



**Financial Statements
(Together with Independent Auditors' Report)**

For the Years Ended December 31, 2020 and 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Vellore Christian Medical College Foundation, Inc.

We have audited the accompanying financial statements of The Vellore Christian Medical College Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Marks Paneth LLP

New York, NY
July 2, 2021

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 2C, 9 and 10C)	\$ 526,027	\$ 400,767
Investments (Notes 2D, 2E, 4 and 5)	9,228,586	8,460,205
Pledges receivable (Notes 2F and 6)	184,240	45,800
Beneficial interest in trust (Note 2G)	6,747	7,068
Prepaid expenses and other	12,077	8,032
Property and equipment, net (Notes 2H and 7)	2,584	-
TOTAL ASSETS	\$ 9,960,261	\$ 8,921,872
LIABILITIES		
Accounts payable and accrued expenses (Note 10)	\$ 138,820	\$ 188,418
Accrued interest (Note 8)	1,785	-
Loans payable (Note 8)	208,500	-
TOTAL LIABILITIES	349,105	188,418
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 2B)		
Without Donor Restrictions:		
Operating	323,546	338,933
Board designated (Note 11)	4,194,070	4,052,636
Total without donor restrictions	4,517,616	4,391,569
With donor restrictions (Note 11)		
Time and purpose restricted	3,076,412	2,324,757
Endowment in perpetuity (Note 11)	2,017,128	2,017,128
Total with donor restrictions (Note 11)	5,093,540	4,341,885
TOTAL NET ASSETS	9,611,156	8,733,454
TOTAL LIABILITIES AND NET ASSETS	\$ 9,960,261	\$ 8,921,872

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

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>For the Year Ended December 31, 2020</u>			<u>For the Year Ended December 31, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE:						
Contributions						
Individuals	\$ 132,279	\$ 152,823	\$ 285,102	\$ 1,606,994	\$ 593,714	\$ 2,200,708
Groups	3,379	2,000	5,379	10,325	7,665	17,990
Foundations, corporations and trusts	437	308,408	308,845	538	30,000	30,538
Institutional members	12,190	43,620	55,810	10,000	34,441	44,441
Board members	50,000	116,650	166,650	-	-	-
Alumni	57,596	675,930	733,526	-	-	-
Donated goods and services (Note 2I)	31,525	-	31,525	-	-	-
	<u>287,406</u>	<u>1,299,431</u>	<u>1,586,837</u>	<u>1,627,857</u>	<u>665,820</u>	<u>2,293,677</u>
Government grants	4,000	490,634	494,634	-	-	-
Other revenue	2,139	-	2,139	403	-	403
Investment earnings appropriated for operations (Note 11)	372,262	-	372,262	342,694	-	342,694
Net assets released from restrictions (Notes 11)	<u>1,293,140</u>	<u>(1,293,140)</u>	<u>-</u>	<u>723,601</u>	<u>(723,601)</u>	<u>-</u>
TOTAL OPERATING SUPPORT AND REVENUE	<u>1,958,947</u>	<u>496,925</u>	<u>2,455,872</u>	<u>2,694,555</u>	<u>(57,781)</u>	<u>2,636,774</u>
OPERATING EXPENSES (Note 2J):						
Program services:						
India	1,619,259	-	1,619,259	992,907	-	992,907
USA	280,692	-	280,692	284,755	-	284,755
Total program services	<u>1,899,951</u>	<u>-</u>	<u>1,899,951</u>	<u>1,277,662</u>	<u>-</u>	<u>1,277,662</u>
Supporting services:						
Management and general	215,352	-	215,352	206,167	-	206,167
Fundraising	159,031	-	159,031	114,314	-	114,314
Total supporting services	<u>374,383</u>	<u>-</u>	<u>374,383</u>	<u>320,481</u>	<u>-</u>	<u>320,481</u>
TOTAL OPERATING EXPENSES	<u>2,274,334</u>	<u>-</u>	<u>2,274,334</u>	<u>1,598,143</u>	<u>-</u>	<u>1,598,143</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(315,387)</u>	<u>496,925</u>	<u>181,538</u>	<u>1,096,412</u>	<u>(57,781)</u>	<u>1,038,631</u>
NON-OPERATING ACTIVITY:						
Investment activity (Notes 2D and 4) (net of external and direct internal investment fees of \$41,541 and \$35,770)	813,696	254,730	1,068,426	844,847	380,203	1,225,050
Appropriations for operations (Note 11)	<u>(372,262)</u>	<u>-</u>	<u>(372,262)</u>	<u>(303,694)</u>	<u>(39,000)</u>	<u>(342,694)</u>
TOTAL NON-OPERATING ACTIVITY	<u>441,434</u>	<u>254,730</u>	<u>696,164</u>	<u>541,153</u>	<u>341,203</u>	<u>882,356</u>
CHANGE IN NET ASSETS	126,047	751,655	877,702	1,637,565	283,422	1,920,987
Net assets - beginning of year	<u>4,391,569</u>	<u>4,341,885</u>	<u>8,733,454</u>	<u>2,754,004</u>	<u>4,058,463</u>	<u>6,812,467</u>
NET ASSETS - END OF YEAR	<u>\$ 4,517,616</u>	<u>\$ 5,093,540</u>	<u>\$ 9,611,156</u>	<u>\$ 4,391,569</u>	<u>\$ 4,341,885</u>	<u>\$ 8,733,454</u>

