

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-15



Independent Auditor's Report

To the Board of Directors
America-Israel Cultural Foundation, Inc.

We have audited the accompanying consolidated financial statements of America-Israel Cultural Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of America-Israel Cultural Foundation, Inc., as of December 31, 2019, and the changes in net assets and cash flows for the years 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 America-Israel Cultural Foundation, Inc.'s 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 7, 2019. In our opinion the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Scheer Guarnieri & Associates CPAs LLP

Tappan, New York
November 12, 2020

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,197,743	\$ 1,453,309
INVESTMENTS	3,600,244	3,003,130
PLEDGES AND ACCOUNTS RECEIVABLE	42,084	815,190
PREPAID EXPENSES AND OTHER ASSETS	<u>55,010</u>	<u>33,989</u>
TOTAL CURRENT ASSETS	4,895,081	5,305,618
PROPERTY AND EQUIPMENT, NET	114,334	130,399
SECURITY DEPOSITS	27,854	14,654
DONATED MUSICAL INSTRUMENTS	<u>914,114</u>	<u>914,114</u>
TOTAL ASSETS	<u><u>\$ 5,951,383</u></u>	<u><u>\$ 6,364,785</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
ACCRUED AND OTHER CURRENT LIABILITIES	\$ 27,420	\$ 22,809
PLEDGED PROGRAM SUPPORT	<u>120,607</u>	<u>115,293</u>
TOTAL CURRENT LIABILITIES	<u>148,027</u>	<u>138,102</u>
NET ASSETS		
Without donor restrictions	1,955,744	2,284,870
With donor restrictions	<u>3,847,612</u>	<u>3,941,813</u>
TOTAL NET ASSETS	<u>5,803,356</u>	<u>6,226,683</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,951,383</u></u>	<u><u>\$ 6,364,785</u></u>

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019			2018 Summarized
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Annual campaign, special events and chapter revenues less direct costs of special events of \$314,000 in 2019 and \$119,639 in 2018	\$ 1,929,906	\$ 42,605	\$ 1,972,511	\$ 2,045,067
Legacies and bequest	156,777	-	156,777	1,269,523
Investment income (loss)	744,644	-	744,644	(221,348)
Other income	-	-	-	-
	2,831,327	42,605	2,873,932	3,093,242
Net assets released from restrictions	136,806	(136,806)	-	-
TOTAL SUPPORT AND REVENUE	2,968,133	(94,201)	2,873,932	3,093,242
EXPENSES				
Program services	2,481,105	-	2,481,105	1,893,377
SUPPORTING SERVICES				
Management and general	429,033	-	429,033	377,812
Fundraising	387,121	-	387,121	282,099
TOTAL SUPPORTING SERVICES	816,154	-	816,154	659,911
TOTAL EXPENSES	3,297,259	-	3,297,259	2,553,288
CHANGES IN NET ASSETS	(329,126)	(94,201)	(423,327)	539,954
NET ASSETS - beginning of year	2,284,870	3,941,813	6,226,683	5,686,729
NET ASSETS - end of year	\$ 1,955,744	\$ 3,847,612	\$ 5,803,356	\$ 6,226,683

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019				2018 Total Expenses
	Program Services	Supporting Services		Total	
	Program Services	Management and General	Fundraising		
Salaries	\$ 406,702	\$ 93,854	\$ 125,139	\$ 625,696	\$ 663,567
Employee benefits	60,928	14,060	18,747	93,735	60,902
Payroll taxes	29,316	6,765	9,020	45,101	19,956
Total salaries and related expenses	496,946	114,680	152,906	764,532	744,425
Appropriations for grants and projects	1,641,302	165,974	36,883	1,844,159	1,261,960
Office expense	24,879	5,741	7,655	38,276	49,348
Postage and delivery	2,795	645	860	4,300	9,194
Investment fees	-	30,242	-	30,242	5,271
Telecommunications	10,726	2,475	3,300	16,502	14,449
Insurance	11,266	2,600	3,467	17,333	18,231
Travel	27,967	6,454	8,605	43,026	68,780
Occupancy	65,879	15,203	20,270	101,352	122,180
Computer expenses	8,118	1,873	2,498	12,489	5,566
Professional fees	47,869	79,782	17,407	145,058	183,001
Credit card and bank fees	1,744	402	537	2,683	5,125
Public relations and advertising	128,785	-	128,785	257,570	47,627
Depreciation	12,829	2,961	3,947	19,737	18,131
	<u>\$ 2,481,105</u>	<u>\$ 429,033</u>	<u>\$ 387,121</u>	<u>\$ 3,297,259</u>	<u>\$ 2,553,288</u>

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (423,327)	\$ 539,954
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	19,737	18,131
Loss (gains) on investments	(680,779)	111,847
Changes in operating assets and liabilities:		
Pledges and accounts receivable	773,106	(811,886)
Prepaid expenses and other assets	(21,021)	(2,160)
Accrued and other current liabilities	4,611	(134,322)
Pledged program support	5,314	(97,605)
Severance pay payable	<u>-</u>	<u>(3,979)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(322,359)</u>	<u>(380,020)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,672)	(61,720)
Purchase of securities	-	(3,106,590)
Proceeds from sale of securities	<u>70,465</u>	<u>4,353,046</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>66,793</u>	<u>1,184,736</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(255,566)	804,716
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,453,309</u>	<u>648,593</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,197,743</u>	<u>\$ 1,453,309</u>

