



**TANENBAUM CENTER FOR  
INTERRELIGIOUS UNDERSTANDING**

Audited Financial Statements

December 31, 2019

## **Independent Auditor's Report**

To the Board of Directors of  
Tanenbaum Center for Interreligious Understanding

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Tanenbaum Center for Interreligious Understanding (the "Organization"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 organization'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 organization'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.

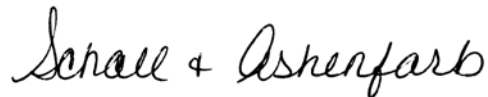
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

June 23, 2020

**TANENBAUM CENTER FOR INTERRELIGIOUS UNDERSTANDING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019**

(With comparative totals as of December 31, 2018)

**Assets**

	12/31/19	12/31/18
Current assets:		
Cash and cash equivalents	\$71,008	\$140,971
Investments (Note 3)	1,559,924	1,815,162
Pledges receivable (Note 4)	170,700	195,381
Other receivables	39,521	64,469
Prepaid expenses and other assets, current portion	55,142	30,942
Total current assets	1,896,295	2,246,925
Long term assets:		
Prepaid expenses and other assets, net of current portion	30,000	0
Pledges receivable for future programs and time periods (Note 4)	143,754	281,927
Security deposits	26,961	26,961
Fixed assets, net (Note 5)	7,832	8,929
Pledges receivable, net - restricted for endowment (Notes 4 and 7)	316,325	303,429
Investments restricted for endowment (Notes 3 and 7)	2,513,939	2,297,029
Total long term assets	3,038,811	2,918,275
Total assets	\$4,935,106	\$5,165,200

**Liabilities and Net Assets**

Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$44,379	\$70,546
Deferred rent, current portion	3,847	1,639
Deferred revenue, current portion	149,700	144,332
Total current liabilities	197,926	216,517
Long term liabilities:		
Deferred rent, net of current portion	14,103	17,951
Deferred revenue, net of current portion	5,000	9,167
Total long term liabilities	19,103	27,118
Total liabilities	217,029	243,635
Commitments (Note 8)		
Net assets:		
Without donor restrictions	1,314,492	1,694,763
With donor restrictions:		
For future programs and time periods (Note 6)	573,321	626,344
Donor restricted endowment (Notes 6 and 7)	2,830,264	2,600,458
Total net assets with donor restrictions	3,403,585	3,226,802
Total net assets	4,718,077	4,921,565
Total liabilities and net assets	\$4,935,106	\$5,165,200

*The attached notes and auditor's report are an integral part of these financial statements.*

**TANENBAUM CENTER FOR INTERRELIGIOUS UNDERSTANDING**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With comparative totals for the year ended December 31, 2018)

	With Donor Restrictions			Total 12/31/19	Total 12/31/18*
	Without Donor Restrictions	Programs and Time	Endowment		
Revenue and support:					
Contributions	\$179,870	\$342,827	\$12,896	\$355,723	\$457,467
In-kind contributions (Note 2i)	130,470			0	15,739
Event income (net of expenses with a direct benefit to donor) (Note 10)	336,926			0	474,048
Corporate fees	306,283			0	282,500
Program fees and other income	67,571			0	161,309
Investment income, net of fee (Note 3)	101,673		336,488	336,488	(190,900)
Net assets released from restrictions (Note 6)	515,428	(395,850)	(119,578)	(515,428)	0
Total revenue and support	<u>1,638,221</u>	<u>(53,023)</u>	<u>229,806</u>	<u>1,767,833</u>	<u>1,200,163</u>
Expenses:					
Program services	<u>1,523,688</u>			<u>0</u>	<u>1,296,909</u>
Supporting services:					
Management and general	192,768			0	193,924
Fundraising	302,036			0	342,320
Total supporting services	<u>494,804</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>536,244</u>
Total expenses	<u>2,018,492</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,833,153</u>
Change in net assets	(380,271)	(53,023)	229,806	176,783	(203,488)
Net assets - beginning of year	<u>1,694,763</u>	<u>626,344</u>	<u>2,600,458</u>	<u>3,226,802</u>	<u>4,921,565</u>
Net assets - end of year	<u>\$1,314,492</u>	<u>\$573,321</u>	<u>\$2,830,264</u>	<u>\$3,403,585</u>	<u>\$4,921,565</u>

\* Reclassified for comparative purposes

*The attached notes and auditor's report are an integral part of these financial statements.*

**TANENBAUM CENTER FOR INTERRELIGIOUS UNDERSTANDING**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With comparative totals for the year ended December 31, 2018)

