



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

**For the Years Ended December 31, 2021 and 2020**

**THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.**

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

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of The Vellore Christian Medical College Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Vellore Christian Medical College Foundation, Inc. as of December 31, 2021, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Report on 2020 Financial Statements**

The financial statements of the Foundation as of and for the year ended December 31, 2020, were audited by another auditor whose report dated July 2, 2021, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.





In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters we identified during the audit.

*Mayer Hoffman McCann CPAs*

New York, NY  
July 5, 2022

**THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C, 10 and 11C)	\$ 517,077	\$ 526,027
Investments (Notes 2D, 2E, 4 and 5)	10,805,076	9,228,586
Pledges receivable (Notes 2F and 6)	51,781	184,240
Beneficial interest in trust (Note 2G)	6,781	6,747
Prepaid expenses and other	43,095	12,077
Property and equipment, net (Notes 2H and 7)	4,014	2,584
<b>TOTAL ASSETS</b>	<b>\$ 11,427,824</b>	<b>\$ 9,960,261</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 11C)	\$ 160,234	\$ 138,820
Accrued interest (Note 8)	3,347	1,785
Loans payable (Notes 8 and 9)	150,000	208,500
<b>TOTAL LIABILITIES</b>	<b>313,581</b>	<b>349,105</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 11)		
<b>NET ASSETS</b> (Note 2B)		
Without Donor Restrictions:		
Operating	667,166	323,546
Board designated (Note 12)	4,909,976	4,194,070
Total without donor restrictions	5,577,142	4,517,616
With donor restrictions (Note 12)		
Time and purpose restricted	3,519,973	3,076,412
Endowment in perpetuity (Note 12)	2,017,128	2,017,128
Total with donor restrictions (Note 12)	5,537,101	5,093,540
<b>TOTAL NET ASSETS</b>	<b>11,114,243</b>	<b>9,611,156</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,427,824</b>	<b>\$ 9,960,261</b>

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, 2021 AND 2020**

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING SUPPORT AND REVENUE:</b>						
Contributions (Note 2I)						
Individuals	\$ 833,692	\$ 366,256	\$ 1,199,948	\$ 132,279	\$ 152,823	\$ 285,102
Groups	9,990	337,381	347,371	3,379	2,000	5,379
Foundations, corporations and trusts	1,183	694,465	695,648	437	308,408	308,845
Institutional members	12,000	430,830	442,830	12,190	43,620	55,810
In-kind contributions (Note 2I)	499,482	-	499,482	31,525	-	31,525
Board members	48,300	86,100	134,400	50,000	116,650	166,650
Alumni	68,551	311,169	379,720	57,596	675,930	733,526
	1,473,198	2,226,201	3,699,399	287,406	1,299,431	1,586,837
Government grants (Note 9)	124,200	-	124,200	4,000	490,634	494,634
Other revenue	-	-	-	2,139	-	2,139
Investment earnings appropriated for operations (Note 12)	418,088	-	418,088	372,262	-	372,262
Net assets released from restrictions (Note 12)	1,975,137	(1,975,137)	-	1,293,140	(1,293,140)	-
	<u>3,990,623</u>	<u>251,064</u>	<u>4,241,687</u>	<u>1,958,947</u>	<u>496,925</u>	<u>2,455,872</u>
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>						
<b>OPERATING EXPENSES (Note 2J):</b>						
Program services:						
India	2,757,059	-	2,757,059	1,619,259	-	1,619,259
USA	295,462	-	295,462	280,692	-	280,692
Total program services	<u>3,052,521</u>	<u>-</u>	<u>3,052,521</u>	<u>1,899,951</u>	<u>-</u>	<u>1,899,951</u>
Supporting services:						
Management and general	207,233	-	207,233	215,352	-	215,352
Fundraising	172,286	-	172,286	159,031	-	159,031
Total supporting services	<u>379,519</u>	<u>-</u>	<u>379,519</u>	<u>374,383</u>	<u>-</u>	<u>374,383</u>
	<u>3,432,040</u>	<u>-</u>	<u>3,432,040</u>	<u>2,274,334</u>	<u>-</u>	<u>2,274,334</u>
<b>TOTAL OPERATING EXPENSES</b>						
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>558,583</u>	<u>251,064</u>	<u>809,647</u>	<u>(315,387)</u>	<u>496,925</u>	<u>181,538</u>
<b>NON-OPERATING ACTIVITIES:</b>						
Investment activity (Notes 2D and 4) (net of external and direct internal investment fees of \$49,112 and \$41,541)	904,031	207,497	1,111,528	813,696	254,730	1,068,426
Appropriations for operations (Note 12)	(403,088)	(15,000)	(418,088)	(372,262)	-	(372,262)
	<u>500,943</u>	<u>192,497</u>	<u>693,440</u>	<u>441,434</u>	<u>254,730</u>	<u>696,164</u>
<b>TOTAL NON-OPERATING ACTIVITIES</b>						
<b>CHANGE IN NET ASSETS</b>	1,059,526	443,561	1,503,087	126,047	751,655	877,702
Net assets - beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,577,142</u>	<u>\$ 5,537,101</u>	<u>\$ 11,114,243</u>	<u>\$ 4,517,616</u>	<u>\$ 5,093,540</u>	<u>\$ 9,611,156</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, 2021**  
**(With Comparative Totals for 2020)**

