




# The Legacy Continues...

ANNUAL FINANCIAL REPORT 2019-2020





***The mission of the Prairie View  
A&M Foundation is to  
maximize the effectiveness of  
contributions to support future  
excellence in education,  
research, service and athletics  
at Prairie View A&M University.***

# A Note from our Vice-Chairman

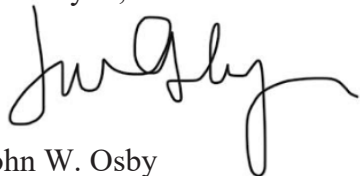
Dear Friends,

The Prairie View A&M Foundation is pleased to present the 2019-2020 Annual Financial Report and Audit for your review. We have completed a year of steady donation revenue growth while continuing our fiscal control of liabilities and expenses. Our Board of Trustees has been monumental and substantial in helping grow the revenue, reach and support of Prairie View A&M University. It is our desire to continue to provide you, our donor, with a giving experience that is like no other. We seek to provide you up to date information and accurate depiction of your donated dollars. Our annual audits provide the transparency that you desire as a donor. We take that responsibility seriously.

We continue to improve the interface with the University's Office of Development, as well as improve the efficiencies within our staffing and work processes. Finding and getting the needed support to the Students and the University is our top priority. The Foundation's efforts have shifted to support the President's priorities of increased faculty strength, student success, and improved financial aid. Growth is reflected in these areas from donations received from Alumni, private donors, and grants written by the University passed through the Prairie View A&M Foundation.

We thank each of you for your support throughout the year and ask that you continue to keep PVAMF on your giving list.

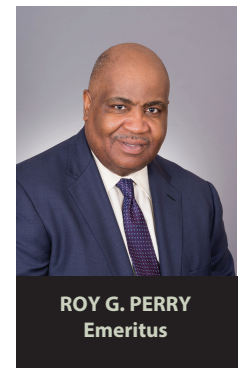
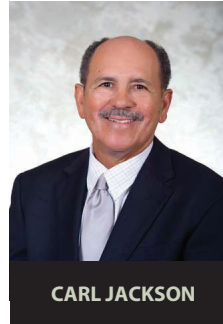
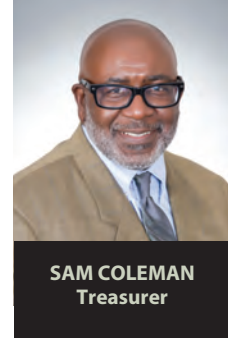
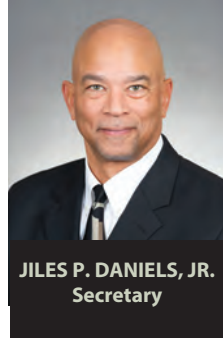
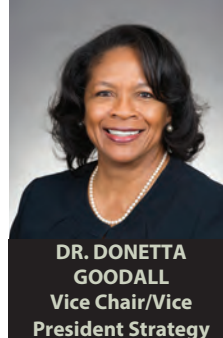
Thank you,