	Supporting Services			Total Supporting Services	Total Expenses 12/31/19	Total Expenses 12/31/18
	Program Services	Management and General	Fundraising			
Salaries	\$823,442	\$38,133	\$164,079	\$202,212	\$1,025,654	\$956,318
Payroll taxes and employee benefits	125,239	5,799	24,956	30,755	155,994	176,242
Total salaries and related costs	948,681	43,932	189,035	232,967	1,181,648	1,132,560
Professional fees	129,397	100,573	58,394	158,967	288,364	271,019
In-kind professional fees (Note 2i)	128,415	553	1,502	2,055	130,470	15,739
Occupancy	90,137	5,849	18,927	24,776	114,913	116,744
Supplies	8,571	422	1,365	1,787	10,358	7,099
Printing and reproduction	1,423	2	7,421	7,423	8,846	14,024
Postage and mailing	5,342	495	5,781	6,276	11,618	8,272
Events	49,890	150	100,274	100,424	150,314	161,363
Telephone	31,063	2,045	2,090	4,135	35,198	27,741
Travel	98,655	4,067	3,148	7,215	105,870	94,940
Equipment and rental	12,375	804	2,598	3,402	15,777	14,651
Insurance	7,307	475	1,534	2,009	9,316	8,603
Dues and subscriptions	1,243	16	3,638	3,654	4,897	5,450
Depreciation		3,994		3,994	3,994	3,383
Bad debt expense		18,167		18,167	18,167	20,000
Other	11,189	11,224	988	12,212	23,401	32,396
Total expenses	1,523,688	192,768	396,695	589,463	2,113,151	1,933,984
Less: direct special event expenses netted with revenue			(94,659)	(94,659)	(94,659)	(100,831)
Total expenses for statement of activities	<u>\$1,523,688</u>	<u>\$192,768</u>	<u>\$302,036</u>	<u>\$494,804</u>	<u>\$2,018,492</u>	<u>\$1,833,153</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**TANENBAUM CENTER FOR INTERRELIGIOUS UNDERSTANDING**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With comparative totals for the year ended December 31, 2018)

	12/31/19	12/31/18*
Cash flows from operating activities:		
Change in net assets	(\$203,488)	(\$632,990)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	3,994	3,383
Bad debt expense	18,167	20,000
Realized and unrealized (gain) / loss on investments	(303,236)	336,335
Changes in assets and liabilities:		
Pledges receivable	131,791	194,926
Other receivables	24,948	22,561
Prepaid expenses and other assets	(54,200)	36,665
Security deposits	0	(4,961)
Accounts payable and accrued expenses	(26,167)	38,983
Deferred rent	(1,640)	1,213
Deferred revenue	1,201	(668)
Total adjustments	(205,142)	648,437
Net cash (used for)/provided by operating activities	(408,630)	15,447
Cash flows from investing activities:		
Purchase of investments	(2,094,599)	(1,309,971)
Sale of investments	2,436,163	1,214,497
Purchase of fixed assets	(2,897)	(4,365)
Net cash provided by/(used for) investing activities	338,667	(99,839)
Net decrease in cash and cash equivalents	(69,963)	(84,392)
Cash and cash equivalents - beginning of year	140,971	225,363
Cash and cash equivalents - end of year	\$71,008	\$140,971
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest and taxes	\$0	\$0

\* Reclassified for comparative purposes

*The attached notes and auditor's report are an integral part of these financial statements.*

**TANENBAUM CENTER FOR INTERRELIGIOUS UNDERSTANDING**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**Note 1 - Organization**

The Tanenbaum Center for Interreligious Understanding (alternatively, “Tanenbaum” and the “Organization”) is an international not-for-profit that promotes justice and builds respect for religious difference. By raising awareness, building knowledge and implementing strategies that reduce prejudice, hate and violence by individuals and in institutions, Tanenbaum promotes long-term change in schools, workplaces, health care settings and areas of armed conflict.

For almost 30 years, Tanenbaum has provided innovative resources and prepared educators to teach about religious differences and combat bullying, helped medical professionals develop skills to care for religiously diverse patients and prevent disparities in care, created inclusive work environments in some of the world’s largest companies to counter religious harassment, and supported a network of courageous Peacemakers in the world’s most contentious conflict zones while encouraging diplomats to recognize their value as partners in peacebuilding.

The Education program counters bullying and religious conflicts in schools by training teachers to run inclusive learning environments where young people learn to debunk stereotypes and practice respectful listening. By providing teachers with Tanenbaum’s pedagogy and curricular materials, the Organization helps teachers prepare students to put respect into practice and utilize concrete skills in conflict resolution. Over 90% of the teachers trained in Tanenbaum’s pedagogy and using its curricula, report that their students learn to debunk stereotypes. In 2015, Tanenbaum added a new public education initiative called Combating Extremism, which provides data, inspirational content and easily accessible materials for adults and students to critically assess and counter hatemongering, stereotyping and the increasing divisions in our global society.