	Program Services			Supporting Services			Total 2021	Total 2020
	India	USA	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ -	\$ 199,400	\$ 199,400	\$ 98,158	\$ 118,682	\$ 216,840	\$ 416,240	\$ 386,881
Payroll taxes and employee benefits (Note 13)	-	33,353	33,353	16,419	19,852	36,271	69,624	60,621
<b>Total Salaries and Related Costs</b>	-	232,753	232,753	114,577	138,534	253,111	485,864	447,502
Grants (Note 2K)	2,739,619	-	2,739,619	-	-	-	2,739,619	1,593,140
Travel, meal and accommodations	-	-	-	744	-	744	744	6,928
Occupancy (Note 11A)	-	11,766	11,766	6,860	7,003	13,863	25,629	24,572
Telephone and communications	-	5,805	5,805	2,597	1,147	3,744	9,549	10,541
Payroll processing fees	-	838	838	412	499	911	1,749	2,034
Transaction processing services	-	15,766	15,766	-	-	-	15,766	10,717
Professional fees (Note 2I)	17,440	-	17,440	43,616	17,700	61,316	78,756	123,775
Office expenses	-	1,092	1,092	6,797	3,499	10,296	11,388	13,047
Insurance	-	-	-	12,653	-	12,653	12,653	11,422
Printing and fundraising fees	-	26,387	26,387	-	3,904	3,904	30,291	15,222
Depreciation (Notes 2H and 7)	-	-	-	843	-	843	843	185
Other	-	1,055	1,055	18,134	-	18,134	19,189	15,249
<b>TOTAL EXPENSES</b>	<b>\$ 2,757,059</b>	<b>\$ 295,462</b>	<b>\$ 3,052,521</b>	<b>\$ 207,233</b>	<b>\$ 172,286</b>	<b>\$ 379,519</b>	<b>\$ 3,432,040</b>	<b>\$ 2,274,334</b>

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**

	Program Services			Supporting Services			Total 2020
	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
Payroll taxes and employee benefits (Note 13)	-	31,478	31,478	15,141	14,002	29,143	60,621
<b>Total Salaries and Related Costs</b>	-	232,370	232,370	111,768	103,364	215,132	447,502
Grants (Note 2K)	1,593,140	-	1,593,140	-	-	-	1,593,140
Travel, meal and accommodations	-	1,775	1,775	4,249	904	5,153	6,928
Occupancy (Note 11A)	-	12,754	12,754	6,145	5,673	11,818	24,572
Telephone and communications	-	6,336	6,336	2,992	1,213	4,205	10,541
Payroll processing fees	-	1,056	1,056	508	470	978	2,034
Transaction processing services	-	10,717	10,717	-	-	-	10,717
Professional fees (Note 2I)	26,119	-	26,119	54,356	43,300	97,656	123,775
Office expenses	-	753	753	9,185	3,109	12,294	13,047
Insurance	-	-	-	11,422	-	11,422	11,422
Printing and fundraising fees	-	14,224	14,224	-	998	998	15,222
Depreciation (Notes 2H and 7)	-	-	-	185	-	185	185
Other	-	707	707	14,542	-	14,542	15,249
<b>TOTAL EXPENSES</b>	<b>\$ 1,619,259</b>	<b>\$ 280,692</b>	<b>\$ 1,899,951</b>	<b>\$ 215,352</b>	<b>\$ 159,031</b>	<b>\$ 374,383</b>	<b>\$ 2,274,334</b>