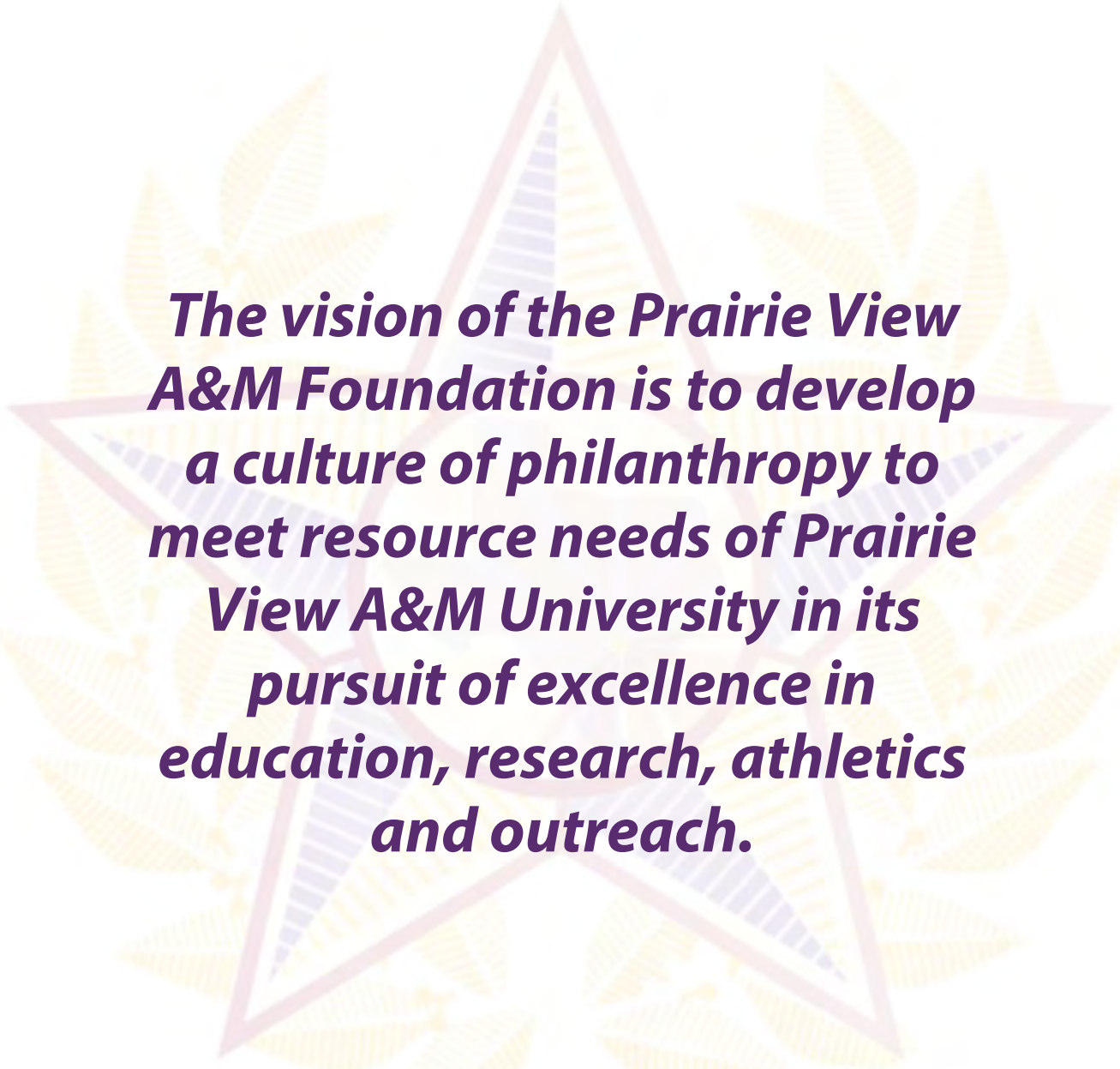


John W. Osby  
Acting Chairman and President  
Prairie View A&M Foundation

# Prairie View A&M Foundation Trustees

The volunteers on our board serve the PVAM Foundation – and, by extension, Prairie View A&M University and our community as a whole. As part of our mission to support the university, we strive to gain insight and wisdom from these leaders in their respective fields, who provide local, national and global perspective in their service to Prairie View.





***The vision of the Prairie View  
A&M Foundation is to develop  
a culture of philanthropy to  
meet resource needs of Prairie  
View A&M University in its  
pursuit of excellence in  
education, research, athletics  
and outreach.***

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**Independent Auditor's Report and  
Financial Statements**

**December 31, 2020 and 2019**

**PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

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**DECEMBER 31, 2020 AND 2019**

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# McConnell Jones

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Prairie View A&M Foundation

We have audited the accompanying financial statements of the Prairie View A&M Foundation (the "Foundation"), a Texas nonprofit corporation, which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider 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.

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# McConnell Jones

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*McConnell & Jones LLP*

Houston, Texas  
September 30, 2021

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENTS OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2020 AND 2019**

|   | <b>2020</b>         | <b>2019</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                                 |                     |                     |
| <b>Current Assets:</b>                        |                     |                     |
| Cash  | \$ 1,480,300        | \$ 1,021,162        |
| Investments                                   | 426,781             | 392,997             |
| Promises to give                              | 391,170             | 116,791             |
| Other receivables                             | 650                 | 7,846               |
| <b>Total current assets</b>                   | <b>2,298,901</b>    | <b>1,538,796</b>    |
| <b>Noncurrent Assets:</b>                     |                     |                     |
| Promises to give, net of unamortized discount | 727,098             | -                   |
| Property and equipment, net                   | 6,621               | 6,551               |
| <b>Total noncurrent assets</b>                | <b>733,719</b>      | <b>6,551</b>        |
| <b>TOTAL ASSETS</b>                           | <b>\$ 3,032,620</b> | <b>\$ 1,545,347</b> |
| <b>LIABILITIES AND NET ASSETS</b>             |                     |                     |
| <b>Current Liabilities:</b>                   |                     |                     |
| Accounts payable and accrued liabilities      | \$ 13,531           | \$ 1,241            |
| Loan payable                                  | 17,500              | -                   |
| Related party payable                         | 753,470             | 173,156             |
| <b>Total current liabilities</b>              | <b>784,501</b>      | <b>174,397</b>      |
| <b>Total liabilities</b>                      | <b>784,501</b>      | <b>174,397</b>      |
| <b>Net Assets:</b>                            |                     |                     |
| Net assets without donor restrictions         | 750,999             | 635,056             |
| Net assets with donor restrictions            | 1,497,120           | 735,894             |
| <b>Total net assets</b>                       | <b>2,248,119</b>    | <b>1,370,950</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <b>\$ 3,032,620</b> | <b>\$ 1,545,347</b> |