The Workplace program engages business leaders, global employers, managers and human resources professionals to counter harassment and discrimination. Through trainings and materials on how to effectively work with a global and increasingly religiously-diverse workforce and customer base, companies improve the bottom line and become more productive and inclusive environments for their national and global workforces.

The Health Care program builds health care providers’ capacity for offering religiously-competent health care and thereby preventing disparities in treatment. Tanenbaum invests in the future of health care with targeted trainings, e-learning and by disseminating curriculum to medical schools, residency programs, and nursing schools to prepare the next generation of medical providers for an increasingly religiously diverse patient population.



The Peacebuilding and Conflict Resolution program identifies and coordinates a Peacemakers' Network of religiously motivated peacemakers worldwide, who support and cooperate with each other to counter violence and war. Tanenbaum also studies and documents their work through publications so that their specialized techniques can be shared and replicated by others. In addition, we help diplomats become familiar with Peacemaker efforts and begin to identify ways to work with them in overcoming conflict and building stable, peaceful societies. Over the long-term, this program is advancing the recognition and institutionalization of the vocation of religious peacemaking.

## **Note 2 - Significant Accounting Policies**

### **a. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective January 1, 2019 the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

The Organization evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the Organization to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Organization recognizes revenue.

### **b. Basis of Presentation**

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use.

- *Net Assets With Donor Restrictions* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

The Organization has adopted Topic 606 using the modified retrospective method applied to all contracts after January 1, 2019 and continues to use legacy GAAP for all contracts before January 1, 2019.

The Organization analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

The organization offers a corporate membership program for companies and provides training and consultation services that fall under Topic 606. Corporate fees are recognized as the performance obligation is satisfied over the term of the membership period. For training and consultation services, the performance obligation is considered to be met when the services are performed. Fees received in advance of performing services are recorded as deferred income and will be recognized as income in the period earned.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the without donor restrictions class of net assets. Contributions that do contain donor restrictions are recorded in the assets with donor restrictions class of net assets. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the without donor restrictions class of net assets.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectible accounts was deemed necessary.

d. Cash and Cash Equivalents

All highly liquid investments purchased with a maturity of three months or less are considered to be cash and cash equivalents, other than those held as part of the endowment.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities that have been placed with financial institutions that management deems to be creditworthy. While balances may occasionally exceed federally insured limits, the Organization has not experienced any losses in any of those accounts due to bank failure.

f. Investments

Investments are recorded at fair value, which is defined as the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included in the statement of activities.

g. Fixed Assets, Net

Fixed assets that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value on the date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Office equipment – 3 to 5 years

Furniture and fixtures – 5 years

Leasehold improvements – *Life of lease or assets, whichever is shorter*

h. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line basis. Rent expense recognized in excess of cash payments is reflected as deferred rent. When payments exceed the amount of rent recognized as expense, the deferred rent is reduced until it becomes zero at the end of the lease.

i. In-Kind Contributions

Donated services are recognized when they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. Donated assets are recorded at the estimated fair value.

The Organization received donated goods and professional services for the year ended December 31, 2019 and 2018 valued at \$130,470 and \$15,739, respectively.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. Other than services that involve specific professional skills, these volunteer activities do not meet the criteria to be recorded and have not been included in the financial statements.

j. Use of Estimates

The preparation of financial statements in accordance 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.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Professional fees	Time and effort
Occupancy	Square footage
Supplies	Square footage
Telephone	Square footage
Equipment and rental	Square footage
Insurance	Square footage
Dues and subscriptions	Time and effort
Other	Time and effort and square footage

All other expenses have been charged directly to the applicable program or supporting services.

l. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2016 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncement

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Management is in the process of evaluating the impact this standard will have on future financial statements.

**Note 3 - Investments**

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments, which have all been determined to be Level 1 investments:

	<u>12/31/19</u>	<u>12/31/18</u>
Cash	\$86,026	\$217,781
Exchange-traded funds	99,347	0
U.S. Treasury securities	0	1,088,016
Foreign stock	57,934	60,898
Mutual funds – equity funds	1,432,793	1,342,916
Mutual funds – bond funds	<u>2,397,763</u>	<u>1,402,580</u>
Total	<u>\$4,073,863</u>	<u>\$4,112,191</u>
Investments	\$1,559,924	\$1,815,162
Investments restricted for endowment	<u>2,513,939</u>	<u>2,297,029</u>
Total	<u>\$4,073,863</u>	<u>\$4,112,191</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Subsequent to year-end, volatility experienced in the financial markets has resulted in a significant decline in the market value of certain investments.

