



**TANENBAUM CENTER FOR
INTERRELIGIOUS UNDERSTANDING**

Audited Financial Statements

December 31, 2020

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, 2020, 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 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.

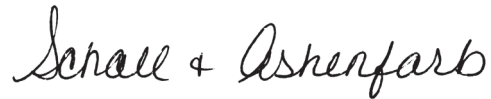
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tanenbaum Center for Interreligious Understanding as of December 31, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

June 24, 2021

TANENBAUM CENTER FOR INTERRELIGIOUS UNDERSTANDING
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

(With comparative totals as of December 31, 2019)

	12/31/20	12/31/19
Assets		
Current assets:		
Cash and cash equivalents	\$73,976	\$71,008
Investments (Note 3)	3,859,632	1,559,924
Pledges receivable (Note 4)	190,205	170,700
Other receivables	33,971	39,521
Prepaid expenses and other assets, current portion	64,216	55,142
Total current assets	4,222,000	1,896,295
Long term assets:		
Prepaid expenses and other assets, net of current portion	55,000	30,000
Pledges receivable for future programs and time periods (Note 4)	9,745	143,754
Security deposits	26,961	26,961
Fixed assets, net (Note 5)	11,977	7,832
Pledges receivable, net - restricted for endowment (Notes 4 and 7)	329,769	316,325
Investments restricted for endowment (Notes 3 and 7)	108,764	2,513,939
Total long term assets	542,216	3,038,811
Total assets	\$4,764,216	\$4,935,106

Liabilities and Net Assets

Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$69,825	\$44,379
Deferred rent, current portion	6,098	3,847
Deferred revenue, current portion	151,783	149,700
Total current liabilities	227,706	197,926
Long term liabilities:		
Deferred rent, net of current portion	8,006	14,103
Deferred revenue, net of current portion	10,000	5,000
Total long term liabilities	18,006	19,103
Total liabilities	245,712	217,029
Commitments (Note 11)		
Net assets:		
Without donor restrictions	3,620,841	1,314,492
With donor restrictions:		
For future programs and time periods (Note 6)	459,130	573,321
Donor restricted endowment (Notes 6 and 7)	438,533	2,830,264
Total net assets with donor restrictions	897,663	3,403,585
Total net assets	4,518,504	4,718,077
Total liabilities and net assets	\$4,764,216	\$4,935,106

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, 2020
(With comparative totals for the year ended December 31, 2019)

	With Donor Restrictions			Total With Donor Restrictions	Total 12/31/20	Total 12/31/19
	Without Donor Restrictions	Programs and Time	Endowment			
Revenue and support:						
Contributions	\$138,430	\$218,691	\$13,444	\$232,135	\$370,565	\$535,593
In-kind contributions (Note 2i)	79,771			0	79,771	130,470
Event income (net of expenses with a direct benefit to donor) (Note 8)	385,392			0	385,392	336,926
Corporate fees	290,583			0	290,583	306,283
Paycheck Protection Program grant (Note 9)	212,999			0	212,999	0
Program fees and other income	65,464			0	65,464	67,571
Investment income, net of fee (Note 3)	309,682		(120,861)	(120,861)	188,821	438,161
Net assets released from restrictions (Note 6)	2,617,196	(332,882)	(2,284,314)	(2,617,196)	0	0
Total revenue and support	4,099,517	(114,191)	(2,391,731)	(2,505,922)	1,593,595	1,815,004
Expenses:						
Program services	1,265,535			0	1,265,535	1,523,688
Supporting services:						
Management and general	236,588			0	236,588	192,768
Fundraising	291,045			0	291,045	302,036
Total supporting services	527,633	0	0	0	527,633	494,804
Total expenses	1,793,168	0	0	0	1,793,168	2,018,492
Change in net assets	2,306,349	(114,191)	(2,391,731)	(2,505,922)	(199,573)	(203,488)
Net assets - beginning of year	1,314,492	573,321	2,830,264	3,403,585	4,718,077	4,921,565
Net assets - end of year	\$3,620,841	\$459,130	\$438,533	\$897,663	\$4,518,504	\$4,718,077

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, 2020
(With comparative totals for the year ended December 31, 2019)