*The accompanying notes are an integral part of these financial statements.*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

|                                       | <u>Net assets<br/>without donor<br/>restrictions</u> | <u>Net assets with<br/>donor<br/>restrictions</u> | <u>Total</u>        |
|---------------------------------------|--|---|---------------------|
| <b>REVENUES</b>                       |  |   |                     |
| Contributions                         | \$ 544,398   | \$ 2,836,429                                      | \$ 3,380,827        |
| In-kind revenue                       | 32,472   | -   | 32,472              |
| Investment income                     | 40,305   | -   | 40,305              |
| Net assets released from restrictions | <u>2,075,202</u>                                     | <u>(2,075,202)</u>                                | <u>-</u>            |
| <b>TOTAL REVENUES AND SUPPORT</b>     | <u>2,692,377</u>                                     | <u>761,227</u>                                    | <u>3,453,604</u>    |
| <b>EXPENSES</b>                       |  |   |                     |
| Program Services:                     |  |   |                     |
| Distribution to the University        | <u>2,075,203</u>                                     | <u>-</u>  | <u>2,075,203</u>    |
| Total program services                | <u>2,075,203</u>                                     | <u>-</u>  | <u>2,075,203</u>    |
| Support Services:                     |  |   |                     |
| General and administrative            | <u>329,167</u>                                       | <u>-</u>  | <u>329,167</u>      |
| Fund raising expenses                 | <u>172,065</u>                                       | <u>-</u>  | <u>172,065</u>      |
| Total support services                | <u>501,232</u>                                       | <u>-</u>  | <u>501,232</u>      |
| <b>TOTAL EXPENSES</b>                 | <u>2,576,435</u>                                     | <u>-</u>  | <u>2,576,435</u>    |
| <b>CHANGE IN NET ASSETS</b>           | 115,942  | 761,227   | 877,169             |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  | <u>635,056</u>                                       | <u>735,894</u>                                    | <u>1,370,950</u>    |
| <b>NET ASSETS, END OF YEAR</b>        | <u>\$ 750,998</u>                                    | <u>\$ 1,497,121</u>                               | <u>\$ 2,248,119</u> |

*The accompanying notes are an integral part of these financial statements.*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

|  | <u>Net assets<br/>without donor<br/>restrictions</u> | <u>Net assets with<br/>donor<br/>restrictions</u> | <u>Total</u>               |
|--|--|---|----------------------------|
| <b>REVENUES</b>                                    |  |   |                            |
| Contributions                                      | \$ 299,092   | \$ 400,376  | \$ 699,468                 |
| Investment income                                  | 41,307   | -   | 41,307                     |
| Gala revenue net of direct donor benefits \$66,476 | 160,033  | -   | 160,033                    |
| Net assets released from restrictions              | <u>584,429</u>                                       | <u>(584,429)</u>                                  | <u>-</u>                   |
| <b>TOTAL REVENUES AND SUPPORT</b>                  | <u>1,084,861</u>                                     | <u>(184,053)</u>                                  | <u>900,808</u>             |
| <b>EXPENSES</b>                                    |  |   |                            |
| Program Services:                                  |  |   |                            |
| Distribution to the University                     | <u>584,429</u>                                       | <u>-</u>  | <u>584,429</u>             |
| Total program services                             | <u>584,429</u>                                       | <u>-</u>  | <u>584,429</u>             |
| Support Services:                                  |  |   |                            |
| General and administrative                         | 95,421   | -   | 95,421                     |
| Fund raising expenses                              | <u>152,454</u>                                       | <u>-</u>  | <u>152,454</u>             |
| Total support services                             | <u>247,875</u>                                       | <u>-</u>  | <u>247,875</u>             |
| <b>TOTAL EXPENSES</b>                              | <u>832,304</u>                                       | <u>-</u>  | <u>832,304</u>             |
| <b>CHANGE IN NET ASSETS</b>                        | 252,557  | (184,053)   | 68,504                     |
| <b>NET ASSETS, BEGINNING OF YEAR</b>               | <u>382,499</u>                                       | <u>919,947</u>                                    | <u>1,302,446</u>           |
| <b>NET ASSETS, END OF YEAR</b>                     | <u><u>\$ 635,056</u></u>                             | <u><u>\$ 735,894</u></u>                          | <u><u>\$ 1,370,950</u></u> |

