

**THE HAWTHORN
FOUNDATION
AND AFFILIATE**

Jefferson City, Missouri

INDEPENDENTS AUDITORS' REPORT

For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Hawthorn Foundation and Affiliate
Jefferson City, Missouri:

We have audited the accompanying consolidated financial statements of **The Hawthorn Foundation and Affiliate** (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **The Hawthorn Foundation and Affiliate** as of June 30, 2020, and changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report of Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 14 through 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

October 13, 2020

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 2,441,448.09	
Accounts Receivable	100,568.36	
Prepaid Expenses	118,994.48	
Total Current Assets		<u>2,661,010.93</u>

Fixed Assets

Equipment	101,983.23	
Building and Fixtures	107,193.83	
Marketing Equipment	13,479.66	
Less: Accumulated Depreciation	(183,442.12)	
Net Fixed Assets		<u>39,214.60</u>

TOTAL ASSETS **2,700,225.53**

LIABILITIES

Accounts Payable	35,885.11
Advance Payments	122,200.17
Accrued Vacation Payable	37,222.37
Deferred Liabilities	<u>103,975.16</u>

TOTAL LIABILITIES **299,860.81**

NET ASSETS

NET ASSETS

Without Donor Restrictions

Board Designated	55,466.65
Undesignated	<u>2,344,898.07</u>

TOTAL NET ASSETS **\$ 2,400,364.72**

See accompanying notes to the financial statements.

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

CONSOLIDATED STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2020

REVENUES

DED Support	\$ 2,250,000.00
Membership Dues	861,500.00
BRAC Study	363,342.08
Conference Income	203,755.30
Partner Contributions	87,143.32
Interest Income	15,506.44
Foreign Trade Office Income	460,309.17
Miscellaneous Income	3,180.05
Total Revenues	4,244,736.36

EXPENSES

EXPENSES:

Program Expenses:

Marketing	907,473.36
Business Development	1,264,673.94
Capacity Building	45,454.89
Shared Operations	108,046.84
Project Management	1,294,698.84

Supporting Expenses:

Administrative Expenses	546,344.47
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Total Expenses	4,166,692.34
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Increase/ (Decrease) in Net Assets Without Donor Restrictions	78,044.02
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Net Assets, Beginning of Year	2,322,320.70
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Net Assets, End of Year	\$ 2,400,364.72
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See accompanying notes to the financial statements.