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, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from contributors	\$ 3,831,858	\$ 1,448,397
Cash received from government grants	65,700	494,634
Investment return	91,502	84,105
Grants paid	(2,739,619)	(1,593,140)
Cash received from other revenue	-	2,139
Payments for other expenses	(699,654)	(732,546)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>549,787</b>	<b>(296,411)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(2,273)	(2,769)
Proceeds from sale of investments	1,978,653	300,000
Purchases of investments	(2,535,117)	(84,060)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(558,737)</b>	<b>213,171</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from loans payable	-	208,500
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>208,500</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(8,950)</b>	<b>125,260</b>
Cash and cash equivalents - beginning of year	526,027	400,767
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 517,077</b>	<b>\$ 526,027</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,503,087	\$ 877,702
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	843	185
Realized and unrealized gain on investments	(1,020,026)	(984,321)
Subtotal	483,904	(106,434)
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	132,459	(138,440)
Beneficial interest in trust	(34)	321
Prepaid expenses and other	(31,018)	(4,045)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	21,414	(49,598)
Accrued interest	1,562	1,785
Loans payable	(58,500)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 549,787</b>	<b>\$ (296,411)</b>
<b>NON-CASH FINANCING ACTIVITIES</b>		
Forgiveness of Paycheck Protection Program loans payable	\$ 124,200	\$ -

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

**THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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 are not restricted by donor-imposed stipulations. Contributions are considered without donor restricted 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, except cash equivalents held as part of the Foundation’s investment portfolio.
- 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 pledges when all reasonable collection efforts have been exhausted. The Foundation has determined that no allowance was necessary as of December 31, 2021 and 2020.
- 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, 2021 and 2020, the Foundation’s interest in this trust amounted to \$6,781 and \$6,747, 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.

**THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- I. **Contributions** – Contributions are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“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, 2021 and 2020, amounted to \$499,482 and \$31,525, respectively, and are included in in-kind 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. **Operating Measure** – The Foundation includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment returns are recognized as nonoperating activities.
- M. **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 reporting 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 without donor restrictions, 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, 2021 and 2020, 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, 2021 AND 2020**

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

The financial assets were as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 517,077	\$ 526,027
Investments	10,805,076	9,228,586
Pledges receivable	<u>51,781</u>	<u>184,240</u>
Total Financial Assets	11,373,934	9,938,853
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	(3,519,973)	(3,076,412)
Cash held for disbursement to Bayer	(70,000)	(70,000)
Endowment	<u>(2,017,128)</u>	<u>(2,017,128)</u>
Net financial assets after donor-imposed restrictions	5,766,833	4,775,313
Internal Designations:		
Board-designated funds	<u>(4,909,976)</u>	<u>(4,194,070)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 856,857</u>	<u>\$ 581,243</u>

**NOTE 4—INVESTMENTS**

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

	<u>2021</u>	<u>2020</u>
Equities	\$ 6,981,452	\$ 6,245,270
Money Market Funds	1,357,614	869,749
Fixed Income	<u>2,466,010</u>	<u>2,113,567</u>
	<u>\$ 10,805,076</u>	<u>\$ 9,228,586</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>2021</u>	<u>2020</u>
Interest and dividends	\$ 140,614	\$ 125,646
Unrealized gain	552,771	727,667
Realized gain	467,255	256,654
Investment management fees	<u>(49,112)</u>	<u>(41,541)</u>
	<u>\$ 1,111,528</u>	<u>\$ 1,068,426</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.

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**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, 2021, 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	\$ 6,981,452	\$ -	\$ 6,981,452
Money Market Funds	1,357,614	-	1,357,614
Fixed Income	<u>1,485,519</u>	<u>980,491</u>	<u>2,466,010</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b><u>\$ 9,824,585</u></b>	<b><u>\$ 980,491</u></b>	<b><u>\$ 10,805,076</u></b>

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>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b><u>\$ 8,369,295</u></b>	<b><u>\$ 859,291</u></b>	<b><u>\$ 9,228,586</u></b>

**NOTE 6—PLEDGES RECEIVABLE**

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

	<u>2021</u>	<u>2020</u>
Amount due in less than one year	\$ <u>51,781</u>	\$ <u>184,240</u>
	<b><u>\$ 51,781</u></b>	<b><u>\$ 184,240</u></b>

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**NOTE 7—PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life</u>
Furniture, fixtures, and equipment, total cost	\$ 9,784	\$ 7,511	5 years
Less: accumulated depreciation	<u>(5,770)</u>	<u>(4,927)</u>	
	<u>\$ 4,014</u>	<u>\$ 2,584</u>	

Depreciation expense amounted to \$843 and \$185 for the years ended December 31, 2021 and 2020, 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**

On June 10, 2020, the Foundation received an Emergency Injury Disaster Loan (“EIDL”) of \$150,000, through a Small Business Administration (“SBA”) authorized lender. The loan bears interest at a fixed rate of 2.75% per annum and is collateralized by a continuing security interest in all tangible and intangible personal property of the Foundation. The Foundation may prepay this note in part or in full at any time, without notice or penalty. The Foundation must pay a monthly amount of \$641, with payments first applied to the accrued interest. Payments are deferred for the first 2 years (during which interest will accrue), and payments of principal and interest are made over the remaining 28 years. Accrued interest amounted to \$3,347 and \$1,785 as of December 31, 2021 and 2020, respectively.

