

Audited
Financial
Report

December 31,
2020

**Congressional Education
Foundation, Inc.**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Congressional Education Foundation, Inc.
Shepherdstown, West Virginia

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Congressional Education Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Substantial Doubt about the Foundation's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Foundation will continue as a going concern. As discussed in Note 7 to the financial statements, the Foundation's significant operating losses raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Smith Elliott Keorns + Company, LLC

Hagerstown, Maryland
August 12, 2021

CONGRESSIONAL EDUCATION FOUNDATION, INC.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 222,536	\$ 309,757
Prepaid expenses	-	696
Equipment, net	<u>3,172</u>	<u>8,220</u>
TOTAL ASSETS	<u><u>\$ 225,708</u></u>	<u><u>\$ 318,673</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued management fee payable	\$ 4,500	\$ 4,500
Accrued salaries	<u>5,469</u>	<u>1,823</u>
Total Liabilities	9,969	6,323
Net Assets		
Without donor restrictions	<u>215,739</u>	<u>312,350</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 225,708</u></u>	<u><u>\$ 318,673</u></u>

CONGRESSIONAL EDUCATION FOUNDATION, INC.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020	2019
REVENUE WITHOUT DONOR RESTRICTIONS		
Donations income	\$ 88,425	\$ 48,065
Grant income	36,337	18,439
Interest and dividends	592	6,438
Paycheck Protection Program loan proceeds	34,469	-
Miscellaneous income	20	121
	<hr/>	<hr/>
Total Revenues	159,843	73,063
EXPENSES		
Wages	177,712	167,823
Payroll taxes and benefits	21,262	23,590
Depreciation	5,048	4,613
Professional fees	6,450	6,710
Development	4,098	4,785
Office supplies	165	4,881
Management fee	4,500	4,500
Telephone	1,065	1,811
Books and publications	621	708
WV Teaching Grant	21,233	1,216
WV Humanities Grant	12,404	14,868
Technology	1,250	2,118
Insurance	646	804
Miscellaneous	-	4,089
	<hr/>	<hr/>
Total Expenses	256,454	242,516
Change In Net Assets without Donor Restrictions	(96,611)	(169,453)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR		
	312,350	448,350
Cumulative effect of adopting ASC 606	-	33,453
	<hr/>	<hr/>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 215,739	\$ 312,350

CONGRESSIONAL EDUCATION FOUNDATION, INC.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (96,611)	\$ (169,453)
Adjustments to reconcile change in net assets to net cash (used by) operating activities		
Depreciation	5,048	4,613
Cumulative effect of adopting ASC 606	-	33,453
Decrease in prepaid expenses	696	471
(Decrease) in deferred revenue	-	(33,453)
Increase in accrued salaries	3,646	1,823
	<u>(87,221)</u>	<u>(162,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(2,278)</u>
	<u>-</u>	<u>(2,278)</u>
Net Cash (Used) By Investing Activities		
	<u>(87,221)</u>	<u>(164,824)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>309,757</u>	<u>474,581</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 222,536</u>	<u>\$ 309,757</u>

CONGRESSIONAL EDUCATION FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

The Congressional Education Foundation, Inc. (Foundation) is a nonprofit organization incorporated in the District of Columbia and headquartered in Shepherdstown, West Virginia. During 2003, the Foundation received \$3,000,000 as a pass through from a U.S. Department of Housing and Urban Development grant to Shepherd University. The funds are to be used for programs at Scarborough Library at Shepherd University. The primary purpose of the Foundation is to collect and compile legislative materials and archives of Members of Congress and make them available to Shepherd University students, historians and public researchers to help them better understand the constitutional role and function of the Legislative Branch of the United States of America Government. The Foundation entered into an agreement with Shepherd University Foundation (SUF) for SUF to act as custodian of the assets of the Foundation. SUF also processes all accounting transactions for the Foundation and is paid an annual management fee. Included on the statement of financial position as accrued management fee at December 31, 2020 and 2019 are \$4,500 of management fees owed to SUF. The assets of the Foundation can only be invested in investment grade bonds or FDIC insured bank instruments.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CONGRESSIONAL EDUCATION FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. Depreciation of fixed assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives, between three and seven years, using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments individually over \$500 and having a useful life of greater than one year are capitalized.

Net Assets

The Foundation's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor/grantor-imposed stipulations.

Net Assets with Donor Restrictions

Net assets subject to donor/grantor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. The Foundation had no net assets with donor restrictions at December 31, 2020 or 2019.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. However, donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid deposits and debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are comprised of money market funds and are carried at cost which approximates fair value.

CONGRESSIONAL EDUCATION FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections

The Foundation's permanent collections, which were acquired since the Foundation's inception through contributions from benefactors, are not recognized as assets on the statements of financial position. The Foundation does not normally purchase records or artifacts but reserves the right to do so in order to acquire important items for the collection. Purchases of collection items will be recorded as decreases in net assets without donor restriction in the year in which the items are acquired, or as decreases in net assets with donor restriction if the assets used to purchase the items are restricted by donors. The Foundation will not sell original items from its collection for any purpose.