THE HAWTHORN FOUNDATION AND AFFILIATE
Jefferson City, Missouri

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2020

EXPENSES	PROGRAM SERVICES					SUPPORTING SERVICES	TOTAL EXPENSES
	MARKETING	BUSINESS DEVELOPMENT	CAPACITY BUILDING	SHARED OPERATIONS	PROJECT MANAGEMENT	MANAGEMENT AND GENERAL	
Salary Expense	\$ 283,329.73	\$ 134,918.92	\$ -	\$ -	\$ 634,118.92	\$ 296,821.64	\$ 1,349,189.21
Payroll Taxes	19,917.39	9,484.47	-	-	44,577.01	20,865.85	94,844.72
Employee Benefits	23,718.28	11,294.42	-	-	53,083.77	24,847.72	112,944.19
Retirement Expense	12,432.10	5,920.05	-	-	27,824.22	13,024.11	59,200.48
Income Tax Expense	-	-	-	-	-	578.00	578.00
Professional Development	4,101.84	1,953.26	-	-	9,180.30	4,297.16	19,532.56
Employee Hiring and Recruitment	-	-	-	-	-	3,488.03	3,488.03
Contracts for Services	-	-	1,322.00	-	-	27,084.63	28,406.63
Accounting	7,192.92	3,425.20	-	-	16,098.43	7,535.43	34,251.98
Legal Fees	-	-	-	-	-	7,445.42	7,445.42
Supplies	4,418.51	2,104.05	-	-	9,889.06	4,628.92	21,040.54
Telephone	5,196.85	2,474.69	-	-	11,631.05	5,444.32	24,746.91
Postage	670.68	319.38	-	-	1,501.05	702.61	3,193.72
Meals and Entertainment	0.90	4,559.84	0.10	0.30	1.50	-	4,562.64
Dues and Subscriptions	-	-	-	-	-	5,002.44	5,002.44
Printing	-	-	-	-	-	3,672.46	3,672.46
Insurance	3,511.16	1,671.98	-	-	7,858.31	3,678.36	16,719.81
Rent	26,732.53	12,729.77	-	-	59,829.94	28,005.50	127,297.74
Office Improvements	-	-	-	-	-	1,068.91	1,068.91
Trade Mission	-	96,093.40	-	-	-	-	96,093.40
Meeting Expense	-	-	-	-	-	7,115.21	7,115.21
Event Expenses	4,855.02	-	-	-	-	-	4,855.02
Government Task Force	-	6,799.39	-	-	-	-	6,799.39
Bank Charges	71.88	34.23	-	-	160.88	75.31	342.30
Foreign Trade Office Expense	-	511,313.88	-	-	-	-	511,313.88
BRAC Study Expense	-	-	-	-	363,342.08	-	363,342.08
Miscellaneous Allowances	1,764.00	840.00	-	-	3,948.00	1,848.00	8,400.00
Depreciation	-	-	-	-	-	16,195.47	16,195.47
Miscellaneous Marketing	509,275.30	-	-	-	-	147.06	509,422.36
Conferences/Trade Shows/Sponsorships	-	145,326.81	-	-	-	-	145,326.81
Capacity Building	-	-	44,132.79	-	-	-	44,132.79
Business Development	-	313,410.20	-	-	-	-	313,410.20
Shared Operations	-	-	-	108,046.54	-	-	108,046.54
Miscellaneous Expense	284.27	-	-	-	-	846.48	1,130.75
Travel	-	-	-	-	-	9,937.85	9,937.85
Project Management	-	-	-	-	51,654.32	51,987.58	103,641.90
Total Expenses	\$ 907,473.36	\$ 1,264,673.94	\$ 45,454.89	\$ 108,046.84	\$ 1,294,698.84	\$ 546,344.47	\$ 4,166,692.34

See accompanying notes to the financial statements.

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

For The Year Ended June 30, 2020

Cash Flows from Operating Activities:

Change in Net Assets	\$ 78,044.02
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	16,195.47
(Gain)/Loss on Disposal of Fixed Assets	147.06
Decrease (Increase) in Accounts Receivable	166,794.16
Decrease (Increase) in Prepaid Expenses	(9,969.84)
Increase (Decrease) in Accounts Payable	(542,746.21)
Increase (Decrease) in Advance Payments	50,647.32
Increase (Decrease) in Accrued Vacation Payable	4,849.27
Increase (Decrease) in Deferred Liabilities	51,987.58
Increase (Decrease) in Income Tax Payable	(18.00)
Net Cash Provided (Used) by Operating Activities	<u>(184,069.17)</u>

Cash Flows from Investing Activities:

Acquisition of Equipment	(36,835.31)
Proceeds from Investments	<u>597,372.10</u>
Net Cash Provided (Used) by Investing Activities	<u>560,536.79</u>

Net Increase (Decrease) in Cash and Cash Equivalents 376,467.62

Cash and Cash Equivalents at Beginning of Year 2,064,980.47

Cash and Cash Equivalents at End of Year \$ 2,441,448.09

Supplemental Disclosures of Cash Flow Information:

Income Taxes Paid	\$ 596.00
Interest	\$ -

Disclosure of Accounting Policy:

For purposes of the Consolidated Statement of Cash Flows, The Hawthorn Foundation and Affiliate consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See accompanying notes to the financial statements.

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

The Hawthorn Foundation is a nonprofit organization organized to assist the Missouri Governor, the Department of Economic Development, and other industries to expand businesses in Missouri. The Foundation is primarily supported by membership dues and payments from the State of Missouri.

The Missouri Partnership, The Hawthorn Foundation's affiliate, was developed in 2006 and aids The Hawthorn Foundation by representing the common economic interests of Missouri businesses.