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

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Program Services			Supporting Services			Total 2020	Total 2019
	India	USA	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ -	\$ 200,892	\$ 200,892	\$ 96,627	\$ 89,362	\$ 185,989	\$ 386,881	\$ 355,346
Payroll taxes and employee benefits (Note 12)	-	31,478	31,478	15,141	14,002	29,143	60,621	54,924
Total Salaries and Related Costs	-	232,370	232,370	111,768	103,364	215,132	447,502	410,270
Grants (Note 2K)	1,593,140	-	1,593,140	-	-	-	1,593,140	982,601
Travel, meal and accommodations	-	1,775	1,775	4,249	904	5,153	6,928	32,590
Occupancy (Note 10)	-	12,754	12,754	6,145	5,673	11,818	24,572	25,082
Telephone and communications	-	6,336	6,336	2,992	1,213	4,205	10,541	9,668
Payroll processing fees	-	1,056	1,056	508	470	978	2,034	1,845
Transaction processing services	-	10,717	10,717	-	-	-	10,717	5,545
Professional fees (Note 2I)	26,119	-	26,119	54,356	43,300	97,656	123,775	64,600
Office expenses	-	753	753	9,185	3,109	12,294	13,047	14,411
Insurance	-	-	-	11,422	-	11,422	11,422	9,424
Printing and fundraising fees	-	14,224	14,224	-	998	998	15,222	26,528
Depreciation (Notes 2H and 7)	-	-	-	185	-	185	185	4,500
Other	-	707	707	14,542	-	14,542	15,249	11,079
TOTAL EXPENSES	\$ 1,619,259	\$ 280,692	\$ 1,899,951	\$ 215,352	\$ 159,031	\$ 374,383	\$ 2,274,334	\$ 1,598,143

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

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services			Total 2019
	India	USA	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ -	\$ 188,333	\$ 188,333	\$ 92,390	\$ 74,623	\$ 167,013	\$ 355,346
Payroll taxes and employee benefits (Note 12)	-	29,110	29,110	14,280	11,534	25,814	54,924
Total Salaries and Related Costs	-	217,443	217,443	106,670	86,157	192,827	410,270
Grants (Note 2K)	975,600	7,001	982,601	-	-	-	982,601
Travel, meal and accommodations	2,553	7,775	10,328	16,224	6,038	22,262	32,590
Occupancy (Note 10)	-	12,956	12,956	6,993	5,133	12,126	25,082
Telephone and communications	-	5,854	5,854	2,698	1,116	3,814	9,668
Payroll processing fees	-	978	978	480	387	867	1,845
Transaction processing services	-	5,545	5,545	-	-	-	5,545
Professional fees (Note 2I)	14,754	2,500	17,254	40,988	6,358	47,346	64,600
Office expenses	-	1,080	1,080	10,948	2,383	13,331	14,411
Insurance	-	-	-	9,424	-	9,424	9,424
Printing and fundraising fees	-	19,786	19,786	-	6,742	6,742	26,528
Depreciation (Notes 2H and 7)	-	3,600	3,600	900	-	900	4,500
Other	-	237	237	10,842	-	10,842	11,079
TOTAL EXPENSES	\$ 992,907	\$ 284,755	\$ 1,277,662	\$ 206,167	\$ 114,314	\$ 320,481	\$ 1,598,143