	Supporting Services			Total Supporting Services	Total Expenses 12/31/20	Total Expenses 12/31/19
	Program Services	Management and General	Fundraising			
Salaries	\$808,216	\$38,246	\$168,478	\$206,724	\$1,014,940	\$1,025,654
Payroll taxes and employee benefits	128,619	6,086	26,811	32,897	161,516	155,994
Total salaries and related costs	936,835	44,332	195,289	239,621	1,176,456	1,181,648
Professional fees	111,135	106,407	57,875	164,282	275,417	288,364
In-kind professional fees (Note 2i)	56,536	16,830	6,405	23,235	79,771	130,470
Occupancy	89,353	5,798	18,761	24,559	113,912	114,913
Supplies	1,571	102	329	431	2,002	10,358
Printing and reproduction	201			0	201	8,846
Postage and mailing	564	223	317	540	1,104	11,618
Events	75		20,467	20,467	20,542	150,314
Telephone	33,890	1,997	2,214	4,211	38,101	35,198
Travel	5,597	1,188	465	1,653	7,250	105,870
Equipment and rental	10,214	663	2,145	2,808	13,022	15,777
Insurance	8,919	578	1,873	2,451	11,370	9,316
Dues and subscriptions	2,271	368	4,244	4,612	6,883	4,897
Depreciation		3,856		3,856	3,856	3,994
Bad debt expense		42,317		42,317	42,317	18,167
Other	8,374	11,929	999	12,928	21,302	23,401
Total expenses	1,265,535	236,588	311,383	547,971	1,813,506	2,113,151
Less: direct special event expenses netted with revenue			(20,338)	(20,338)	(20,338)	(94,659)
Total expenses for statement of activities	<u>\$1,265,535</u>	<u>\$236,588</u>	<u>\$291,045</u>	<u>\$527,633</u>	<u>\$1,793,168</u>	<u>\$2,018,492</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, 2020
(With comparative totals for the year ended December 31, 2019)

	12/31/20	12/31/19
Cash flows from operating activities:		
Change in net assets	(\$199,573)	(\$203,488)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	3,856	3,994
Bad debt expense	42,317	18,167
Realized and unrealized gain on investments	(58,111)	(303,236)
Changes in assets and liabilities:		
Pledges receivable	58,743	131,791
Other receivables	5,550	24,948
Prepaid expenses and other assets	(34,074)	(54,200)
Accounts payable and accrued expenses	25,446	(26,167)
Deferred rent	(3,846)	(1,640)
Deferred revenue	7,083	1,201
Total adjustments	46,964	(205,142)
Net cash used for operating activities	(152,609)	(408,630)
Cash flows from investing activities:		
Purchase of investments	(1,278,117)	(2,094,599)
Sale of investments	1,441,695	2,436,163
Purchase of fixed assets	(8,001)	(2,897)
Net cash provided by investing activities	155,577	338,667
Net increase/(decrease) in cash and cash equivalents	2,968	(69,963)
Cash and cash equivalents - beginning of year	71,008	140,971
Cash and cash equivalents - end of year	\$73,976	\$71,008
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest and taxes	\$0	\$0

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, 2020

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 DEI 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.

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 follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. 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 are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined 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.

The Organization follows FASB ASC Topic 606. The Organization offers a corporate membership program for companies and provides training and consultation services that fall under the scope of 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.

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 valued at \$79,771 and \$130,470 for the years ended December 31, 2020 and 2019, respectively. One or more board members were employed at firms that provided donated professional services to the Organization, that amounted to \$61,441 and \$5,400 for the years ended December 31, 2020 and 2019, 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, 2019, 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, 2017 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncements

FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

In addition, 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 these standards 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>12/31/20</u>	<u>12/31/19</u>
Cash	\$25,665	\$86,026
Exchange-traded funds	100,056	99,347
Foreign stock	62,846	57,934
Mutual funds – equity funds	1,125,902	1,432,793
Mutual funds – bond funds	<u>2,653,927</u>	<u>2,397,763</u>
Total	<u>\$3,968,396</u>	<u>\$4,073,863</u>
Investments	\$3,859,632	\$1,559,924
Investments restricted for endowment	<u>108,764</u>	<u>2,513,939</u>
Total	<u>\$3,968,396</u>	<u>\$4,073,863</u>

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

The following summarizes investment return:

	<u>12/31/20</u>	<u>12/31/19</u>
Interest and dividends income	\$134,670	\$139,405
Realized and unrealized gain	58,111	303,236
Investment fees	<u>(3,960)</u>	<u>(4,480)</u>
Total investment return	<u>\$188,821</u>	<u>\$438,161</u>

Note 4 - Pledges Receivable

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

	<u>12/31/20</u>	<u>12/31/19</u>
Within 1 year	\$190,205	\$170,700
2 to 5 years	10,000	147,500
Greater than 5 years	<u>500,000</u>	<u>500,000</u>
Total pledges	700,205	818,200
Less: discount to fair value (2.4% - 4.3%)	<u>(170,486)</u>	<u>(187,421)</u>
Pledges receivable, net	<u>\$529,719</u>	<u>\$630,779</u>

Pledges receivable are for the following purposes:

	<u>12/31/20</u>	<u>12/31/19</u>
Short term pledges for operations	\$190,205	\$170,700
Long term pledges for operations	9,745	143,754
Pledges for endowment	<u>329,769</u>	<u>316,325</u>
Total	<u>\$529,719</u>	<u>\$630,779</u>

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>12/31/20</u>	<u>12/31/19</u>
Computers	\$128,353	\$120,352
Furniture and equipment	130,522	130,522
Leasehold improvements	<u>46,419</u>	<u>46,419</u>
	305,294	297,293
Less: accumulated depreciation	<u>(293,317)</u>	<u>(289,461)</u>
Total fixed assets, net	<u>\$11,977</u>	<u>\$7,832</u>