Method of Accounting

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

Basis of Presentation

The Foundation and Affiliate are required to report information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Principles of Consolidation

The consolidated financial statements of The Hawthorn Foundation and Affiliate include the accounts of Missouri Partnership. All significant intercompany transactions and accounts are eliminated.

Income Taxes

The Hawthorn Foundation and Affiliate are not-for-profit organizations exempt from state and federal income taxes under the Internal Revenue Code Section 501(c)(6). However, should the Organizations receive income from activities not directly related to the Organizations' tax exempt purpose, such income would be subject to unrelated business income tax which is the same as regular corporate rates. The Organizations' Forms 990, Return of Organization Exempt From Income Tax are subject to examination by the Internal Revenue Service as of June 30, 2020 were 2017 through 2019, generally for three years after they are filed.

Property and Equipment

All property and equipment purchases in excess of \$150 are recorded at cost. Depreciation is computed using the straight-line method. Building and fixtures are depreciated over a 6 to 10 year life, marketing equipment is depreciated over a 7 to 10 year life, and equipment is depreciated using a 3 to 7 year life.

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions. When a restriction expires, these net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Allowance for Doubtful Accounts

The Organization considers accounts receivable balances to determine whether any would be deemed uncollectible. The evaluation is based on historical experience and management's evaluation of outstanding accounts receivable at the date of the financial statements. The allowance for uncollectible accounts receivable was \$0 for the year ended June 30, 2020 all accounts are deemed collectible.

Advertising

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of various programs and other activities have been summarized on a functional basis in the Statement of Activities. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary-related expenses, professional development, accounting, office-type expenses, meals, and hospitality-related expenses, which are allocated based on budgeted estimates of expense categorization.

Subsequent Events

The Hawthorn Foundation and Affiliate evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 13, 2020, which is the date the financial statements were available to be issued.

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 2 – CONCENTRATION OF CREDIT RISK:

Deposits

Financial Instruments that potentially subject The Hawthorn Foundation and Affiliate to concentration of credit risk consist primarily of cash and investments. Their cash accounts are invested with creditworthy, high-quality financial institutions. Balances at all banks are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000.

The Hawthorn Foundation and Affiliate investment consists of an investaccount balance at one financial institution. Investaccount balances represent purchase of government-backed securities and are not insured or guaranteed by the FDIC or any other government agency. Investaccount balances of \$322,739.20 for The Hawthorn Foundation and \$2,035,849.55 for the Missouri Partnership are reported as Cash and Cash Equivalents on the financial statements for the year ended June 30, 2020. Due to the nature of these investments, there are no realized or unrealized gains and losses reported. At June 30, 2020, the amounts held in bank deposit accounts were within FDIC coverage limits.

Revenues

The Foundation receives a significant amount of revenue from the State of Missouri, which is included in DED Support, Foreign Trade Office and BRAC Study on the statement of activities. The percentage of total revenues that was received from the State of Missouri was approximately 74% for the year-ended June 30, 2020. The Foundation receives this revenue as a result of a contract with the State of Missouri. Changes, if any, to this contract could occur with little notice which could result in additional costs and/or additional administrative burden.

NOTE 3 - AVAILABILITY AND LIQUIDITY:

The following represents the Organization’s financial assets at June 30, 2020:

	The Hawthorn Foundation	Missouri Partnership
Financial assets at year end:		
Cash and cash equivalents	\$ 514,572.59	\$ 1,926,875.50
Accounts receivable	76,503.11	24,065.25
Total financial assets available to meet cash needs for general expenditures within one year before board designations	591,075.70	1,950,940.75
Less: Board designations:		
Missouri Departments of Economic Development and Agriculture	(55,466.65)	-
Financial assets available to meet general expenditures over the next twelve months	\$ 535,609.05	\$ 1,950,940.75

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 3 - AVAILABILITY AND LIQUIDITY: (Cont'd.)

The Foundation's goal is generally to maintain financial assets to meet one year of operating expenses (approximately \$255,000). This reserve is held in a money market account. The Foundation's affiliate, Missouri Partnership, has a goal to generally maintain financial assets to meet six to nine months of operating expenses (approximately \$1,594,000). Missouri Partnership intends to solely rely on cash and cash equivalents, certificates of deposit, and prepaid expenses.