**NOTE 9—PAYCHECK PROTECTION PROGRAM LOAN PAYABLE**

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 FASB ASC Topic 470, *Debt*. Accordingly, the proceeds of the PPP loan were recognized as loans payable on the accompanying statements of financial position and the Foundation will derecognize the liability when and to the extent that the loan is forgiven or paid off. 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. On October 4, 2021, the Foundation was forgiven for the second round of PPP loan. The forgiveness of the PPP loans amounting to \$124,200 was recognized as government grant revenue for the year ended December 31, 2021.

**NOTE 10—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, per insured financial institution. As of December 31, 2021 and 2020, there was approximately \$267,200 and \$276,300, respectively, held by one bank that exceeded FDIC limits. Such excess includes outstanding checks.

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**NOTE 11—COMMITMENTS AND CONTINGENCIES**

A. The Foundation has a lease agreement for the rental of its New York office space which expires in 2023. The future minimum lease commitments are estimated as follows for the years ending after December 31, 2021:

2022	\$	25,000
2023		<u>25,000</u>
	\$	<u><u>50,000</u></u>

Rent expense amounted to \$25,629 and \$24,572 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- C. The Foundation had \$70,000 held for CMC under an agency agreement as of December 31, 2021 and 2020. 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 12—NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	2020
Health programs	\$ 916,587	\$ 532,184
Education programs	247,056	334,823
Assisted living residence	220,014	220,014
Capital/other programs	89,836	135,441
Time restricted	6,781	6,748
Unappropriated endowment earnings	2,039,699	1,847,202
Endowment net assets	<u>2,017,128</u>	<u>2,017,128</u>
	<u>\$ 5,537,101</u>	<u>\$ 5,093,540</u>

Net assets released from restrictions amounted to \$1,975,137 and \$1,293,140 during the years ended December 31, 2021 and 2020, respectively. In addition, \$15,000 and \$0 of accumulated endowment earnings were appropriated for operations during the years ended December 31, 2021 and 2020, respectively, and classified as net assets without donor restrictions.

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**NOTE 12—NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

**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, 2021 and 2020.

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, 2021, 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	\$ 4,194,070	\$ 1,847,202	\$ 2,017,128	\$ 8,058,400
Investment activity	903,994	207,497	-	1,111,491
Contributions	465,000	-	-	465,000
Release	(250,000)	-	-	(250,000)
Appropriated for spending	<u>(403,088)</u>	<u>(15,000)</u>	<u>-</u>	<u>(418,088)</u>
Endowment assets, end of year	<u>\$ 4,909,976</u>	<u>\$ 2,039,699</u>	<u>\$ 2,017,128</u>	<u>\$ 8,966,803</u>

As of December 31, 2021, principal on endowment funds is 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>



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**NOTE 12—NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

**ENDOWMENT NET ASSETS (continued)**

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	\$ 1,592,472	\$ 2,017,128	\$ 7,662,236
Investment activity	813,696	254,730	-	1,068,426
Contributions	(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>\$ 1,847,202</u>	<u>\$ 2,017,128</u>	<u>\$ 8,058,400</u>

As of December 31, 2020, principal on endowment funds is 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 13—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, 2021 and 2020.

**NOTE 14—2020 FINANCIAL STATEMENTS**

The Foundation's financial statements as of and for the year ended December 31, 2020, were audited by Marks Paneth LLP, and they issued an unmodified opinion on the financial statements on July 2, 2021. Marks Paneth LLP acquired by Mayer Hoffman McCann CPAs effective January 1, 2022. As required by the auditing standards, Marks Paneth LLP is referred to as another auditor in the auditors' opinion for the year ended December 31, 2021, as far as it relates to the 2020 audit opinion.

**NOTE 15—SUBSEQUENT EVENTS**

As of July 5, 2022, the total investment portfolio of the Foundation decreased by approximately \$1.4 million or 12% of total assets. The decrease in the Foundation's total investment portfolio can be attributable to the overall global market declines.

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through July 5, 2022, the date the financial statements were available to be issued.