

Public Education & Business Coalition

Financial Statements

June 30, 2018 and 2017

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Independent Auditor's Report

Board of Directors Public Education & Business Coalition:

We have audited the accompanying financial statements of Public Education & Business Coalition (PEBC), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 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 Public Education & Business Coalition as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KUNDINGER, CORDER & ENGLE, P.C.

September 13, 2018

Public Education & Business Coalition
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets:		
Cash and cash equivalents	\$ 1,191,364	1,351,927
Short-term investments	405,565	804,010
Restricted cash (notes 4 and 6)	133,892	1,530,000
Accounts receivable	559,727	504,539
Contributions receivable (note 2)	500,000	-
Prepaid expenses and other assets	96,137	121,921
Furniture and equipment, net (note 5)	29,817	11,863
Restricted cash—endowment fund (note 6)	11,870	11,870
Total assets	\$ 2,928,372	4,336,130
Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 218,643	229,281
Deferred rent	-	12,104
Refundable advances (note 4)	-	1,000,000
Deferred revenue	180,540	93,764
Total liabilities	399,183	1,335,149
Net assets:		
Unrestricted:		
Board designated (note 10)	51,692	154,370
Undesignated	1,883,427	2,304,741
Total unrestricted net assets	1,935,119	2,459,111
Temporarily restricted (note 6)	582,200	530,000
Permanently restricted (notes 6 and 9)	11,870	11,870
Total net assets	2,529,189	3,000,981
Commitments (notes 7 and 8)		
Total liabilities and net assets	\$ 2,928,372	4,336,130

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

Public Education & Business Coalition
Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Contributions and grants:				
Boettcher Foundation	\$ —	1,075,000	—	1,075,000
Foundations	51,236	227,395	—	278,631
Government grants	1,745,400	—	—	1,745,400
Corporations and others	16,377	20,750	—	37,127
Special events revenue	32,385	—	—	32,385
Boettcher Fellows program tuition	1,065,100	—	—	1,065,100
Less financial aid and scholarships	(336,100)	—	—	(336,100)
Net tuition	729,000	—	—	729,000
Local professional development	659,388	—	—	659,388
Consulting fees	1,157,039	—	—	1,157,039
Conference tuition	648,514	—	—	648,514
Interest income and other revenue	14,782	—	—	14,782
Net assets released from restrictions	1,270,945	(1,270,945)	—	—
Total support and revenue	6,325,066	52,200	—	6,377,266
Expenses:				
Program services:				
Education based programs	2,896,989	—	—	2,896,989
Policy	270,165	—	—	270,165
Boettcher Fellows	2,966,352	—	—	2,966,352
Total program services	6,133,506	—	—	6,133,506
Supporting services:				
General and administrative	498,173	—	—	498,173
Fund raising	194,043	—	—	194,043
Special events	23,336	—	—	23,336
Total supporting services	715,552	—	—	715,552
Total expenses	6,849,058	—	—	6,849,058
Change in net assets	(523,992)	52,200	—	(471,792)
Net assets at beginning of year	2,459,111	530,000	11,870	3,000,981
Net assets at end of year	\$ 1,935,119	582,200	11,870	2,529,189

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

Public Education & Business Coalition
Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Contributions and grants:				
Boettcher Foundation	\$ —	1,000,000	—	1,000,000
Foundations	69,731	260,981	—	330,712
Government grants	1,399,677	—	—	1,399,677
Corporations and others	45,926	28,437	—	74,363
Special events revenue	132,925	—	—	132,925
Local professional development	575,354	—	—	575,354
Consulting fees	1,235,472	—	—	1,235,472
Conference tuition	638,443	—	—	638,443
Boettcher Fellows program	930,454	—	—	930,454
Stanley Teacher Preparation program	884,540	—	—	884,540
Interest income and other revenue	12,464	—	—	12,464
Net assets released from restrictions	1,724,437	(1,724,437)	—	—
Total support and revenue	<u>7,649,423</u>	<u>(435,019)</u>	<u>—</u>	<u>7,214,404</u>
Expenses:				
Program services:				
Education based programs	2,774,595	—	—	2,774,595
Boettcher Fellows	2,923,290	—	—	2,923,290
Stanley Teacher Preparation	859,261	—	—	859,261
Total program services	<u>6,557,146</u>	<u>—</u>	<u>—</u>	<u>6,557,146</u>
Supporting services:				
General and administrative	330,620	—	—	330,620
Fund raising	217,341	—	—	217,341
Special events	60,382	—	—	60,382
Total supporting services	<u>608,343</u>	<u>—</u>	<u>—</u>	<u>608,343</u>
Total expenses	<u>7,165,489</u>	<u>—</u>	<u>—</u>	<u>7,165,489</u>
Change in net assets	483,934	(435,019)	—	48,915
Net assets at beginning of year	<u>1,975,177</u>	<u>965,019</u>	<u>11,870</u>	<u>2,952,066</u>
Net assets at end of year	<u>\$ 2,459,111</u>	<u>530,000</u>	<u>11,870</u>	<u>3,000,981</u>