The following summarizes investment return:

	<u>12/31/19</u>	<u>12/31/18</u>
Interest and dividends income	\$139,405	\$150,043
Realized and unrealized gain/(loss)	303,236	(336,335)
Investment fees	<u>(4,480)</u>	<u>(4,608)</u>
Total investment return	<u>\$438,161</u>	<u>(\$190,900)</u>

**Note 4 - Pledges Receivable**

Pledges receivable, net of the present value of future cash flows, are due in the following periods:

	<u>12/31/19</u>	<u>12/31/18</u>
Within 1 year	\$170,700	\$195,381
2 to 5 years	147,500	292,500
Greater than 5 years	<u>500,000</u>	<u>500,000</u>
Total pledges	818,200	987,881
Less: discount to fair value (2.4% - 4.3%)	<u>(187,421)</u>	<u>(207,144)</u>
Pledges receivable, net	<u>\$630,779</u>	<u>\$780,737</u>

Pledges receivable are for the following purposes:

	<u>12/31/19</u>	<u>12/31/18</u>
Total pledges for operations	\$314,454	\$477,308
Pledges for endowment	<u>316,325</u>	<u>303,429</u>
Total	<u>\$630,779</u>	<u>\$780,737</u>

**Note 5 - Fixed Assets**

Fixed assets consist of the following:

	<u>12/31/19</u>	<u>12/31/18</u>
Computers	\$120,352	\$120,352
Furniture and equipment	130,522	127,625
Leasehold improvements	<u>46,419</u>	<u>46,419</u>
	297,293	294,396
Less: accumulated depreciation	<u>(289,461)</u>	<u>(285,467)</u>
Total fixed assets, net	<u>\$7,832</u>	<u>\$8,929</u>

**Note 6 - Net Assets With Donor Restrictions**

The following summarizes net assets released from restrictions:

	<u>12/31/19</u>	<u>12/31/18</u>
Program restricted:		
Conflict resolution	\$50,345	\$30,400
Education	49,978	75,695
Health care	112,027	101,669
Other	<u>0</u>	<u>4,365</u>
Total program restricted	212,350	212,129
Restricted by time	<u>183,500</u>	<u>186,500</u>
Total program and time restricted	395,850	398,629
Appropriated endowment earnings (Note 7)	<u>119,578</u>	<u>150,010</u>
Total	<u>\$515,428</u>	<u>\$548,639</u>

The following summarizes the nature of net assets with donor restrictions:

	<u>12/31/19</u>	<u>12/31/18</u>
Program restricted:		
Conflict resolution	\$57,755	\$29,600
Education	137,458	82,435
Health care	82,253	46,281
Other	<u>5,135</u>	<u>635</u>
Total program restricted	282,601	158,951
Restricted by time	<u>290,720</u>	<u>467,393</u>
Total program and time restricted	<u>573,321</u>	<u>626,344</u>
Donor restricted endowment:		
Endowment corpus	374,259	364,327
Endowment earnings	40,221	34,566
Term restricted endowment	<u>2,415,784</u>	<u>2,201,565</u>
Total donor restricted endowment	<u>2,830,264</u>	<u>2,600,458</u>
Total	<u>\$3,403,585</u>	<u>\$3,226,802</u>

## Note 7 - Endowment Funds

The Organization's endowment consists of restricted gifts. One of the restricted gifts is required to be held in perpetuity with the income restricted to the Peacebuilding and Conflict Resolution program. The second gift is an outstanding pledge. The third gift is a term endowment gift which requires the Organization to maintain funds in an endowment until the occurrence of a specific future event. Until that time, a yield of not less than 5% per annum from the endowment is to be used for the Organization's annual operations. Subsequent to the year end, the term endowment funds were released from restrictions.

### *Interpretation of Relevant Law*

The Organization follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the board of directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Organization will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Organization has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Organization classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

One donor has encouraged the Organization to retain a specific investment. Increases and decreases in the reported value in net assets with donor restrictions related to the endowment corpus were affected by the change in value in those investments.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates them for expenditures, therefore, they have been classified in the net asset class with donor restrictions.