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

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributors	\$ 1,448,397	\$ 2,367,862
Cash received from government grants	494,634	-
Investment return	84,105	79,040
Grants paid	(1,593,140)	(982,601)
Cash received from other revenue	2,139	403
Payments for other expenses	(732,546)	(596,765)
Net Cash (Used in) Provided by Operating Activities	(296,411)	867,939
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,769)	-
Proceeds from sale of investments	300,000	1,454,012
Purchases of investments	(84,060)	(2,269,388)
Net Cash Provided by (Used in) Investing Activities	213,171	(815,376)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	208,500	-
Net Cash Provided by Financing Activities	208,500	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	125,260	52,563
Cash and cash equivalents - beginning of year	400,767	348,204
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 526,027	\$ 400,767
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 877,702	\$ 1,920,987
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	185	4,500
Realized and unrealized gain on investments	(984,321)	(1,146,010)
Subtotal	(106,434)	779,477
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	(138,440)	74,185
Beneficial interest in trust	321	(353)
Prepaid expenses and other	(4,045)	596
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(49,598)	14,034
Accrued interest	1,785	-
Net Cash (Used in) Provided by Operating Activities	\$ (296,411)	\$ 867,939

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

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

The Vellore Christian Medical College Foundation, Inc. (the “Foundation”) is a non-profit organization (formed in New York) exempt from federal taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation’s mission is to provide a focus for excellence and integrity at Christian Medical College, Vellore (“CMC”) through participation in and continuing support of CMC’s drive to provide universal access to quality medicine and compassionate healthcare.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Basis of Accounting** – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

B. **Net Assets** – The Foundation maintains its net assets under the following two classes:

Without Donor Restrictions – Net assets without donor restrictions represent the portion of net assets of the Foundation that is not restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Net assets without donor restrictions include amounts designated for use by the Board as a quasi-endowment.

With Donor Restrictions – Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. In addition, earnings on endowment assets are classified as net assets with donor restrictions until appropriated for operations by the Board. When such stipulations end or are fulfilled, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions.

C. **Cash and Cash Equivalents** – Cash equivalents include all highly liquid instruments with maturities of three months or less when acquired.

D. **Investments** – Investments are stated at their fair value. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur. Investment purchases and sales are recorded on a trade date basis. Dividend income is recognized on the date dividends are declared. Discounts/premiums received to par on fixed income securities are capitalized and accreted or amortized into income over the life of the securities. Any remaining discount/premium is accreted or amortized into income upon early maturity or sale of the instrument.

