

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Astronaut Scholarship Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Astronaut Scholarship Foundation, Inc., (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BKHM, P.A.

Orlando, Florida
May 26, 2022

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 595,000
Accounts and interest receivable	131,139
Current portion of pledges receivable	319,873
Investments	15,055,067
Prepaid expenses	38,156
Total current assets	<u>16,139,235</u>

Noncurrent assets:

Pledges receivable, less current portion	389,285
Property and equipment, net	3,061
License fee, net	2,083
Total noncurrent assets	<u>394,429</u>
Total assets	<u>\$ 16,533,664</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 152,227
Deferred revenue	2,000
Total current liabilities	<u>154,227</u>

Net assets:

Without donor restrictions	13,534,769
With donor restrictions	2,844,668
Total net assets	<u>16,379,437</u>
Total liabilities and net assets	<u>\$ 16,533,664</u>

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Support and revenue:			
Contributions	\$ 1,787,177	\$ 225,607	\$ 2,012,784
Public education programs	479,341	-	479,341
Support service fee	181,669	-	181,669
Net assets released from restrictions:			
Satisfaction of specified purpose	474,458	(474,458)	-
Total support and revenue	2,922,645	(248,851)	2,673,794
Expenses:			
Program services	1,876,440	-	1,876,440
Total program services	1,876,440	-	1,876,440
Supporting services:			
Management and general	106,958	-	106,958
Fundraising	209,213	-	209,213
Total supporting activities	316,171	-	316,171
Total expenses	2,192,611	-	2,192,611
Change in net assets from operations	730,034	(248,851)	481,183
Nonoperating activities:			
Investment return, net	1,671,619	(2,750)	1,668,869
Forgiveness of PPP note payable	126,767	-	126,767
Total nonoperating activities	1,798,386	(2,750)	1,795,636
Change in net assets	2,528,420	(251,601)	2,276,819
Net assets at beginning of year	11,006,349	3,096,269	14,102,618
Net assets at end of year	\$ 13,534,769	\$ 2,844,668	\$ 16,379,437

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Scholarship awards	\$ 684,422	\$ -	\$ -	\$ 684,422
Scholarship giving	35,192	-	-	35,192
Mentor program	8,000	-	-	8,000
Personnel expenses	578,246	77,100	115,649	770,995
Professional development	799	-	-	799
Contract services	100,663	13,421	20,133	134,217
Travel	2,683	358	536	3,577
Business expense	47,613	6,348	9,522	63,483
Office expense	58,442	7,791	11,686	77,919
Special events	345,709	60	50,056	395,825
Public awareness	9,580	-	1,065	10,645
Major donor activities	5,091	-	566	5,657
Depreciation	-	1,880	-	1,880
Total expenses	\$ 1,876,440	\$ 106,958	\$ 209,213	\$ 2,192,611

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,276,819
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated stock	(286,767)
Net appreciation in investments	(1,537,940)
Depreciation	1,880
Forgiveness of PPP note payable	(126,767)
Changes in assets and liabilities:	
Accounts and interest receivable	85,709
Pledges receivable	(37,500)
Prepaid expenses	(12,379)
Accounts payable and accrued expenses	122,312
Deferred revenue	(24,000)
Net cash provided by operating activities	<u>461,367</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(1,672,258)
Proceeds from sale of investments	1,184,781
Purchases of property and equipment	<u>(1,839)</u>
Net cash used for investing activities	<u>(489,316)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from PPP note payable	<u>126,767</u>
Net cash provided by financing activities	<u>126,767</u>
Net increase in cash and cash equivalents	98,818
Cash and cash equivalents at beginning of year	<u>496,182</u>
Cash and cash equivalents at end of year	<u><u>\$ 595,000</u></u>

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Entity

The Astronaut Scholarship Foundation, Inc. (the "Foundation") is a nonprofit corporation established in 1984 by the six surviving members of America's original Mercury astronauts and has since been joined by more than 80 astronauts from Gemini, Apollo, Skylab, and Space Shuttle programs in supporting this educational endeavor.