*The accompanying notes are an integral part of these financial statements.*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

|                                       | 2020                |                               |                   | TOTAL               |
|---------------------------------------|---------------------|-------------------------------|-------------------|---------------------|
|                                       | Program             | General and<br>Administration | Fundraising       |                     |
| Distributions to University           | \$ 2,075,203        | \$ -                          | \$ -              | \$ 2,075,203        |
| Accounting and audit services         | -                   | 51,822                        | 23,428            | 75,250              |
| Fundraising fees and expenses         | -                   | -                             | 53,464            | 53,464              |
| Outside contract services             | -                   | 64,090                        | 10,986            | 75,076              |
| Bank charges and fees                 | -                   | 8,803                         | 260               | 9,063               |
| Printing, postage and office supplies | -                   | 10,920                        | 741               | 11,661              |
| Telephone and telecommunications      | -                   | 4,901                         | -                 | 4,901               |
| Payroll and related expenses          | -                   | 125,646                       | 56,802            | 182,448             |
| Insurance                             | -                   | 1,046                         | -                 | 1,046               |
| Web development                       | -                   | -                             | 2,305             | 2,305               |
| Marketing and advertising             | -                   | -                             | 23,011            | 23,011              |
| In-Kind rent                          | -                   | 32,472                        | -                 | 32,472              |
| Conference, convention and meetings   | -                   | -                             | -                 | -                   |
| Travel, meals and entertainment       | -                   | 624                           | 157               | 781                 |
| Depreciation                          | -                   | 1,655                         | -                 | 1,655               |
| Bad debt write off                    | -                   | 25,206                        | -                 | 25,206              |
| Others                                | -                   | 1,982                         | 911               | 2,893               |
| <b>Total expenses</b>                 | <b>\$ 2,075,203</b> | <b>\$ 329,167</b>             | <b>\$ 172,065</b> | <b>\$ 2,576,435</b> |

*The accompanying notes are an integral part of these financial statements.*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                       | 2019              |                               |                   |                   |
|---------------------------------------|-------------------|-------------------------------|-------------------|-------------------|
|                                       | Program           | General and<br>Administration | Fundraising       | TOTAL             |
| Distributions to University           | \$ 584,429        | \$ -                          | \$ -              | \$ 584,429        |
| Accounting and audit services         | -                 | 29,730                        | 44,595            | 74,325            |
| Fundraising fees and expenses         | -                 | -                             | 23,332            | 23,332            |
| Outside contract services             | -                 | 14,399                        | 16,480            | 30,879            |
| Bank charges and fees                 | -                 | 7,294                         | -                 | 7,294             |
| Printing, postage and office supplies | -                 | 2,391                         | 3,739             | 6,130             |
| Telephone and telecommunications      | -                 | 3,411                         | 119               | 3,530             |
| Payroll and related expenses          | -                 | 28,727                        | 42,611            | 71,338            |
| Insurance                             | -                 | 1,046                         | -                 | 1,046             |
| Web development                       | -                 | -                             | 1,355             | 1,355             |
| Marketing and advertising             | -                 | -                             | 19,177            | 19,177            |
| In-Kind rent                          | -                 | -                             | -                 | -                 |
| Conference, convention and meetings   | -                 | 1,103                         | 750               | 1,853             |
| Travel, meals and entertainment       | -                 | 3,462                         | 296               | 3,758             |
| Bad debt write off                    | -                 | -                             | -                 | -                 |
| Others                                | -                 | 3,858                         | -                 | 3,858             |
| <b>Total expenses</b>                 | <b>\$ 584,429</b> | <b>\$ 95,421</b>              | <b>\$ 152,454</b> | <b>\$ 832,304</b> |