### *Spending Policies*

In accordance with NYPMIFA, the Organization 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 purposes of the Organization 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 the Organization;
- (7) The investment policies of the Organization;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

The following summarizes the changes in endowment net assets:

	<u>December 31, 2019</u>			
	<u>Corpus</u>	<u>Earnings</u>	<u>Term</u>	<u>Total</u>
Endowment net assets, beginning of year	\$364,327	\$34,566	\$2,201,565	\$2,600,458
Appropriations	0	0	(119,578)	(119,578)
Adjustment to discount of long term pledges	12,896	0	0	12,896
Realized and unrealized gain/(loss) on investments	(2,964)	0	244,641	241,677
Interest and dividends	<u>0</u>	<u>5,655</u>	<u>89,156</u>	<u>94,811</u>
Endowment net assets, end of year	<u>\$374,259</u>	<u>\$40,221</u>	<u>\$2,415,784</u>	<u>\$2,830,264</u>

	<u>December 31, 2018</u>			
	<u>Corpus</u>	<u>Earnings</u>	<u>Term</u>	<u>Total</u>
Endowment net assets, beginning of year	\$412,713	\$58,873	\$2,420,000	\$2,891,586
Appropriations	0	(30,000)	(120,010)	(150,010)
Adjustment to discount of long term pledges	12,370	0	0	12,370
Realized and unrealized gain/(loss) on investments	(60,756)	0	(198,872)	(259,628)
Interest and dividends	<u>0</u>	<u>5,693</u>	<u>100,447</u>	<u>106,140</u>
Endowment net assets, end of year	<u>\$364,327</u>	<u>\$34,566</u>	<u>\$2,201,565</u>	<u>\$2,600,458</u>

	<u>12/31/19</u>	<u>12/31/18</u>
Pledges receivable (net of discount)	\$ 316,325	\$303,429
Investments	<u>2,513,939</u>	<u>2,297,029</u>
Total	<u>\$2,830,264</u>	<u>\$2,600,458</u>

*Endowment Investment Policies*

An investment policy for endowment assets has been adopted that is consistent with the investment policy of the Organization's investments without restrictions. The goal is to protect its endowment investment principal, while obtaining a reasonable and competitive return on its assets.

*Funds with Deficiencies*

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and 2018.



**Note 8 - Commitments**

The Organization has a five-year lease for office space which began on July 1, 2017. Future minimum lease payments under these arrangements are as follows:

Year ending:	December 31, 2020	\$112,575
	December 31, 2021	114,826
	December 31, 2022	<u>116,734</u>
Total		<u>\$344,135</u>

**Note 9 - Other Concentrations and Related Parties**

In 2017, the Organization received a term restricted gift of \$2,420,000 from two donors, a husband and wife, one of whom is an officer of the Organization. The gift represents 45% of the total revenue for the year ended December 31, 2017. There were no significant concentrations of revenue in 2019 and 2018. Included in outstanding pledges receivable is approximately \$316,000 and \$303,000 (net of discount) from this donor as of December 31, 2019 and 2018, respectively. These balances represent 49% and 39% of net pledge receivables, respectively. The spouse of the officer is a principal in a foreign company in which the Organization holds stock, which has been valued at \$57,934 and \$60,898 at December 31, 2019 and 2018, respectively.

**Note 10 - Special Event**

	<u>12/31/19</u>	<u>12/31/18</u>
Gross revenue	\$431,585	\$574,879
Less: expenses with a direct benefit to donor	<u>(94,659)</u>	<u>(100,831)</u>
	336,926	474,048
Less: other event expenses	<u>(66,360)</u>	<u>(80,090)</u>
Net gala revenue	<u>\$270,566</u>	<u>\$393,958</u>

**Note 11 - Subsequent Events**

Management has evaluated the impact of all subsequent events through June 23, 2020, which is the date that the financial statements were available to be issued.

Subsequent to year end, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect the Organization's donors, corporate membership, and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for the Organization's services and harm the Organization's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on the Organization's business cannot be quantified.

On April 15, 2020, the Organization obtained a loan from the SBA in the amount of \$211,636 through the Payroll Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

Notwithstanding the pandemic and economic uncertainty, the Organization also held a Virtual Gala in May 2020 that raised funds comparable to the net funds raised at the 2019 Gala event.

**Note 12 - Availability and Liquidity**

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, the Organization operates its programs within a board approved budget and relies on contributions and earned income to fund its operations and program activities.

Financial assets at year-end:	
Cash and cash equivalents	\$71,008
Investments	1,559,924
Pledges receivable	<u>170,700</u>
Total short-term financial assets	\$1,801,632
Less amounts not available for general expenditures - donor-imposed restrictions	(429,567)
Add back: amount appropriated by the board for spending in 2020	<u>114,264</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,486,329</u>

The Organization's donor restricted endowment funds are held for long term purposes; therefore, these assets are not considered available for general expenditures until they are appropriated for spending.