fully forgiven in accordance with the terms of the loan.

Management has evaluated subsequent events through August 6, 2021, the date on which the financial statements were available to be issued, and no other items need disclosure.