*The accompanying notes are an integral part of these financial statements.*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|  | <b>2020</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Change in net assets   | \$ 877,169          | \$ 68,504           |
| Adjustments to reconcile change in net assets to net cash provided<br>by operating activities: |                     |                     |
| Depreciation   | 1,655               | -                   |
| Bad Debts  | 25,206              | -                   |
| Change in assets and liabilities:  |                     |                     |
| Accretion (Amortization) of discount on promises to give                                       | 10,402              | (4,959)             |
| (Increase) Decrease in promises to give  | (1,011,879)         | 211,830             |
| Decrease in other receivables  | (18,010)            | -                   |
| Increase (Decrease) in accounts payable and accrued liabilities                                | 12,290              | (1,446)             |
| Increase D6(Decrease) in related party payable   | 580,314             | (72,574)            |
| <b>Total adjustments</b>   | <b>(400,022)</b>    | <b>132,851</b>      |
| <b>Net cash provided by operations</b>   | <b>477,147</b>      | <b>201,355</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Sales of investments   | 124,271             | 112,599             |
| Purchases of investments   | (158,055)           | (400,414)           |
| Purchases of fixed assets  | (1,725)             | (4,439)             |
| <b>Net cash used in investment activities</b>  | <b>(35,509)</b>     | <b>(292,254)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Proceeds on loan   | 17,500              | -                   |
| <b>Net cash provided by financing activities</b>   | <b>17,500</b>       | <b>-</b>            |
| <b>NET CHANGE IN CASH</b>  | <b>459,138</b>      | <b>(90,899)</b>     |
| <b>CASH, BEGINNING OF YEAR</b>   | <b>1,021,162</b>    | <b>1,112,061</b>    |
| <b>CASH, END OF YEAR</b>   | <b>\$ 1,480,300</b> | <b>\$ 1,021,162</b> |

*The accompanying notes are an integral part of these financial statements.*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Business

Prairie View A&M Foundation (the “Foundation”) is a Texas nonprofit corporation established in February 2009. The Foundation was formed to solicit, receive, invest, administer and recognize gifts which support the educational, research and service missions of Prairie View A&M University (the “University”). The Foundation operates for the exclusive benefit of the University. The Foundation is primarily supported by private gifts, bequests and donations from individuals and private organizations.

Basis of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

The Foundation’s financial statements are presented in accordance with the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Not-For-Profit Entities, Presentation of Financial Statements*. Under FASB ASC Topic 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

**Net assets without donor restrictions** – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Foundation.

**Net assets with donor restrictions** – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time.

In addition, the Foundation is required by FASB ASC Topic 958-205 to present statements of activities, functional expenses and cash flows.

Revenue Recognition

Revenues from contributions, donations and other sources are recognized as unrestricted or restricted revenues when received or unconditionally promised by a third party. Conditional promises to give cash or other assets are not recognized until received. Development fees are recognized as unrestricted revenues when related contributions are received. Revenues from



**PRAIRIE VIEW A&M FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

special events are recognized when the events are held. Interest income is recognized when earned based on passage of time.

Contributions and Promises to Give

Contributions received are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions and reported in the statement of activities as net assets released from restrictions. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

The Foundation uses the allowance method to estimate uncollectible receivables from unconditional promises to give. The allowance is based on management's experience, third-party contracts, analysis of specific promises made and other circumstances, which may affect the ability of third parties to meet their obligations. Promises to give are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible promises to give against allowances when management determines the promise to give will not be collected. All promises to give as of December 31, 2020 and 2019 were unconditional and considered fully collectible.

In-Kind Contributions and Contributed Services

In accordance with FASB ASC 958-605, *Not-For-Profit Entities, Revenue Recognition*, the Foundation recognizes donated services as contributions in the financial statements if such services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Foundation. Donated services are recorded at their estimated values at the date of the donation.

Certain individuals volunteer their time and perform a variety of tasks that assist the Foundation in its operations. The Foundation records the value of contributed services when there is an objective basis available to measure the value. During the years ended December 31, 2020 and 2019, the Foundation did not have any contributed services meeting the criteria for recognition in the financial statements, and accordingly, no value was recorded.

Receipts of in-kind goods and services are presented as both revenue and expense in the accompanying financial statements and are recorded as non-cash contributions at their estimated fair value at the date of performance of service or receipt of donation. The Foundation has not

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

received any non-cash contributions of significant value during the years ended December 31, 2020 and 2019.

Cash and Cash Equivalents

The Foundation considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments. The Foundation had no cash equivalents for the years ended December 31, 2020 and 2019.