NOTE 4 – RETIREMENT PLAN:

Missouri Partnership sponsors a safe harbor 401(k) savings plan. This 401(k) Retirement Savings Plan helps employees accumulate financial resources for retirement. The Plan allows employees to elect how much of their salary they want to contribute to the Plan and to direct the investment of their funds into professionally managed investment funds. The Partnership, under the plan, makes a matching contribution of up to 5% of each employee's annual salary to employee's contributions bi-monthly. The contribution for the year ended June 30, 2020 was \$49,201.09.

NOTE 5 – LEASES:

Missouri Partnership leases office space under a third party operating lease agreement in Clayton, Missouri. The lease term began on May 1, 2008, and the third amendment was effective May 18, 2018. The amended lease agreement has a term of 60 months. The lease is cancelable upon consent by the lessor.

Missouri Partnership leases office space under a third party operating lease agreement in Kansas City, Missouri. The lease term began December 2, 2019 and continues until December 31, 2020 at which time the Partnership will determine whether to extend, cancel or convert to a month-to-month lease.

Missouri Partnership leases a copier under a third party operating lease. The lease term began December 1, 2018 and continues until November 30, 2023.

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 5 – LEASES: (Cont'd.)

The following is a schedule of future annual minimum lease payments required by each lease for each of the fiscal years ended June 30:

	Clayton Office	Kansas City Office	Copier	Total
2021	\$ 94,154.50	\$ 3,057.50	\$ 4,260.00	\$ 101,472.00
2022	95,903.50	-	4,260.00	100,163.50
2023	97,652.50	-	4,260.00	101,912.50
2024	16,324.00	-	1,775.00	18,099.00
Total	<u>\$ 304,034.50</u>	<u>\$ 3,057.50</u>	<u>\$ 14,555.00</u>	<u>\$ 321,647.00</u>

NOTE 6 – FIXED ASSETS:

Missouri Partnership

	Cost	Accumulated Depreciation	Book Value
Equipment	\$ 101,983.23	\$ 78,887.57	\$ 23,095.66
Building and Fixtures	107,193.83	91,810.19	15,383.64
Marketing Equipment	13,479.66	12,744.36	735.30
	<u>\$ 222,656.72</u>	<u>\$ 183,442.12</u>	<u>\$ 39,214.60</u>

Depreciation expense for the year ended June 30, 2020 totaled \$16,195.47.

NOTE 7 – NET ASSETS:

Net Assets with Donor Restrictions:

Net assets with donor restrictions include contributions and grants with donor stipulations.

	Foreign Trade Office
Balance June 30, 2019	\$ 51,004.71
Contributions	460,309.17
Contributions released from restrictions	(511,313.88)
Balance June 30, 2020	<u>\$ -</u>

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 7 – NET ASSETS: (Cont'd.)

Board Designated Net Assets:

Board designated net assets include funds received for various conferences from the Missouri Department of Economic Development and the Missouri Department of Agriculture less expenses directly associated with these projects. Activity in the accounts for the year is as follows:

Balance June 30, 2019	\$	145,333.71
Conference Income		6,910.00
Conference Expenses		(96,777.06)
Balance June 30, 2020	\$	<u>55,466.65</u>

During the current fiscal year, the responsibility for the Governor's Conference transitioned to the Foundation. Therefore, no designated funds for the Governor's Conference remain at June 30, 2020.

NOTE 8 – RELATED PARTY TRANSACTIONS:

The Hawthorn Foundation maintains at least a 51% voting interest in matters decided by Missouri Partnership and, therefore, the two entities are considered related parties. For the year ended June 30, 2020, The Hawthorn Foundation transferred \$2,250,000 funding originally received from the Missouri Department of Economic Development and \$470,000, funding raised by The Hawthorn Foundation, to the Missouri Partnership to fund several programs that were specifically designed to attract businesses to Missouri.

NOTE 9 – ACCOUNTS RECEIVABLE:

As of June 30, 2020, The Hawthorn Foundation and Affiliate reported \$100,568.36 in accounts receivable.