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

Public Education & Business Coalition
Statement of Functional Expenses
Year Ended June 30, 2018

	Education based programs	Policy	Boettcher Fellows	Total program services	General and administrative	Fund raising	Special events	Total supporting services	Total expenses
Salaries and personnel	\$ 2,090,119	232,713	1,920,946	4,243,778	304,447	164,208	—	468,655	4,712,433
Consultants and contract personnel	166,252	2,965	149,138	318,355	87,360	6,093	2,808	96,261	414,616
Office expenses	145,404	17,296	199,240	361,940	95,648	15,079	—	110,727	472,667
Printing and publications	7,187	628	6,527	14,342	1,255	559	—	1,814	16,156
Meetings, travel and conferences	263,553	15,538	181,030	460,121	7,413	7,284	20,528	35,225	495,346
Direct materials and activities	209,269	35	364	209,668	70	28	—	98	209,766
Stipends, scholarships and release time	9,464	—	674,001	683,465	—	—	—	—	683,465
Bad debt expense	—	—	160,912	160,912	—	—	—	—	160,912
Depreciation expense	5,741	990	10,294	17,025	1,980	792	—	2,772	19,797
Total functional expenses	2,896,989	270,165	3,302,452	6,469,606	498,173	194,043	23,336	715,552	7,185,158
Scholarships netted against revenue	—	—	(336,100)	(336,100)	—	—	—	—	(336,100)
Total expenses	\$ 2,896,989	270,165	2,966,352	6,133,506	498,173	194,043	23,336	715,552	6,849,058

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

Public Education & Business Coalition
Statement of Functional Expenses
Year Ended June 30, 2017

	Education based programs	Boettcher Fellows	Stanley Teacher Prep	Total program services	General and administrative	Fund raising	Special events	Total supporting services	Total expenses
Salaries and personnel	\$ 1,948,134	1,556,783	515,221	4,020,138	263,869	183,742	—	447,611	4,467,749
Consultants and contract personnel	228,756	257,537	69,013	555,306	3,628	2,627	619	6,874	562,180
Office expenses	139,980	150,071	42,877	332,928	56,454	20,014	—	76,468	409,396
Printing and publications	3,277	2,535	735	6,547	361	277	2,639	3,277	9,824
Meetings, travel and conferences	192,708	192,282	22,528	407,518	5,108	9,881	15,661	30,650	438,168
Direct materials and activities	230,675	65,100	18,137	313,912	141	94	41,463	41,698	355,610
Stipends, scholarships and release time	25,566	691,541	188,593	905,700	—	—	—	—	905,700
Depreciation expense	5,499	7,441	2,157	15,097	1,059	706	—	1,765	16,862
Total expenses	\$ 2,774,595	2,923,290	859,261	6,557,146	330,620	217,341	60,382	608,343	7,165,489

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

Public Education & Business Coalition
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (471,792)	48,915
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	19,797	16,862
Increase in accounts receivable	(55,188)	(352,223)
Increase in contributions receivable	(500,000)	-
Decrease (increase) in prepaid expenses and other assets	25,784	(26,071)
Decrease in accounts payable and accrued liabilities	(10,638)	(28,409)
Decrease in deferred rent	(12,104)	(15,821)
Increase (decrease) in refundable advances	(1,000,000)	900,000
Increase (decrease) in deferred revenue	86,776	(13,779)
Net cash provided by (used in) operating activities	(1,917,365)	529,474
Cash flows from investing activities:		
Decrease (increase) in restricted cash	1,396,108	(464,981)
Decrease (increase) in short-term investments	398,445	(1,615)
Purchases of furniture and equipment	(37,751)	(11,144)
Net cash provided by (used in) investing activities	1,756,802	(477,740)
Net increase (decrease) in cash and cash equivalents	(160,563)	51,734
Cash and cash equivalents at beginning of year	1,351,927	1,300,193
Cash and cash equivalents at end of year	\$ 1,191,364	1,351,927

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

Public Education & Business Coalition
Notes to Financial Statements
June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) General

The Public Education & Business Coalition (PEBC) is a nonprofit organization organized in Colorado whose mission is to cultivate excellence in public schools so all students succeed in learning and in life. PEBC is a partnership of education and business leaders working together to strengthen public schools and to improve academic achievement for all students. PEBC's work is guided by three strategic goals: (1) to provide professional development and consulting services for teachers, principals and administrators; (2) to provide analysis of, and advocacy for, education policies that support positive and sustainable change in schools; and (3) to mobilize corporate and community support and involvement in schools.

PEBC's activities are supported primarily through grants and earned revenue.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables and other liabilities.