Liquidity and Availability of Financial Assets

The following table reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Cash  | \$ 1,480,300      | \$ 1,021,162      |
| Investments   | 426,781           | 392,997           |
| Receivables   | 1,118,918         | 124,637           |
| Less those unavailable for general expenditures within one year, due to:              |                   |                   |
| Contractual or donor-imposed restrictions:  |                   |                   |
| Cash restricted for program operations  | (1,480,300)       | (735,894)         |
| Receivables to be collected after one year  | <u>(727,098)</u>  | <u>-</u>          |
| Financial assets available to meet cash need for general expenditures within one year | <u>\$ 818,601</u> | <u>\$ 802,902</u> |

As part of the Foundation's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Any remainder excess cash is invested.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in equity securities at their fair values based on quoted prices in active markets in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions until the restrictions are met either by passage of time or by use.

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Property and Equipment

Property and equipment are generally recorded at cost or, if donated, at their estimated fair value at the date of donation. Such donations are reported as an increase in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire or maintain property and equipment are reported as restricted contributions. There were no donated assets received by the Foundation during the years ended December 31, 2020 and 2019. The Foundation does not presently have any assets which have donor-imposed restrictions. The Foundation follows the policy of capitalizing all expenditures for property, improvements, furniture and fixtures, and office and computer equipment in excess of \$1,000. Property and equipment items are depreciated using the straight-line method based on their estimated useful lives. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the asset are capitalized.

Income Taxes

The Foundation is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“Code”) and comparable State law. Accordingly, contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation has also been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements.

The Foundation applies the provisions of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of providing the Foundation’s programs and 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 amongst the programs and supporting services benefited by various reasonable bases. Fundraising expenses are expenses that do not support programs and are paid to raise funds for the Foundation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. The expenses that are allocated are, accounting and audit services which are allocated based on estimates of time and effort.

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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 certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

**Not-for-Profit Entities (Topic 842)** – In February 2016, the FASB issued Accounting Standard Update (ASU) 2016-02 – (Topic 842): Leases, which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and recognize expenses on their income statements in a manner similar to current accounting. This update will be effective for Foundation for fiscal year beginning January 1, 2021. Management is in the process of evaluating the impact that the provisions of ASU 2016-02 may have on the financial statements.

**Not-for-Profit Entities (Topic 606)** – In 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Foundation has adopted this ASU as of and for the year ended December 31, 2020.

**Not-for-Profit Entities (Topic 958)** – In 2016, ASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly.

**Not-for-Profit Entities (Topic 958)** – In 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made to address difficulty and diversity in practice among not for-profit entities in (1) evaluating whether transactions should

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be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The Foundation has adopted this ASU as of and for the year ended December 31, 2020.

Analysis of various provisions of the adopted ASUs resulted in no significant changes in the way the Church recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

Risks and Uncertainty

The spread of a novel strain of coronavirus (COVID-19) in the first quarter of 2020 has caused significant volatility in US markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on donors, employees and vendors, all of which are uncertain and cannot be determined at this time. Management assessed the effect of COVID-19 and has determine the effect to be not significant on the Foundation and the management does not believe there is substantial doubt about the Foundation's ability to continue as a going concern. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications have no effect on the change in net assets as previously stated in the prior year financial statements.

**2. CONCENTRATIONS**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover its deposits. Although the Foundation does not have a formal deposit policy for custodial credit risk, it maintains deposits at federally insured banks and strives to minimize its exposure to custodial credit risk by maintaining deposits at institutions with demonstrated financial strength. Balances in accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The total cash maintained by the Foundation in all banks as of December 31, 2020 and 2019 was \$1,150,431 and \$942,065, respectively, of which \$900,431 and \$692,065 was uninsured by the

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FDIC as of December 31, 2020 and 2019, respectively. Management believes that this credit risk exposure was mitigated by the financial strength of the banking institution in which the deposits are held.

Pledges receivable from two donors were 95% of total pledges receivable.