	The Hawthorn Foundation	Missouri Partnership
Accounts Receivable	\$ 43,503.11	\$ 24,065.25
Dues Receivable	33,000.00	-
	<u>\$ 76,503.11</u>	<u>\$ 24,065.25</u>

THE HAWTHORN FOUNDATION AND AFFILIATE

Jefferson City, Missouri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE 10 – CONTRACTED SERVICES:

In August 2017, the Foundation entered into an agreement with the Missouri Chamber of Commerce and Industry (MCCI) whereby the Executive Director, administrative assistant, and event manager of the Foundation are employees of MCCI who devote all of their time and effort to the Foundation. The Foundation reimburses MCCI for these contracted services.

NOTE 11 – NEW ACCOUNTING GUIDANCE:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 establishes a comprehensive, principles-based framework for recognizing revenue from exchange transactions, and supersedes virtually all industry-specific revenue guidance for exchanging transactions. The guidance in 606 is based on the principle that revenue from contracts with customers should be recognized when an entity satisfies its obligation(s) under a contract by transferring the promised goods or services to the customer.

The Foundation will be required to implement this new guidance for the year ending June, 30 2021. Adoption of the new guidance could result in changes to accounting policies for accounts receivable and revenues from exchange type transactions such as, but not necessarily limited to, dues and fees for services required.

NOTE 12 – SUBSEQUENT EVENTS:

The emergence and spread of COVID-19 in 2020 has affected business and economic activity in the United States of America and elsewhere. There has been significant volatility in all of the major stock market indices which affects the market value of investments. It is anticipated that the market will remain volatile for the short term. Additionally, this economic impact could affect members' ability to pay dues. The extent of any further decline or the duration of the decline cannot be reasonably determined at this time. Management is closely monitoring the situation and will take action as directed by the governing body.

ADDITIONAL INFORMATION

THE HAWTHORN FOUNDATION AND AFFILIATE
Jefferson City, Missouri

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2020

	<u>THE HAWTHORN FOUNDATION</u>	<u>MISSOURI PARTNERSHIP</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 514,572.59	\$ 1,926,875.50	\$ -	\$ 2,441,448.09
Accounts Receivable	76,503.11	24,065.25	-	100,568.36
Prepaid Expenses	83,677.69	35,316.79	-	118,994.48
Total Current Assets	<u>674,753.39</u>	<u>1,986,257.54</u>	<u>-</u>	<u>2,661,010.93</u>
Fixed Assets				
Equipment	-	101,983.23	-	101,983.23
Building and Fixtures	-	107,193.83	-	107,193.83
Marketing Equipment	-	13,479.66	-	13,479.66
Less: Accumulated Depreciation	-	(183,442.12)	-	(183,442.12)
Net Fixed Assets	<u>-</u>	<u>39,214.60</u>	<u>-</u>	<u>39,214.60</u>
TOTAL ASSETS	<u>674,753.39</u>	<u>2,025,472.14</u>	<u>-</u>	<u>2,700,225.53</u>
LIABILITIES				
Accounts Payable	762.32	35,122.79	-	35,885.11
Advance Payments	122,200.17	-	-	122,200.17
Accrued Vacation Payable	-	37,222.37	-	37,222.37
Deferred Liabilities	-	103,975.16	-	103,975.16
Income Tax Payable	578.00	-	-	578.00
TOTAL LIABILITIES	<u>123,540.49</u>	<u>176,320.32</u>	<u>-</u>	<u>299,860.81</u>
NET ASSETS				
Without Donor Restrictions				
Board Designated	55,466.65	-	-	55,466.65
Undesignated	495,746.25	1,849,151.82	-	2,344,898.07
TOTAL NET ASSETS	<u>\$ 551,212.90</u>	<u>\$ 1,849,151.82</u>	<u>\$ -</u>	<u>\$ 2,400,364.72</u>

THE HAWTHORN FOUNDATION AND AFFILIATE
Jefferson City, Missouri

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
For The Year Ended June 30, 2020