The Foundation's mission is to aid the United States in retaining its world leadership in technology and innovation by supporting the very best and brightest scholars in science, technology, engineering, and mathematics while commemorating the legacy of America's pioneering astronauts. This aid includes the annual granting of scholarships to undergraduate college students who: (a) are U.S. citizens, (b) have completed at least two years of undergraduate coursework, and (c) exhibit imagination and exceptional performance in the fields of science, technology, engineering, and/or mathematics. The Foundation also facilitates programs to educate the general public and various charitable and/or not for profit organizations concerning the fields of science, technology, engineering, and/or mathematics in general and space exploration in particular.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset 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 Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. The Foundation's board of directors may designate net assets without donor restrictions for specific operational purposes from time to time.
- Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate net realized and unrealized gains and losses from investments, endowment contributions and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments purchased with maturities of 90 days or less to be cash equivalents. Amounts held in money market mutual funds for donor endowments are classified as investments.

Pledges Receivable

Pledges receivable consist of unconditional promises to give and are recorded when the promises to contribute are made. Pledges receivable which are expected to be collected in future years are stated at the present value of estimated future cash flows and are discounted using a credit-adjusted discount rate applicable to the year in which the pledge was made. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible pledges receivable is based on management's judgment, including such factors as prior collection history, subsequent collections, creditworthiness of the donor and the nature of the fundraising activity. Pledges receivable are written off when determined to be uncollectible.

Investments

Investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Interest, dividends, gains and losses on investments bought and sold as well as held during the year and investment expenses are included in investment return, net in the statement of activities.

Property and Equipment

The Foundation's policy is to capitalize purchases of property and equipment in excess of \$750 having a useful life of greater than one year. Property and equipment are recorded at cost, if purchased, or if donated, at fair market value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (5-7 years for office equipment and 5 years for software).

Donated Collectible Items

The Foundation does not capitalize donated space artifacts or recognize them as revenues until such time that the donated item is auctioned or sold. At that time, the value of the item is recognized at the value realized.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Revenue Recognition

All items of support and revenue are stated on the accrual basis. Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. All expenses are reported as decreases in net assets without donor restrictions.

Contributions subject to donor-imposed restrictions are recorded as revenue with donor restrictions. When the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed, the net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. Contributions with restrictions that are met during the fiscal year in which they are received are recorded as revenue without donor restrictions. Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Special event revenue is recorded as deferred revenue until the event is held.

Donated Services

A portion of the Foundation's functions are conducted by officers, board members, and volunteers. Such contributions do not meet generally accepted accounting criteria for recognition as contributed services and, accordingly, are not recorded in the statement of activities.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include personnel, contract services, travel, business, office, public awareness, major donor activities, depreciation and amortization. Such allocations are determined by management based on estimates of time and effort. Certain expenses, including scholarship awards, scholarship giving, mentor program and professional development have been allocated to the program services directly benefited.

Financial Instruments and Concentration of Credit Risk

The Foundation's financial instruments consist principally of cash and cash equivalents, accounts and interest receivable, pledges receivable, investments and accounts payable and accrued expenses. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair value of the Foundation's cash and cash equivalents and investments was determined based on Level 1 inputs. The Foundation does not have any financial instruments in the Level 2 or Level 3 categories. The recorded values of accounts and interest receivable and accounts payable and accrued expenses approximate their fair values based on their short-term nature. The recorded values of pledges receivable approximate their fair values, as the discount rate approximates market rates.

There have been no changes in Level 1, Level 2 and Level 3 and no changes in valuation techniques for these assets or liabilities for the year ended December 31, 2021.

Financial instruments which potentially expose the Foundation to a concentration of credit risk consist primarily of cash and cash equivalents. The Foundation deposits its cash with a major bank. Deposits totaling approximately \$511,000 were not fully guaranteed by the FDIC as of December 31, 2021. The Foundation has not historically experienced losses on its bank cash deposits.

Revenue Concentration

The Foundation had one donor who accounted for approximately 22% of the Foundation's total revenues during 2021. Funds received are included in contributions in the accompanying statement of activities.

Income Taxes

The Foundation is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Subsequent Events

The Foundation has evaluated subsequent events through May 26, 2022, the date these financial statements were available to be issued.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The main difference between previous U.S. GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The new standard is effective for 2022. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, changes in net assets and cash flows.

In September 2020, the FASB issued Accounting Standards Update 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new standard is effective for 2022 and must be applied retrospectively. Implementation of the new standard will not affect the Foundation's financial position, changes in net assets or cash flows.