E. **Fair Value Measurements** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

F. **Pledges Receivable** – Pledges are recorded as revenue when received as unconditionally promised. It is the Foundation’s practice to discount pledges receivable due in more than one year to present value unless the amount is immaterial. Historically, the Foundation has not experienced significant bad debt losses. The Foundation bases its allowance for doubtful accounts on its historical loss experience, the age of the receivables, and an evaluation of the creditworthiness of the donor. Pledges receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Foundation has determined that no allowance was necessary as of December 31, 2020 and 2019.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. **Beneficial Interest in Trust** – The Foundation has been named a beneficiary in a charitable remainder unitrust. The Foundation will receive 50% of the balance of the trust after the passing of a named beneficiary. As of December 31, 2020 and 2019, the Foundation’s interest in this trust amounted to \$6,747 and \$7,068, respectively.
- H. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Property and equipment is depreciated on a straight-line basis over the estimated useful life of the asset. The Foundation capitalizes property and equipment having a cost of \$1,000 or more and a useful life of at least one year.
- I. **Contributions** – Contributions are nonexchange transactions and accounted for under ASU 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return/ release from obligation. In-kind contributions are recorded at their fair value on the date received. Contributed services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions received by the Foundation for the years ended December 31, 2020 and 2019, amounted to \$31,525 and \$0, respectively, and are included in contributions which are offset by like amounts included in the statements of functional expenses.
- J. **Functional Allocation of Expenses** – The Foundation allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified as belonging to a specific program and/or supporting service are allocated directly according to their natural expenditure classification. Certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.
- K. **Grant Expense** – Grants made, including unconditional promises to give, are recognized as an expense in the period made.
- L. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENSES

The Foundation receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing program activities as well as services undertaken to support those activities to be general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation’s liquidity policy requires it to maintain its working capital, or its current assets less its current liabilities, at a minimum of 90 days of operating expenses. The Foundation has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. To achieve these targets, it forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed in accordance with the policy requirements.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENSES (Continued)

The financial assets were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 526,027	\$ 400,767
Investments	9,228,586	8,460,205
Pledges receivable	<u>184,240</u>	<u>45,800</u>
Total Financial Assets	9,938,853	8,906,772
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	(3,076,412)	(2,324,757)
Cash held for disbursement to Bayer	(70,000)	(130,359)
Endowment	<u>(2,017,128)</u>	<u>(2,017,128)</u>
Net financial assets after donor-imposed restrictions	4,775,313	4,434,528
Internal Designations:		
Board-designated funds	<u>(4,194,070)</u>	<u>(4,052,636)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 581,243</u>	<u>\$ 381,892</u>

NOTE 4—INVESTMENTS

Investments consist of financial assets carried at fair value as of December 31 as follows:

	<u>2020</u>	<u>2019</u>
Equities	\$ 6,245,270	\$ 4,933,455
Money Market Funds	869,749	1,295,605
Fixed Income	<u>2,113,567</u>	<u>2,231,145</u>
	<u>\$ 9,228,586</u>	<u>\$ 8,460,205</u>

Investments are subject to market volatility, which could substantially change the carrying value in the near-term.

The components of investment return were as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 125,646	\$ 114,810
Unrealized gain	727,667	1,018,745
Realized gain	256,654	127,265
Investment management fees	<u>(41,541)</u>	<u>(35,770)</u>
	<u>\$ 1,068,426</u>	<u>\$ 1,225,050</u>

NOTE 5—FAIR VALUE MEASUREMENTS

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible, in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5—FAIR VALUE MEASUREMENTS (Continued)

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in equities, money market funds, and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in fixed income are valued using quoted prices in inactive markets (Level 2). Level 2 instrument valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Financial assets carried at fair value at December 31, 2020, are classified in the table below as follows:

ASSETS CARRIED AT FAIR VALUE

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 6,245,270	\$ -	\$ 6,245,270
Money Market Funds	869,749	-	869,749
Fixed Income	<u>1,254,276</u>	<u>859,291</u>	<u>2,113,567</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 8,369,295</u>	<u>\$ 859,291</u>	<u>\$ 9,228,586</u>

Financial assets carried at fair value at December 31, 2019, are classified in the table below as follows:

ASSETS CARRIED AT FAIR VALUE

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 4,933,455	\$ -	\$ 4,933,455
Money Market Funds	1,295,605	-	1,295,605
Fixed Income	<u>1,419,926</u>	<u>811,219</u>	<u>2,231,145</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 7,648,986</u>	<u>\$ 811,219</u>	<u>\$ 8,460,205</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2020 and 2019, there were no such transfers.