	THE HAWTHORN FOUNDATION	MISSOURI PARTNERSHIP	ELIMINATIONS	CONSOLIDATED
<u>REVENUES</u>				
DED Support	2,250,000.00	2,250,000.00	(2,250,000.00)	2,250,000.00
Membership Dues	861,500.00	-	-	861,500.00
Conference Income	203,755.30	-	-	203,755.30
BRAC Study	363,342.08	-	-	363,342.08
Partner Contributions	-	87,143.32	-	87,143.32
Interest Income	980.44	14,526.00	-	15,506.44
Miscellaneous Income	3,180.05	-	-	3,180.05
Foreign Trade Office Income	460,309.17	-	-	460,309.17
Hawthorn Foundation	-	470,000.00	(470,000.00)	-
Total Revenue	4,143,067.04	2,821,669.32	(2,720,000.00)	4,244,736.36
<u>EXPENSES</u>				
EXPENSES:				
Program Expenses:				
Marketing	59,786.92	847,686.44	-	907,473.36
Business Development	790,108.81	474,565.13	-	1,264,673.94
Capacity Building	1,322.00	44,132.89	-	45,454.89
Shared Operations	2,720,000.00	108,046.84	(2,720,000.00)	108,046.84
Project Management	485,648.69	809,050.15	-	1,294,698.84
Supporting Expenses:				
Administrative Expenses	76,885.85	469,458.62	-	546,344.47
Total Expenses	4,133,752.27	2,752,940.07	(2,720,000.00)	4,166,692.34
Increase/ (Decrease) in Net Assets Without Donor Restrictions	9,314.77	68,729.25	-	78,044.02
Net Assets, Beginning of Year	541,898.13	1,780,422.57	-	2,322,320.70
Net Assets, End of Year	\$ 551,212.90	\$ 1,849,151.82	\$ -	\$ 2,400,364.72

THE HAWTHORN FOUNDATION AND AFFILIATE
Jefferson City, Missouri

CONSOLIDATING STATEMENT OF CASH FLOWS (INDIRECT METHOD)
For The Year Ended June 30, 2020

	<u>The Hawthorn Foundation</u>	<u>Missouri Partnership</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Cash Flows from Operating Activities:</u>				
Change in Net Assets	\$ 9,314.77	\$ 68,729.25	\$ -	\$ 78,044.02
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	-	16,195.47	-	16,195.47
(Gain)/Loss on Disposal of Fixed Assets	-	147.06	-	147.06
Decrease (Increase) in Accounts Receivable	37,114.01	129,680.15	-	166,794.16
Decrease (Increase) in Prepaid Expenses	(38,107.12)	28,137.28	-	(9,969.84)
Increase (Decrease) in Accounts Payable	(387,230.07)	(155,516.14)	-	(542,746.21)
Increase (Decrease) in Advance Payments	50,647.32	-	-	50,647.32
Increase (Decrease) in Accrued Vacation Payable	-	4,849.27	-	4,849.27
Increase (Decrease) in Deferred Liabilities	-	51,987.58	-	51,987.58
Increase (Decrease) in Income Tax Payable	(18.00)	-	-	(18.00)
Net Cash Provided (Used) by Operating Activities	<u>(328,279.09)</u>	<u>144,209.92</u>	<u>-</u>	<u>(184,069.17)</u>
<u>Cash Flows from Investing Activities:</u>				
Acquisition of Equipment	-	(36,835.31)	-	(36,835.31)
Proceeds from Investments	-	597,372.10	-	597,372.10
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>560,536.79</u>	<u>-</u>	<u>560,536.79</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(328,279.09)	704,746.71	-	376,467.62
Cash and Cash Equivalents at Beginning of Year	<u>842,851.68</u>	<u>1,222,128.79</u>	<u>-</u>	<u>2,064,980.47</u>
Cash and Cash Equivalents at End of Year	<u>\$ 514,572.59</u>	<u>\$ 1,926,875.50</u>	<u>\$ -</u>	<u>\$ 2,441,448.09</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>				
Income Taxes Paid	\$ 596.00	\$ -	\$ -	\$ 596.00
Interest	\$ -	\$ -	\$ -	\$ -

Disclosure of Accounting Policy:

For purposes of the Consolidated Statement of Cash Flows, The Hawthorn Foundation and Affiliate consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.