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The accompanying consolidated financial statements include the financial statements of the America-Israel Cultural Foundation, Inc. (the "AICF") and the America-Israel Cultural Foundation (R.A.) (the "Amuta"). The AICF is a publicly supported not-for-profit organization, incorporated in the State of New York in 1939 to encourage, promote and sustain cultural life in Israel. Funds raised in the United States and Israel provide scholarships to gifted students, advanced study fellowships to teachers and young professionals and grants to institutions and special projects in Israel in the fields of art, dance, film, music and theater. The AICF is funded primarily by contributions. The Amuta is a not-for-profit organization registered in Israel in 1939 and is controlled by the Board of Directors of the AICF. Accordingly, the consolidated financial statements include the financial statements of the AICF and the Amuta. All intercompany accounts and transactions have been eliminated in consolidation.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

b. Basis of accounting

The accompanying consolidated financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations.

c. Applicability of NYPMIFA

The Foundation complies with the terms of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA principally addresses (i) the management and investment of all of a not-for-profit entity "institutional funds" (which are mainly the financial assets of the entity and which exclude programmatic assets such as buildings or operating facilities), and (ii) the appropriations by the governing board of earnings derived from donor-restricted endowment funds. In essence, NYPMIFA requires all of the financial resources of the entity to be used in a "prudent" fashion, with the express approval and action of the governing board.

d. Use of estimates

The preparation of the financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization And Summary of Significant Accounting Policies (continued)

e. New accounting pronouncement

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly.

f. Comparative totals

The financial statements and footnote disclosures for the year ended December 31, 2018 are presented only to provide a basis for comparison with the year 2019. The 2018 financial statements and footnote disclosures are not intended to present all information necessary for the fair presentation in accordance with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year December 31, 2018, from which the summarized information was derived.

g. Cash and cash equivalents

For financial reporting purposes, highly liquid investments with original maturities of three months or less at the date of acquisition are considered to be cash equivalents. Cash equivalents include investments in money market funds and certificates of deposit. Certificates of deposit denominated in foreign currencies are translated into U.S. dollars using rates of exchange as of the date of the statements of financial position.

h. Functional allocation of expenses

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s judgement.

Transmissions for projects in Israel are made pursuant to authorization by the Board of Directors of the Foundation.

The Israel office of the Foundation is maintained mainly for the purpose of handling allocations and to a lesser degree, soliciting contributions. This includes the assembling of beneficiary projects, scholarship awards to hundreds of students annually, recommendations to the Board of Directors of proposed recipients, and actual distribution of funds to students and projects. Expenses for maintenance of that office are included as part of appropriations for projects in Israel.

i. Investments

The Foundation’s investments are reported at their quoted fair values. Realized gains and losses on assets sold and unrealized appreciation or depreciation of investments held are reported in the accompanying statements of activities.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization And Summary of Significant Accounting Policies (continued)

j. Basis of presentation

The financial statement presentation follows the recommendations of the FASB ASC 958-205, Presentation of Financial Statements. As amended by Accounting Standards Update No. 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The Foundation had \$3,847,612 net assets with donor restrictions at December 31, 2019.

k. Endowments

The Foundation reports all applicable disclosures to its funds treated as endowment (see Note 7).

l. Contributions and grants

All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as reclassification of net assets.

m. Property and equipment

Property and equipment are stated at their original costs or at their fair values at the dates of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which is between 5 and 10 years.

Depreciation expense relating to property and equipment charged to operations for the year ended December 31, 2019 was \$19,737.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization And Summary of Significant Accounting Policies (continued)

n. Donations of musical instruments

Donated musical instruments received through September 30, 1976 are included on the balance sheet at a nominal value of \$1. Since September 30, 1976, these donations have been recorded at appraised values at the time of donation. Substantially all of these instruments are on loan to current and former scholarship recipients and restricted exclusively for that purpose.

o. Income taxes

The Foundation is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision is required to be made for income taxes in the financial statements. There was no unrelated business income for the year ended December 31, 2018.

The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service Form 990, *Return of Organization Exempt From Income Tax*, as required.

The Foundation follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns and require that uncertain tax positions be evaluated in a two-step process. The Foundation does not believe it has any material uncertain tax positions. As of and during the year ended December 31, 2018, the Foundation did not have a liability for any unrecognized tax benefits. For the year ended December 31, 2018, there were no interest or penalties recorded or included in the statement of activities.

The Foundation's 2016, 2017, and 2018 tax years are open and subject to examination by the taxing authorities. However, the Foundation is not currently under audit nor has the Foundation been contacted by any of the taxing authorities.

p. Fair value measurements

As of December 31, 2019, some of the Foundation's assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and cash equivalents, grants receivable, prepaid expenses, accounts payable and accrued liabilities, and other payables approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2019.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization And Summary of Significant Accounting Policies (continued)

q. Advertising

The Foundation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$257,570 and \$47,627 for the years ended December 31, 2019 and 2018, respectively.