(c) Financial Statement Presentation

Information regarding the financial position and activities of PEBC is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(d) Contributions and Contributions Receivable

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Donor-restricted support, including pledges, is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions receivable are recognized as revenue in the period the pledge is received. Conditional promises are recognized as receivables and revenue when the conditions on which they depend are substantially met. Conditional grants received prior to conditions being met are recorded as a refundable advance in the statement of financial position. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Uncollectible contributions receivable are expected to be insignificant and there were no discounted contributions receivable at June 30, 2018 or 2017.

Public Education & Business Coalition
Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(e) Contract and Fee Revenue

A significant portion of PEBC's revenue is derived from contracts and grants to provide services related to their education based programs and the Boettcher Fellows program. Amounts received are deemed to be earned and are reported as revenue as services are performed. Cash received but not yet earned is reported as deferred revenue.

(f) Donated Goods and Services

Contributed property and equipment are recorded at fair value on the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Contributed goods and services are recorded as contributions and corresponding expenses at their estimated fair values on the date of donation. There were no donated goods or services for the years ended June 30, 2018 and 2017.

(g) Cash and Cash Equivalents

For purposes of the statements of cash flows, PEBC considers all unrestricted highly liquid investments with an initial maturity of three months or less, and that are not part of the investment portfolio, to be cash equivalents.

(h) Restricted Cash

Restricted cash represents restricted contributions and refundable advances received totaling \$133,892 at June 30, 2018 and \$1,530,000 at June 30, 2017, and amounts held for permanently restricted contributions for the endowment fund totaling \$11,870 at June 30, 2018 and 2017.

(i) Short-term Investments

Short-term investments consist of two certificate of deposit accounts totaling \$405,565 and \$804,010 at June 30, 2018 and 2017, respectively, earning interest at a rate of 0.20%. Short-term investments are stated at their fair values based on quoted market prices or other information evaluated periodically by management. Unrealized gains and losses, if any, are included in the change in net assets in the statements of activities.

(j) Accounts Receivable

Accounts receivable represents amounts due for the performance of services provided by PEBC to other organizations and individuals. Accounts deemed uncollectible are written off to bad debt expense when that determination is made. The allowance for doubtful accounts was \$0 at June 30, 2018 and 2017 and is based on past collection experience and on analysis of current accounts receivable collectability.

Public Education & Business Coalition
Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(k) Furniture and Equipment

PEBC follows the practice of capitalizing, at cost, all expenditures for furniture and equipment in excess of \$500 with an estimate useful life of one year or more. Furniture and equipment is stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from two to five years.

(l) Deferred Rent

PEBC recognizes rent expense on office space using a straight-line method over the term of the lease. Differences between payments made under the terms of the lease and expense for financial reporting purposes, including lease inducements, are recorded as deferred rent. See note 7 also.

(m) Concentrations of Credit Risk

Financial instruments which potentially subject PEBC to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable. PEBC places its temporary cash and certificate of deposit accounts with creditworthy, high-quality financial institutions. A significant portion of the funds are not insured by the FDIC or similar entity. Credit risk with respect to receivables is generally diversified due to the large number of organizations and credit worthiness of the entities that comprise PEBC's customer base.

(n) Use of Estimates

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Functional Allocation of Expenses

The costs of providing the various service programs, activities, and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, salaries, fringe benefits and certain overhead costs have been allocated among the appropriate programs and supporting services benefited.

Public Education & Business Coalition
Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Income Taxes

PEBC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and contributions received qualify for the charitable contribution deduction. However, income from activities not directly related to PEBC's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2018 and 2017, PEBC generated no unrelated business income, and accordingly, the accompanying financial statements contain no provision for income taxes.

PEBC follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires PEBC to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. PEBC believes they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are significant to the financial statements. PEBC's tax returns for the three previous tax years, 2014 through 2016, are subject to examination by the IRS, generally for three years after initial filing.

(q) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. PEBC's financial statements were available to be issued on September 13, 2018 and this is the date through which subsequent events were evaluated.

(2) Contributions Receivable

Pledges are recorded in the statements of financial position as contributions receivable. There were unconditional contributions receivable of \$500,000 and \$0 at June 30, 2018 and 2017, respectively.

On July 1, 2014, PEBC was awarded a multi-year conditional contribution for the Boettcher Fellows program that is conditioned upon the donor's board of directors approving the grant on an annual basis. During 2018, PEBC was notified that the conditional grant was increased by \$1,000,000 to help fund an additional year of the program. Conditional contributions not recognized within the financial statements for this program totaled \$1,500,000 as of June 30, 2018.