The Foundation's collection is made up of private and public records, papers, letters, artifacts, books, posters, campaign materials, scrapbooks, speeches, memorabilia, photographs, audio and video recordings, digital records and correspondence, oral histories, awards, artwork, musical instruments, and other items. These items are preserved to document the public service of the late U.S. Senator Robert C. Byrd of West Virginia, and these items are made available to researchers and the general public. The major emphasis of the collection is historical documents about Senator Byrd. Additional areas of the collection include the papers of other people associated with the U.S. Congress that served during Senator Byrd's tenure and the development of an oral history program to generate interviews with persons who knew and worked with Senator Byrd.

Functional Allocation of Expenses

Certain costs have been allocated among the programs and supporting services. Allocations of costs by function are based principally on specific identification of costs to either program, management and general, or fundraising. Non-specifically identified costs are based on management's allocation of time requirements for the various functions based on its analysis of historical activities.

Income Tax Status

The Internal Revenue Service has determined that the Foundation is an organization described in Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal income tax. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no unrelated business income for the years ended December 31, 2020 and 2019.

The Foundation follows generally accepted accounting principles, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. The Foundation's policy is to charge penalties and interest to income tax expense as incurred. The Foundation's federal and state income tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

CONGRESSIONAL EDUCATION FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. ASU 2014-09, as amended, is effective for the Foundation's fiscal year beginning January 1, 2019 and the Foundation has adopted the new standard under the modified retrospective approach applied to certain contracts which were not completed as of December 31, 2018. Under the modified retrospective approach, guidance is applied to the most current period presented, recognizing the cumulative effect of the adoption change as an adjustment to the beginning net assets. The five-step model defined by ASU 2014-09 requires the Foundation to identify the contracts with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when each performance obligation is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASU 2014-09 may be applied retrospectively to each prior period (full retrospectively) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective).

Revenue Recognition

As discussed above, the Foundation implemented ASU 2014-09 (ASC 606) during the year ended December 31, 2019. The sources of revenue for the Foundation include grants, donations, investments (interest and dividends), and book royalty income. Further detail of the various types of revenue the Foundation earns and when it is recognized is provided below:

- Grant revenue relates to the West Virginia Humanities Council and the ongoing grant awarded to the Foundation to fund the Teachers Institute program. Grant revenue is accounted for under ASC 958, and is therefore not subject to ASC 606 considerations.
- Donations include normal donations made to the Foundation and programs such as Friends of Byrd and internship funding events. These programs allow supporters of the Foundation's mission to contribute to the Foundation. This revenue is also accounted for under ASC 958 and is therefore not subject to ASC 606 considerations.
- Investment income in 2019 was comprised of dividend and interest income and was comprised of interest income in 2020. Investment income is accounted for under ASC 825 and is therefore not subject to ASC 606 considerations.

Royalty income had previously been included in deferred revenue and recognized as sales of books subject to the royalty agreement were sold. The income represented advances for payments from publishers associated with contracts executed in 2007, in which the Foundation was to provide a complete manuscript for a book and make any revisions as requested by the publisher (which were expected to generally occur within 3 years of the book release date). Historically, the Foundation recorded these proceeds as deferred revenue and recognized portions of this balance as revenue during the years in which books were sold, which had amounted to an immaterial amount over the past several years.

CONGRESSIONAL EDUCATION FOUNDATION, INC.
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Management determined through implementation of ASC 606 that the two performance obligations of the Foundation, providing manuscripts and making any revisions to those manuscripts, were both satisfied in years prior to 2019. As a result, the Foundation recorded a net increase to beginning net assets of \$33,453 as of January 1, 2019 due to the cumulative impact of adopting ASC 606, with the impact solely relating to the timing of revenue recognition for the performance of the book royalty contract obligations. The impact to 2019 figures as a result of adopting this standard are as follows:

	Pre-ASC 606 Adjustment	ASC 606 Adjustment	Post-ASC 606 Adjustment
Deferred revenue	\$ 33,453	\$ (33,453)	\$ -
Beginning net assets without donor restriction	448,350	33,453	481,803

Reclassifications

Certain reclassifications of amounts previously reported have been made in the accompanying financial statements in order to make them conform to classifications used for the year ended December 31, 2020.

NOTE 2 CASH AND CASH EQUIVALENTS

The Foundation places their demand deposits in commercial banks and at the current time does not limit the daily cash balances to federally insured limits. From time to time during the years ended December 31, 2020 and 2019, the Foundation's bank account balances exceeded the federally insured limits. Management has evaluated this risk and considers it to be a normal business risk.