2 LIQUIDITY AND AVAILABILITY

The Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose 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 Foundation receives support without donor restrictions; such support has historically represented approximately 91% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation 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 long-term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

The table below presents financial assets available for general expenditures within one year as of December 31, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 595,000
Accounts and interest receivable	131,139
Pledges receivable	709,158
Investments	<u>15,055,067</u>
Total financial assets	<u>16,490,364</u>
Less those unavailable for general expenditures within one year:	
Pledges receivable after one year	(389,285)
Investments held for endowment with donor restrictions	(554,956)
Net assets with donor restrictions	<u>(2,289,712)</u>
Total financial assets unavailable for general expenditures within one year	<u>(3,233,953)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 13,256,411</u></u>

3 ACCOUNTS AND INTEREST RECEIVABLE

Accounts and interest receivable consist of \$122,929 in amounts due under various agreements and \$8,210 in accrued interest receivable on the investments. Based on the collectibility of funds from these sources, management believes that an allowance for doubtful accounts is not considered necessary.

4 PLEDGES RECEIVABLE

Pledges receivable are valued in accordance with ASC 958-605 using a discount rate of 3% for the present value calculation. The table below shows how the pledges receivable are to be collected:

Pledges receivable due in:	
Less than one year	\$ 319,873
One to five years	392,000
More than five years	<u>30,000</u>
	741,873
Less: Discount to present value	<u>(32,715)</u>
Net pledges receivable	<u><u>\$ 709,158</u></u>

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

There was no allowance for uncollectible pledges receivable recorded as of December 31, 2021 since management believes that all amounts are fully collectible and have been reduced to their present value.

5 INVESTMENTS

Investments consist of the following as of December 31, 2021:

Cash held by investment managers	\$ 3,034,549
Equities	8,105,755
Fixed income and preferreds	3,405,439
Real estate	<u>509,324</u>
Total investments	<u>\$ 15,055,067</u>

The unrealized gains and losses recognized during 2021 on equity securities still held as of year-end are as follows:

Net gain recognized	\$ 1,537,940
Less: Net gain recognized on sales	<u>(227,503)</u>
Unrealized gain on securities held	<u>\$ 1,310,437</u>

6 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows as of December 31, 2021:

Office equipment	\$ 35,000
Software	11,850
Less accumulated depreciation	<u>(43,789)</u>
	<u>\$ 3,061</u>

Depreciation expense totaled \$1,880 for the year ended December 31, 2021.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

7 COMMITMENTS AND CONTINGENCIES

Support Service Agreement

Effective January 1, 2021, the Foundation amended the contract with DNC Parks & Resorts at KSC, Inc. ("Delaware North"). The contract has an initial term of three years, with automatic extensions for up to three consecutive instances, each comprising a two year extension of the term. The Foundation will continue to provide certain support services in connection with the operation of the Kennedy Space Center Visitor Complex and the U.S. Astronaut Hall of Fame in exchange for a fixed annual fee. The contract fee was \$175,000 in 2021 and will be \$250,000 for 2022 and \$275,000 for 2023. Thereafter, the fee is adjusted based upon the change in the Consumer Price Index.

Revenue recognized for the year ended December 31, 2021 was \$181,669, which is included in support service fee in the accompanying statement of activities.

Lease Commitments

The Foundation has commitments under a non-cancelable operating lease for office space. The Foundation is obligated to pay a base rent and other operating expenses. Future minimum lease payments due under the lease are \$14,875 in 2022.

Lease expense under the non-cancelable operating lease for the year ended December 31, 2021 was approximately \$42,000, which is included in business expense in the accompanying statement of functional expenses.

Uncertainty

The extent of the impact and effects of the outbreak of the coronavirus on the Foundation's operations will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions and the recovery time of disrupted contributors, all of which are highly uncertain and cannot be predicted. While the Foundation's operations have not been significantly impacted due to the virus to date, if the virus causes significant negative impacts to economic conditions, the Foundation's operations may be adversely affected.

8 PPP NOTE PAYABLE

In February 2021, the Foundation entered into a note payable agreement pursuant to the Coronavirus Aid, Relief, and Economic Security Act's ("CARES Act") Paycheck Protection Program ("PPP") for \$126,767. The note required monthly principal and interest payments for two years at an interest rate of 1%. In August 2021, the loan was completely forgiven and recorded as nonoperating activities in the accompanying statement of activities.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021:

Subject to the passage of time:	
Pledge for endowment	\$ 112,500
Subject to expenditure for specified purpose:	
Scholarships - U.S. Mint coin surcharge:	
Original surcharge funds received	1,434,386
Net investment return	(11,713)
Scholarships - school specific	637,399
Scholarships - general	17,140
Scholar professional development program	100,000
Endowment net assets with donor restrictions:	
Boundless Frontier Endowment	275,521
Aldrin Family Foundation Endowment	137,200
Native American Women in Engineering	
Opportunity Endowment	78,373
Scholarship endowment	<u>63,862</u>
Total net assets with donor restrictions	<u>\$ 2,844,668</u>

10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors during the year.