Public Education & Business Coalition
Notes to Financial Statements

(3) Fair Value Measurements

The carrying amount reported in the statements of financial position for cash and cash equivalents, accounts and contributions receivable, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

PEBC reports required types of financial instruments in accordance with fair value accounting standards. These standards require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the assets and liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

Assets reported under the above fair value hierarchy at June 30, 2018 and 2017 consist of certificates of deposit measured using Level 1 inputs.

(4) Refundable Advances

PEBC received funds related to conditional promises to give in advance of those conditions being met. These amounts are recorded as a refundable advance and restricted cash and totaled \$0 and \$1,000,000 as of June 30, 2018 and 2017, respectively. When the conditions are met, that is when qualifying expenses are incurred and other conditions are met, the refundable advance is then recognized as contribution and grant revenue.

(5) Furniture and Equipment

Furniture and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 108,288	81,469
Accumulated depreciation	<u>(78,471)</u>	<u>(69,606)</u>
Net furniture and equipment	\$ <u>29,817</u>	<u>11,863</u>

(6) Restrictions on Net Assets

Temporarily restricted net assets consist of contributions and grants that are restricted by the donor or grantor for certain educational activities or for the Boettcher Fellows program. Temporarily restricted net assets consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Contributions receivable	\$ 500,000	-
Restricted contributions received but not spent	<u>82,200</u>	<u>530,000</u>
Total temporarily restricted net assets	\$ <u>582,200</u>	<u>530,000</u>

Temporarily restricted net assets totaling \$1,270,945 in 2018 and \$1,724,437 in 2017 were released from donor restrictions by incurring expenses satisfying the restricted purposes of the donor. Permanently restricted net assets of \$11,870 represent amounts held in the endowment fund. See note 9.

Public Education & Business Coalition
Notes to Financial Statements

(7) Leases

PEBC has a non-cancelable operating lease for office space and parking that expires in February 2020. As part of the lease agreement, PEBC received from the landlord a cabling and moving allowance totaling \$13,990 and three months of abated rent. PEBC also has a non-cancelable operating lease for copier equipment that is scheduled to expire in October 2022. Future minimum lease payments for all leases for the years ending June 30 are as follows:

2019	\$ 261,247
2020	179,085
2021	7,860
2022	7,860
2023	<u>2,620</u>
	<u>\$ 458,672</u>

Total rent expense for operating leases was \$245,309 in 2018 and \$233,999 in 2017.

(8) Retirement Plan

PEBC has a tax deferred annuity plan (TDAP) and a defined contribution plan. All employees are immediately eligible to participate and may make voluntary contributions to the TDAP. Under the terms of the defined contribution plan (as amended) PEBC makes discretionary matching contributions of up to 3% of an employee's base salary. PEBC provided for matching contributions to the plan of \$0 for 2018 and \$60,603 for 2017.

(9) Endowment

PEBC's permanently restricted net assets consist of a donor-restricted endowment fund. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. PEBC's board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, PEBC classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the board in a manner consistent with the standard of prudence prescribed by UPMIFA. The adoption of UPMIFA did not impact the financial position or results of operations.

Public Education & Business Coalition
Notes to Financial Statements

(9) Endowment, Continued

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

- (1) The duration and preservation of the fund
- (2) The purpose of PEBC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of PEBC
- (7) The investment policies of PEBC

As of June 30, 2018 and 2017, the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA totaled \$11,870 and consisted entirely of permanently restricted net assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original gift. There were no deficiencies of this nature as of June 30, 2018 and 2017.

Return Objectives and Risk Parameters

Endowment assets include those assets of donor-restricted funds that PEBC must hold in perpetuity. PEBC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for PEBC while maintaining purchasing power and growing endowment assets. Under this policy, as approved by the investment committee of the board, the endowment assets are invested in a manner that is intended to maintain an adequate liquidity to meet the short-term cash flow needs of PEBC and preserve the capital base and the optimization rate of return with appropriate risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, PEBC allocates its investment to three pools of funds. Pools 1 and 2 consist of operating funds which are expected to be spent in the normal course of business over the next 0-12 months. Pools 1 and 2 investments are placed in lower risk investments, including cash, cash equivalents, bonds and other debt instruments. Pool 3 funds are expected to be used in more than 12 months and whose returns are maximized in high-income/growth managed funds with appropriate risk. Pool 3 investments are invested in longer term investments with the objective of growth and income with moderate risk. PEBC did not have any Pool 3 investments at June 30, 2018 and 2017.

Spending Policy and How the Investment Objectives Relate to Spending Policy

PEBC presently does not have a spending policy and has not made any distributions of its endowment during the years ended June 30, 2018 and 2017.

Public Education & Business Coalition
Notes to Financial Statements

(10) Board Designated Net Assets

Board designated net assets consist of funds to be used on marketing, branding and technology to invest in the impact that the organization can make. The board authorized a reserve of \$200,000 during the year ended June 30, 2017, of which \$148,308 has been subsequently used for the outlined purposes through June 30, 2018.