NOTE 3 EQUIPMENT

	Cost	Accumulated Depreciation	Book Value
2020			
Equipment	<u>\$ 75,814</u>	<u>\$ 72,642</u>	<u>\$ 3,172</u>
2019			
Equipment	<u>\$ 75,814</u>	<u>\$ 67,594</u>	<u>\$ 8,220</u>

Depreciation charged to expense amounted to \$5,048 and \$4,613 for the years ended December 31, 2020 and 2019, respectively.

CONGRESSIONAL EDUCATION FOUNDATION, INC.

Notes to Financial Statements

NOTE 4 AVAILABILITY AND LIQUIDITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets at Year-End	2020	2019
Cash and cash equivalents	\$ 222,536	\$ 309,757
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 222,536</u>	<u>\$ 309,757</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation's sources of liquidity at its disposal, in order to meet operating needs, include cash and a money market fund.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of collecting and compiling legislative materials and archives of Members of Congress and making them available to Shepherd University students, historians and public researchers to help them better understand the constitutional role and function of the Legislative Branch of the United States of America Government.

NOTE 5 EMPLOYEE PENSION PLAN

The Foundation participates in the TIAA – CREF retirement plan. The Foundation contributes to the plan based on a dollar for dollar match of the contribution of full-time employees up to 6% of the employee's salary. The cost recognized was \$3,760 in 2020 and 2019.

CONGRESSIONAL EDUCATION FOUNDATION, INC.
Notes to Financial Statements

NOTE 6 FUNCTIONAL CLASSIFICATION OF EXPENSES

The Foundation follows generally accepted accounting principles in classifying costs as program or support. Directly identifiable expenses are charged to program services and fundraising. Support expenses are those not directly identifiable with a specific function but provide overall support to the Foundation. No costs are considered joint cost.

The following details the functional classification of expenses for the year ended December 31, 2020:

	Program	Support	Total
Wages	\$ 142,170	\$ 35,542	\$ 177,712
Payroll taxes and benefits	17,010	4,252	21,262
Depreciation	-	5,048	5,048
Professional fees	1,290	5,160	6,450
Development	820	3,278	4,098
Office supplies	83	82	165
Management fee	-	4,500	4,500
Telephone	1,054	11	1,065
Books and publications	621	-	621
WV Teaching Grant Payments	21,233	-	21,233
WV Humanities Grant Payments	12,404	-	12,404
Technology	625	625	1,250
Insurance	517	129	646
	<u>\$ 197,826</u>	<u>\$ 58,628</u>	<u>\$ 256,454</u>

The following details the functional classification of expenses for the year ended December 31, 2019:

	Program	Support	Total
Wages	\$ 134,258	\$ 33,565	\$ 167,823
Payroll taxes and benefits	18,872	4,718	23,590
Depreciation	-	4,613	4,613
Professional fees	1,342	5,368	6,710
Development	957	3,828	4,785
Office supplies	2,441	2,440	4,881
Management fee	-	4,500	4,500
Telephone	1,793	18	1,811
Books and publications	708	-	708
WV Teaching Grant Payments	1,216	-	1,216
WV Humanities Grant Payments	14,868	-	14,868
Technology	1,059	1,059	2,118
Insurance	643	161	804
Miscellaneous	2,044	2,045	4,089
	<u>\$ 180,201</u>	<u>\$ 62,315</u>	<u>\$ 242,516</u>

CONGRESSIONAL EDUCATION FOUNDATION, INC.

Notes to Financial Statements

NOTE 7 CONTINGENCIES

The Foundation's operating expenses have outpaced revenues for several years, resulting in an ongoing reduction of net assets. The Foundation plans to continue seeking contributions to fund operations as well as submission of grant requests. Although the Foundation has significantly reduced its operating expenses over the past several years, it notes that its ability to continue operations is contingent upon receiving funding at substantially higher levels. In the event that the Foundation is no longer able to fund operations, it plans to transition responsibility for the assets and exhibits to Shepherd University.

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a Paycheck Protection Program loan in the amount of \$34,469 through the U. S. Small Business Administration (SBA). Under the terms of the agreement, if the Organization meets certain requirements of the loan program during the 24-week period following the receipt of the funds, all or a portion of the loan amount will be forgiven. Any unforgiven balance will accrue interest at a rate of 1%. Payments of principal and interest were required beginning November 2020 and all outstanding balances were to be repaid in full by April 2022. As of December 31, 2020, the Organization had expended the full amount of funding on allowable expenses and had met other program requirements, resulting in the full amount of the loan being eligible to be forgiven upon the filing of the required application. As a result, the proceeds from the loan have been recorded as a conditional contribution, of which the Organization met the underlying conditions, for the year ended December 31, 2020. The contribution has been reported separately as a part of revenue without donor restrictions on the statement of activities and changes in net assets.

NOTE 9 SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions subsequent to December 31, 2020 through August 12, 2021, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, management has not identified any events that require recognition or disclosure in the financial statements.