**3. PROMISES TO GIVE**

The following table sets forth the components of promises to give as of December 31, 2020 and 2019:

| <b>2020</b>                 | Due within one<br>year | Due in one to five<br>years | Total               |
|-----------------------------|------------------------|-----------------------------|---------------------|
| Promises to give            | \$ 391,170             | \$ 737,500                  | \$ 1,128,670        |
| Less: unamortized discounts | -                      | (10,402)                    | (10,402)            |
| Promises to give, net       | <u>\$ 391,170</u>      | <u>\$ 727,098</u>           | <u>\$ 1,118,268</u> |

| <b>2019</b>                 | Due within one<br>year | Due in one to five<br>years | Total             |
|-----------------------------|------------------------|-----------------------------|-------------------|
| Promises to give            | \$ 116,791             | \$ -                        | \$ 116,791        |
| Less: unamortized discounts | -                      | -                           | -                 |
| Promises to give, net       | <u>\$ 116,791</u>      | <u>\$ -</u>                 | <u>\$ 116,791</u> |

Promises to give with due dates extending beyond one year are discounted using a prime rate prevailing at the date of donation. The effective prime rate as of and during the years ended December 31, 2020 and 2019 was 1.46% and 0.00%.

**4. FAIR VALUE MEASUREMENTS**

U.S. GAAP requires that certain assets and liabilities be reported at fair value and establishes a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

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Certain financial assets of the Foundation are measured at fair value on a recurring basis. The three levels of the fair value hierarchy are as follows:

*Level 1 – Quoted prices (unadjusted) are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.*

*Level 2 – Pricing inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.*

*Level 3 – Pricing inputs include significant inputs that are generally less observable or from unobservable sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.*

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial instruments measured at fair value on a recurring basis at December 31, 2020 were as follows:

|              | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|--------------|-------------------|----------------|----------------|-------------------|
| Stocks       | \$ 256,833        | \$ -           | \$ -           | \$ 256,833        |
| Mutual Funds | 169,948           | -              | -              | 169,948           |
| Total        | <u>\$ 426,781</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 426,781</u> |

Financial instruments measured at fair value on a recurring basis at December 31, 2019 were as follows:

|              | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|--------------|-------------------|----------------|----------------|-------------------|
| Stocks       | \$ 236,555        | \$ -           | \$ -           | \$ 236,555        |
| Mutual Funds | 156,442           | -              | -              | 156,442           |
| Total        | <u>\$ 392,997</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 392,997</u> |

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Investments are exposed to various risks such as interest rate risks, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position and the statement of activities.

**5. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, less accumulated depreciation, as of December 31, 2020 and 2019:

|                             | <u>2020</u>     | <u>2019</u>     |
|-----------------------------|-----------------|-----------------|
| Equipment                   | \$ 23,300       | \$ 21,575       |
| Accumulated depreciation    | <u>(16,679)</u> | <u>(15,024)</u> |
| Property and equipment, net | <u>\$ 6,621</u> | <u>\$ 6,551</u> |

Depreciation amounted to \$1,655 and \$0, respectively for the years ended December 31, 2020 and 2019.

**6. PAYCHECK PROTECTION PROGRAM**

On March 11, 2020 the World Health Organization classified the global coronavirus outbreak of COVID-19 as a pandemic. As a result of the CARES Act, The Paycheck Protection Program (PPP) was established. On May 2, 2020, the Foundation received PPP loan in the amount of \$17,500.

The loan is forgivable if the Foundation can demonstrate proper use of the proceeds from such loan and remain in compliance with the terms of this assistance from the federal government. Management has submitted its application to the Lender for forgiveness of the PPP loan on June 29, 2020 and believes the full amount of loan to be forgiven as the Foundation has met all the necessary criteria and have expended the funds appropriately. Management adopted the guidance in FASB ASC 405-20-40-1 and recognized the entire amount of the loan as a liability as of the year-end. The PPP loan balance is included in current portion of loan payable in the statement of financial position as of December 31, 2020 and expected to be paid in 2021 if the loan is not forgiven. Once the loan is forgiven, the Foundation will reduce the liability by the amount of forgiveness and record the amount as contribution revenue.



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**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

|                            | <b>December 31,</b> |                   |
|----------------------------|---------------------|-------------------|
|                            | <b>2020</b>         | <b>2019</b>       |
| Building of Sports Complex | \$ 403,340          | \$ 355,865        |
| Scholarships               | 1,080,873           | 364,431           |
| Athletics                  | 12,907              | 15,598            |
|                            | <b>\$ 1,497,120</b> | <b>\$ 735,894</b> |