Satisfaction of specified purpose:	
Scholarships - U.S. Mint coin surcharge	\$ 435,744
Scholarships - general	<u>38,714</u>
Total net assets released from restrictions	<u>\$ 474,458</u>

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

11 ENDOWMENTS

The endowments consist of three funds established to support different purposes and include donor-restricted funds. The principal balance of the Boundless Frontier Endowment fund is considered restricted by the donor. The dividends, interest and similar amounts earned on the endowment are considered net assets without donor restrictions. The principal balance of the Aldrin Family Foundation Endowment fund is considered restricted by the donor. The dividends, interest and similar amounts earned on the endowment are considered net assets with donor restrictions. The principal balance of the Native American Women in Engineering Opportunity Endowment fund is considered restricted by the donor. The dividends, interest and similar amounts earned on the endowment are considered net assets with donor restrictions. During 1986, the Foundation was the recipient of a \$25,000 contribution for the purpose of establishing a scholarship endowment fund which the principal is considered donor restricted. The dividends, interest and similar amounts earned on the endowment are considered donor restricted for a specified purpose.

Management of the Foundation's endowments is governed by the state of Florida based on the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). As a result, amounts are classified in the donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Foundation appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures allowed under the law.

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

- The duration and preservation of the funds
- The purposes of the Foundation 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 Foundation
- The investment policies of the Foundation

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

The endowment net assets composition by type of fund as of December 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount required to be maintained in perpetuity	\$ -	\$ 247,929	\$ 247,929
Accumulated investment gains:			
Without purpose restrictions	254,434	-	254,434
With purpose restrictions	-	307,027	307,027
Total funds	\$ 254,434	\$ 554,956	\$ 809,390

The endowment fund is comprised of the following as of December 31, 2021:

Investments	\$ 737,017
Cash and cash equivalents	78,373
	<u>\$ 815,390</u>

Changes in Endowment Fund Net Assets

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 178,990	\$ 466,619	\$ 645,609
Investment return, net	75,444	8,964	84,408
Contributions	-	79,373	79,373
Endowment net assets, end of year	\$ 254,434	\$ 554,956	\$ 809,390

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a stated percentage of certain indices, while assuming a moderate level of investment risk. The Foundation does not expect its endowment funds to provide a specific average rate of return, and actual returns will vary over time.

Strategies Employed for Achieving Objectives

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

The Foundation's investment policy guidelines for all investments are reviewed and reconfirmed or revised on at least an annual basis. Performance of the Foundation's investments and investment management is reviewed by the finance committee and reported to the Foundation's board of directors on at least an annual basis.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Annual disbursements are not to exceed the lesser of \$500,000 or 5% of the fund balance. Annual disbursements are limited to the dividends, interest and similar amounts earned on the endowments and may be disbursed at the full discretion of the Foundation, as the donors have specified. Unused earnings are added back to the principal to promote growth and protect against inflation.

12 EMPLOYEE RETIREMENT PLAN

The Foundation has a retirement plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers those exempt employees with at least one (1) year of continuous full-time service with the Foundation prior to the commencement of a 403(b) plan year. Each employee will vest in the amount comprising their employer match contributions after five (5) years of continuous full-time service. The Foundation will make matching contributions to such employee's 403(b) plan account equal to 50% of their annual contribution, up to a maximum annual match amount per employee of \$5,000. Matching contributions for the year ended December 31, 2021 were \$11,619.

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NOTES TO FINANCIAL STATEMENTS
(continued)

13 MATCHING SCHOLARSHIPS

The University of Minnesota, University of Central Florida, Texas A&M University, Louisiana State University, University of Chicago, University of Kansas, Florida Institute of Technology, Colorado School of Mines and Purdue University have agreed to match up to \$10,000 in scholarship funding to allow for an additional scholarship recipient (instead of the customary grant of one scholarship to one attending student). The matching grants that have been made by these schools are not reflected in the Foundation's scholarship amounts contained in the accompanying financial statements. In May 2020, the Board of Directors approved increasing the scholarship amount to award up to \$15,000. The Foundation is not requiring schools with matching scholarship funds to increase their match.