Note 6 - Net Assets With Donor Restrictions

The following summarizes net assets released from restrictions:

	<u>12/31/20</u>	<u>12/31/19</u>
Program restricted:		
Conflict resolution	\$29,362	\$50,345
Education	70,750	49,978
Health care	65,770	112,027
Other	<u>7,000</u>	<u>0</u>
Total program restricted	172,882	212,350
Restricted by time	<u>160,000</u>	<u>183,500</u>
Total program and time restricted	332,882	395,850
Appropriated endowment earnings (Note 7)	0	119,578
Release of term endowment	<u>2,284,314</u>	<u>0</u>
Total	<u>\$2,617,196</u>	<u>\$515,428</u>

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

	<u>12/31/20</u>	<u>12/31/19</u>
Program restricted:		
Conflict resolution	\$28,393	\$57,755
Education	176,708	137,458
Health care	51,483	82,253
Communication	50,000	0
Other	<u>18,335</u>	<u>5,135</u>
Total program restricted	324,919	282,601
Restricted by time	<u>134,211</u>	<u>290,720</u>
Total program and time restricted	<u>459,130</u>	<u>573,321</u>
Donor restricted endowment:		
Endowment corpus	392,615	374,259
Endowment earnings	45,918	40,221
Term restricted endowment	<u>0</u>	<u>2,415,784</u>
Total donor restricted endowment	<u>438,533</u>	<u>2,830,264</u>
Total	<u>\$897,663</u>	<u>\$3,403,585</u>

The Organization received a term endowment gift which required funds to be maintained in a separate endowment fund until a specific event occurred. That event occurred in 2020, which triggered the release from restriction of the remaining balance of the endowment in the amount of \$2,284,314.

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, which expired in 2020 as outlined in Note 6.

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:

	December 31, 2020			
	<u>Corpus</u>	<u>Earnings</u>	<u>Term</u>	<u>Total</u>
Endowment net assets, beginning of year	\$374,259	\$40,221	\$2,415,784	\$2,830,264
Adjustment to discount of long term pledges	13,444	0	0	13,444
Realized and unrealized (loss)/gain on investments	4,912	0	(182,517)	(177,605)
Interest and dividends	0	5,697	51,047	56,744
Released from restriction (Note 6)	<u>0</u>	<u>0</u>	<u>(2,284,314)</u>	<u>(2,284,314)</u>
Endowment net assets, end of year	<u>\$392,615</u>	<u>\$45,918</u>	<u>\$0</u>	<u>\$438,533</u>

	<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>12/31/20</u>	<u>12/31/19</u>
Pledges receivable (net of discount)	\$329,769	\$316,325
Investments	<u>108,764</u>	<u>2,513,939</u>
Total	<u>\$438,533</u>	<u>\$2,830,264</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, 2020 and 2019.

Note 8 - Special Event

	<u>12/31/20</u>	<u>12/31/19</u>
Gross revenue	\$405,730	\$431,585
Less: expenses with a direct benefit to donor	<u>(20,338)</u>	<u>(94,659)</u>
	385,392	336,926
Less: other event expenses	<u>(55,006)</u>	<u>(66,360)</u>
Net gala revenue	<u>\$330,386</u>	<u>\$270,566</u>

Note 9 - Paycheck Protection Program Grant

During the year ended December 31, 2020, the Organization obtained a loan from the SBA through the Paycheck Protection Program (PPP). Terms of the loan indicated that if certain conditions were met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, could be forgiven.

The Organization accounts for the PPP loan as a conditional contribution in accordance with Topic 605. In November 2020, the Organization submitted its application for forgiveness and on December 8, 2020 full forgiveness was approved by the SBA. As all conditions had been met at year end, revenue was recognized in 2020. Subsequent to year end, the Organization received a second PPP loan totaling \$205,643.

Note 10 - Retirement Plan

The Organization maintains a tax deferred 403(b) retirement plan on behalf of participating employees. All employees who satisfy service requirements may participate by designating a percentage of their salaries, subject to regulatory limits, to the plan on a pre-tax basis. Employees may make voluntary contributions up to the maximum amount allowed by the IRS. There were no employer contributions to the plan for the years ended December 31, 2020 and December 31, 2019.

Note 11 - 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, 2021	114,826
	December 31, 2022	<u>116,734</u>
Total		<u>\$231,560</u>

Note 12 - Other Concentrations and Related Parties

Included in outstanding pledges receivable as of December 31, 2020 and 2019, respectively, is approximately \$330,000 and \$316,000 (net of discount) from two donors, a husband and wife, one of whom is an officer of the organization. These balances represent 62% and 49% 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 \$62,846 and \$57,934 at December 31, 2020 and 2019, respectively.

Note 13 - 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	\$73,976	
Investments	3,859,632	
Pledges receivable	<u>190,205</u>	
Total short-term financial assets		\$4,123,813
Less amounts not available for general expenditures - donor-imposed restrictions		<u>(449,385)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$3,674,428</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.

Note 14 - Subsequent Events

Management has evaluated the impact of all subsequent events through June 24, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 15 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.