NOTE 6—PLEDGES RECEIVABLE

Pledges receivable are scheduled to be received as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Amount due in less than one year	<u>\$ 184,240</u>	<u>\$ 45,800</u>
	<u>\$ 184,240</u>	<u>\$ 45,800</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Life</u>
Furniture, fixtures, and equipment, total cost	\$ 7,511	\$ 53,002	5 years
Less: accumulated depreciation	<u>(4,927)</u>	<u>(53,002)</u>	
	<u>\$ 2,584</u>	<u>\$ -</u>	

Depreciation expense amounted to \$185 and \$4,500 for the years ended December 31, 2020 and 2019, respectively. The Foundation wrote off fully depreciated assets no longer in use amounting to \$48,260 during the year ended December 31, 2020.

NOTE 8 – LOANS PAYABLE

Loans payable consisted of the following as of December 31:

	<u>2020</u>	<u>Interest Rate</u>
SBA EIDL	\$ 150,000	2.75%
Paycheck Protection Program	<u>58,500</u>	0.98%
	<u>\$ 208,500</u>	

On June 10, 2020, the Foundation received an Emergency Injury Disaster Loan (“EIDL”) of \$150,000, through an Small Business Administration (“SBA”) authorized lender. The loan bears interest at a fixed rate of 2.75% per annum. The Foundation may prepay this note in part or in full at any time, without notice or penalty. The Foundation must pay principal and interest payments of \$641 every month beginning Twelve (12) months from the date of the note. All remaining principal and accrued interest is due and payable Thirty (30) years from the date of the note. Accrued interest as of December 31, 2020 amounted to \$1,785.

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the SBA. The term of the loan is two years which may be further extended to five years, and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Foundation applied for this loan through an SBA authorized lender and received \$58,500 on April 7, 2020.

The Foundation recognized the loan in accordance with Accounting Standards Codification (“ASC”) 470, Debt. Accordingly, the proceeds of the PPP loan were recognized as loans payable on the accompanying statement of financial position and the Foundation will derecognize the liability when and to the extent that the loan is forgiven or paid off. The Foundation intends to comply with all requirements of loan forgiveness. On April 2, 2021, the Foundation was forgiven for the first round of the PPP loan.

On February 18, 2021, the Foundation was approved for a second-draw PPP loan amounting to \$65,700. The terms and conditions of the second-draw loan are the same as in the first loan.

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NOTE 9—CONCENTRATION

Cash that potentially subjects the Foundation to a concentration of credit risk includes cash accounts with banks that at times exceed the Federal Deposit Insurance Corporation (“FDIC”) limits. Accounts are insured up to \$250,000 per depositor. As of December 31, 2020 and 2019, there was approximately \$276,300 and \$150,800, respectively, held by one bank that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 10—COMMITMENTS AND CONTINGENCIES

- A. The Foundation has a lease agreement for the rental of its New York office space which expires in 2023. The minimum lease commitments are estimated as follows for the year ending December 31, 2020:

2021	\$	25,000
2022		25,000
2023		<u>25,000</u>
	\$	<u><u>75,000</u></u>

Rent expense amounted to \$24,572 and \$25,082 for the years ended December 31, 2020 and 2019, respectively, and is included in occupancy expenses in the accompanying statements of functional expenses.

- B. The Foundation believes it has no uncertain income tax positions as of December 31, 2020 and 2019, in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- C. The Foundation had approximately \$70,000 and \$130,000 held for CMC under an agency agreement as of December 31, 2020 and 2019, respectively. Such amounts are recorded as cash and cash equivalents and accounts payable and accrued expenses in the accompanying statements of financial position.
- D. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Foundation’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Foundation is currently unable to fully determine the extent of COVID-19’s impact on its business in future periods. The Foundation’s performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Foundation continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2020	2019
Health programs	\$ 532,184	\$ 240,982
Education programs	334,823	124,821
Assisted living residence	220,014	264,014
Capital/other programs	135,441	95,399
Time restricted	6,748	7,069
Unappropriated endowment earnings	1,847,202	1,592,472
Endowment Net Assets	<u>2,017,128</u>	<u>2,017,128</u>
	<u>\$ 5,093,540</u>	<u>\$ 4,341,885</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
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NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions amounted to \$1,293,140 and \$723,601 during the years ended December 31, 2020 and 2019, respectively. In addition, \$0 and \$39,000 of accumulated endowment earnings were appropriated for operations during the years ended December 31, 2020 and 2019, respectively, and classified as net assets without donor restrictions.