Note 2 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodologies include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Fixed income annuities: Valued at fair value by discounting the related cash flows based on current yields or similar instruments with comparable durations considering the credit-worthiness of the issuer.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are recorded at fair value. The historical cost and fair value at December 31, 2019 and 2018 are as follows:

2019	Level 1
Equity Securities	\$ 2,837,061
Fixed Income	551,719
Mutual and Exchange Traded Funds	211,464
Totals	\$ 3,600,244
2018	Level 1
Equity Securities	\$ 1,646,401
Fixed Income	279,892
Mutual and Exchange Traded Funds	1,076,837
Totals	\$ 3,003,130

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 3 - Property and Equipment

At each year end, property and equipment consisted of the following:

	2019	2018
Furniture and fixtures	\$ 27,859	\$ 27,033
Computer equipment	69,960	67,114
Leasehold improvements	34,406	34,406
Software and website	113,740	113,740
	245,965	242,293
Less accumulated depreciation	(131,631)	(111,894)
Property and equipment, net	\$ 114,334	\$ 130,399

Note 4 - Endowments

a. The endowment

At December 31, 2019 and 2018, the Foundation's endowment of \$3,847,612 and \$3,941,813, respectively, consisted of donor restricted funds established for the purpose of providing scholarships to students in Israel.

b. Interpretation of relevant law

As discussed in Note 1(c), NYPMIFA is applicable to all of the Foundation's institutional funds. The Board of Directors will continue to adhere to NYPMIFA's requirements relating to the Foundation's permanent endowment funds.

c. Funds with deficiencies

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor restricted endowment funds may decline below the historic dollar value of the donor's original, permanently restricted contributions. At December 31, 2019 and 2018, there were no funds with deficiencies.

d. Spending policy and relation to the spending policy

The income earned on donor restricted endowments is expected to remain in donor restricted net assets until spent in accordance with donor's intent.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 4 – Endowments (continued)

- e. Endowment net asset composition by type of fund at December 31, 2019 and 2018 and changes in endowment net assets for the year then ended are as follows:

	<u>2019</u>	<u>2018</u>
	Donor	Donor
	Restricted	Restricted
Endowment funds, beginning of year	\$ 3,941,813	\$ 3,845,007
Contributions	42,605	136,806
Restrictions released	(136,806)	(40,000)
	\$ 3,847,612	\$ 3,941,813

Note 5 - Pension Plan

The Foundation has a contributory, defined contribution pension plan (the “Plan”) covering all eligible employees. Contributions to the Plan by the Foundation are based on a percentage of salary and one year of employment, with a maximum contribution of 3% at December 31, 2019 and 2018. Employees may elect to contribute additional funds up to the limit set by law. The Foundation’s contribution to the plan amounted to approximately \$4,790 and \$7,011 for the years ended December 31, 2019 and 2018, respectively.

Note 6 - Concentrations

- a. Revenue

For the years ended December 31, 2019 and 2018, approximately 20% and 40% of the Foundation’s total revenue and support was from two donors, respectively.

- b. Financial instruments

Financial instruments which potentially subject the Foundation to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 7 - Commitment and Contingencies

- a. The Foundation maintained an operating lease for office space which expired on April 30, 2019. The Foundation entered into a new operating lease agreement for office space commencing on May 1, 2019 and expiring on April 30, 2024, however, in August 2020, the Foundation was released from the remainder of their lease effective January 1, 2021. The future minimum lease payments for the remainder of the lease is \$53,856.

Occupancy expense which includes rent and other expenses associated with the office space totaled \$101,352 and \$122,180 for 2019 and 2018, respectively.

- b. The Foundation was the subject of a legal claim relating to the allegation that, in prior years, the Foundation had been the recipient of assets which the Foundation believed to have been legitimate investment earnings, but which were instead inappropriate transfers of assets by an investment manager subsequently convicted of fraud. In November 2017 a settlement agreement was entered into requiring the Foundation to pay \$120,000 in three equal installments of \$40,000 each, with the first installment paid in 2017 and the second and third installments to be paid in 2018 and 2019, respectively. The amount of the settlement was accrued at December 31, 2017.

Note 8 – Liquidity and Availability of Resources

The following represents the Foundation’s financial assets as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,197,743	\$ 1,453,309
Investments	3,600,244	3,003,130
Contributions receivable	42,084	815,190
Total financial assets	<u>4,842,090</u>	<u>5,273,647</u>
Less: amounts not available to be used within one year	<u>(3,465,180)</u>	<u>(3,805,007)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,376,910</u>	<u>\$ 1,468,640</u>

Note 9 – Subsequent Events

The Foundation's management has performed subsequent events procedures through November 12, 2020, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. Management is currently evaluating the impact of the COVID-19 pandemic and has reasonably concluded that while it is reasonably possible that the virus could have a negative effect on the Foundation’s financial position, the specific impact is not readily determinable as of the date of these financial statements.