**8. RELATED PARTY TRANSACTIONS**

The University in cooperation with the Foundation has desired to significantly expand its development efforts, thus, expanding private support and increase discretionary funds for the University. To accomplish these objectives, it was mutually agreed between the Texas A&M University System, the University and the Foundation to apply a one-time six percent (6%) development fee (the “fee”) on all gifts to the University and/or the Foundation with certain exceptions. The fee is taken from the first available income from endowed gifts and from the principal of non-endowed gifts. Eighty-five percent (85%) of the fee is used to support the Foundation’s operations and fifteen percent (15%) is used to support the University’s development activities. The University maintains a “Development Account” for this purpose. The portion of the fees due to the Foundation for contributions collected by the University on behalf of the Foundation is deposited in the Development Account. The portion of the fees due to the University for contributions collected by the Foundation is directly withdrawn by the University from the Development Account. Any remaining balance in the Development Account belongs to the Foundation and can be used by the Foundation to support its operations. The total development fee paid to the Foundation amounted to \$302,705 and \$159,097 for the years ended December 31, 2020 and 2019, respectively. The Foundation utilizes a portion of the fee amount for its operations. The Foundation has a payable outstanding of \$753,470 and \$173,156 to remit donations to the University for the years ended December 31, 2020 and 2019.

In February 2012, the Foundation entered into an agreement with the Board of Regents of the University to lease office space and utilities (excluding telephone and internet) in the University’s College of Nursing building located in Houston, Texas. The initial lease agreement expired on August 31, 2012 but was extended for four additional one-year periods until August 31, 2016. In September 2016, the Foundation entered into a new lease agreement with the Board of Regents of the University with similar terms like the prior agreement. The new lease agreement expired August 31, 2017 and was renewed by the University through

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August 31, 2021. In consideration for the Foundation's support of the educational undertakings of the University, all rent has been waived.

The Board of Trustees of the Foundation has mutually agreed to support the Foundation by making cash and in-kind contributions. Pursuant to this commitment, the Foundation has received \$42,518 and \$118,422 in cash contributions from certain members of the Board of Trustees for the years ended December 31, 2020 and 2019, respectively.

**9. DISTRIBUTIONS**

The distributions to the University comprises of the following categories for December 31, 2020 and 2019.

|                              | <b>December 31,</b> |                   |
|------------------------------|---------------------|-------------------|
|                              | <b>2020</b>         | <b>2019</b>       |
| Class Gifts                  | \$ 58,883           | \$ 26,911         |
| College of Arts & Sciences   | 1,431               | 21,565            |
| College of Business          | 265,050             | 10,300            |
| College of Nursing           | 379,667             | 2,249             |
| College of Engineering       | 44,520              | 13,924            |
| Center for Race and Justice  | 157,810             | 112,500           |
| Career Services              | 255,000             | -                 |
| Athletics and Sports Complex | 29,456              | 156,595           |
| Music Travel Fund            | 110,000             | -                 |
| Scholarship                  | 709,415             | 173,282           |
| Endowments                   | 34,200              |                   |
| Other Activities             | 29,771              | 67,103            |
|                              | <u>\$ 2,075,203</u> | <u>\$ 584,429</u> |

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 30, 2021, the date financial statements were available to be issued. No changes were made, or are necessary to be made, to the financial statements, as a result of this evaluation.

# 2020 Performance Metrics

## **ADMINISTRATIVE RATIO**

General and Admin Costs/Total Expenses

|                                  |              |
|----------------------------------|--------------|
| General and Administration Costs | \$329,167    |
| Total                            | \$501,232    |
| <u>Ratio</u>                     | <u>65.7%</u> |

## **FUNDING COST RATIO**

Fundraising Expenses/Contributions

|                      |             |
|----------------------|-------------|
| Fundraising Expenses | \$172,065   |
| Total Donations      | \$3,453,604 |
| <u>Ratio</u>         | <u>5%</u>   |

## **SUPPORT RATIO**

Funds back to the University/Total Expenses

|                              |                   |
|------------------------------|-------------------|
| Funds back to the University | \$2,075,203       |
| Total Expenses               | \$501,232         |
| <u>Ratio</u>                 | <u>4.14 Times</u> |



# Supporting a Legacy of Excellence

The Prairie View A&M Foundation (PVAMF) is a public non-profit 501(c)(3) organization dedicated to securing and stewarding gifts and grants that benefit Prairie View A&M University.

The ultimate objective of the Foundation is to raise funds for projects and programs that ensure future excellence in all areas of the university including teaching, research, service and athletics.

Help PVAMU continue the legacy of excellence by donating online at [www.pvamf.org](http://www.pvamf.org).

## **Prairie View A&M Foundation**

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Houston, TX 77030

If you have questions call us at: 800.707.8138

[www.pvamf.org](http://www.pvamf.org)