ENDOWMENT NET ASSETS

The Foundation recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). In addition, the Foundation recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the endowment’s market value. The investments of the Foundation include those assets of donor restricted funds that it must hold in perpetuity or for a donor specified period as well as board designated funds. In accordance with NYPMIFA, any unappropriated earnings on endowment funds that would otherwise be considered as net assets without donor restrictions by the donor should be reflected as net assets with donor restrictions until appropriated by the Board of Directors.

The Foundation’s Board has interpreted NYPMIFA as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

The Foundation’s Board has approved a spending policy that appropriates for spending 5% of the average fair value of the prior five years.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. The Foundation has not incurred such deficiencies in its endowment funds as of December 31, 2020 and 2019.

The Foundation has adopted investment and spending policies that attempt to achieve total investment return, or aggregate return from appreciation or depreciation of capital, earnings from dividends, and interest income. The Foundation evaluates investment managers’ performance against weighted market indices and volatility metrics.

Changes in endowment net assets for the year ended December 31, 2020, are as follows:

	Net Assets Without Donor Restrictions (Board Designated)	Net Assets With Donor Restrictions (Un- Appropriated Earnings)	Net Assets With Donor Restrictions (Endowment Funds)	Total
Endowment assets, beginning of year	\$ 4,052,636	\$ 1,592,507	\$ 2,017,128	\$ 7,662,271
Investment activity	813,696	254,730	-	1,068,426
Release	(300,000)	-	-	(300,000)
Appropriated for spending	<u>(372,262)</u>	<u>-</u>	<u>-</u>	<u>(372,262)</u>
Endowment assets, end of year	<u>\$ 4,194,070</u>	<u>\$ 1,847,237</u>	<u>\$ 2,017,128</u>	<u>\$ 8,058,435</u>

**THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.
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NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS (Continued)

ENDOWMENT NET ASSETS (continued)

As of December 31, 2020, earnings on endowment funds are available as follows:

Principal balance with income with donor restrictions as to use	\$ 1,819,449
Principal balance with income without donor restrictions as to use	<u>197,679</u>
	<u>\$ 2,017,128</u>

Changes in endowment net assets for the year ended December 31, 2019, are as follows:

	<u>Net Assets Without Donor Restrictions (Board Designated)</u>	<u>Net Assets With Donor Restrictions (Un- Appropriated Earnings)</u>	<u>Net Assets With Donor Restrictions (Endowment Funds)</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 2,441,483	\$ 1,251,304	\$ 2,017,128	\$ 5,709,915
Investment activity	844,847	380,203	-	1,225,050
Contributions	1,070,000	-	-	1,070,000
Appropriated for spending	<u>(303,694)</u>	<u>(39,000)</u>	<u>-</u>	<u>(342,694)</u>
Endowment assets, end of year	<u>\$ 4,052,636</u>	<u>\$ 1,592,507</u>	<u>\$ 2,017,128</u>	<u>\$ 7,662,271</u>

As of December 31, 2019, earnings on endowment funds are available as follows:

Principal balance with income with donor restrictions as to use	\$ 1,819,449
Principal balance with income without donor restrictions as to use	<u>197,679</u>
	<u>\$ 2,017,128</u>

NOTE 12—PENSION PLAN

The Foundation participates in a defined contribution retirement plan with the United Church of Christ for all of its qualified employees. Contributions to the plan are based upon a percentage of earnings of all eligible employees. There was no pension expense for the years ended December 31, 2020 and 2019.

NOTE 13—SUBSEQUENT EVENTS

The Foundation has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through July 2, 2021, the date the financial statements were available to be issued.