Financial Statements and Report of Independent Certified Public Accountants

AHRC New York City Foundation, Inc.

June 30, 2021 and 2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
AHRC New York City Foundation, Inc.

We have audited the accompanying financial statements of AHRC New York City Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditor's 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 audits 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 AHRC New York City Foundation, Inc. as of June 30, 2021 and 2020, 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.

Grant Thornton LLP

New York, New York
February 7, 2022

AHRC New York City Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 852,999	$ 544,137
Investments	36,679,102	29,612,227
Pledges and other receivables	280,598	114,233
Prepaid expenses and other current assets	32,205	52,205
Fixed assets, net of accumulated depreciation of $19,240 and $11,284	27,500	35,455
Total assets	$ 37,872,404	$ 30,358,257
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to related party	$ 643,920	$ 119,018
Refundable advance	100,000	100,000
Accrued expenses and other liabilities	15,344	11,048
Total current liabilities	759,264	230,066
NET ASSETS		
Without donor restrictions	35,478,791	29,041,035
With donor restrictions	1,634,349	1,087,156
Total net assets	37,113,140	30,128,191
Total liabilities and net assets	$ 37,872,404	$ 30,358,257

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

AHRC New York City Foundation, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Contributions and other income	$ 1,015,764	$ 335,827	$ 1,351,591
Special event revenues, net of direct expenses of $157,510	912,614	71,773	984,387
Realized and unrealized gains on investments	6,755,504	219,055	6,974,559
Dividends and interest	365,403	31,652	397,055
Net assets released from restrictions	111,114	(111,114)	-
Total operating expenses	9,160,399	547,193	9,707,592
EXPENSES			
Program services	2,003,232	-	2,003,232
Management and general	226,399	-	226,399
Fundraising	493,012	-	493,012
Total expenses	2,722,643	-	2,722,643
Increase in net assets	6,437,756	547,193	6,984,949
Net assets at beginning of year	29,041,035	1,087,156	30,128,191
Net assets at end of year	$ 35,478,791	$ 1,634,349	$ 37,113,140

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Contributions and other income	$ 535,516	$ 49,181	$ 584,697
Special event revenues, net of direct expenses of $236,342	895,558	34,032	929,590
Realized and unrealized (loss) gains on investments	(34,912)	4,806	(30,106)
Dividends and interest	643,770	24,200	667,970
Net assets released from restrictions	145,972	(145,972)	-
Total operating expenses	2,185,904	(33,753)	2,152,151
EXPENSES			
Program services	2,430,221	-	2,430,221
Management and general	285,246	-	285,246
Fundraising	477,736	-	477,736
Total expenses	3,193,203	-	3,193,203
Decrease in net assets	(1,007,299)	(33,753)	(1,041,052)
Net assets at beginning of year	30,048,334	1,120,909	31,169,243
Net assets at end of year	$ 29,041,035	$ 1,087,156	$ 30,128,191

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Grants	$ 1,852,906	$ -	$ -	$ 1,852,906
Salaries	86,922	86,921	173,844	347,687
Employee benefits	14,663	14,663	29,325	58,651
Payroll taxes	6,129	6,128	12,258	24,515
Office	1,562	3,124	49,255	53,941
Information technology	2,475	2,474	4,950	9,899
Occupancy costs	4,291	4,291	8,581	17,163
Staff travel	5	5	280	290
Conferences and events	-	-	206,404	206,404
Depreciation and amortization	1,993	1,993	3,970	7,956
Insurance	442	884	7,513	8,839
Professional fees	-	31,362	154,106	185,468
Other	31,844	74,554	36	106,434
Total expenses	2,003,232	226,399	650,522	2,880,153
Less: Special event expenses	-	-	(157,510)	(157,510)
Total expenses as reported on the statement of activities	$ 2,003,232	$ 226,399	$ 493,012	$ 2,722,643

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Grants	$ 2,301,813	$ -	$ -	$ 2,301,813
Salaries	86,759	86,759	173,519	347,037
Employee Benefits	18,353	18,353	36,706	73,412
Payroll Taxes	6,103	6,103	12,206	24,412
Office	1,191	2,383	50,313	53,887
Information Technology	2,065	2,065	4,131	8,261
Occupancy Costs	5,133	5,133	10,266	20,532
Staff Travel	63	63	16,487	16,613
Conferences and Events	5,841	5,841	252,836	264,518
Depreciation and Amortization	1,908	1,908	3,816	7,632
Insurance	441	882	7,500	8,823
Professional Fees	-	155,197	140,113	295,310
Other	551	559	6,185	7,295
Total expenses	2,430,221	285,246	714,078	3,429,545
Less: Special event expenses	-	-	(236,342)	(236,342)
Total expenses as reported on the statement of activities	$ 2,430,221	$ 285,246	$ 477,736	$ 3,193,203

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 6,984,949	$ (1,041,052)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	7,956	7,632
Unrealized (gains) loss on investments	(6,097,669)	1,123,393
Realized gains on investments	(876,890)	(1,093,287)
Change in cash attributable to changes in operating assets and liabilities		
Pledges and other receivables	(166,365)	(92,833)
Prepaid expenses and other current assets	20,000	(47,205)
Accrued expenses and other liabilities	4,296	1,825
Net cash used in operating activities	(123,723)	(1,141,527)
Cash flows from investing activities:		
Purchase of investments	(10,765,776)	(33,760,933)
Proceeds from sales and investments	10,673,459	34,828,794
Acquisition of fixed assets	-	(1,950)
Net cash (used in) provided by investing activities	(92,317)	1,065,911
Cash flows from financing activities:		
Net advances from affiliate	524,902	(134,752)
Net increase (decrease) in cash and cash equivalents	308,862	(210,368)
Cash and cash equivalents, beginning of year	544,137	754,505
Cash and cash equivalents, end of year	$ 852,999	$ 544,137

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

NOTE 1 - NATURE OF ACTIVITIES

AHRC New York City Foundation, Inc. (the “Foundation”) is exempt from income taxes under Section 501(c)(3) of the Internal Revenue ("Code"). The Foundation was formed for the purpose of raising funds for the exclusive benefit of developmentally disabled persons in New York City and to supplement the programs and activities available from state funds for such persons.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Net Assets

Net assets and related revenues and support are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Foundation to utilize for carrying on the Foundation’s general mission in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by the Foundation’s Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restrictions

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or are for expenditure on a specific program or in a specific geographic location. These donor-imposed stipulations can be fulfilled and removed by the actions of the Foundation pursuant to those stipulations. In addition, net assets with donor restrictions also include net assets whereby the respective donors have stipulated that the corpus contributed be invested and/or maintained in perpetuity. Income earned from these investments is available for expenditures according to restrictions, if any, imposed by donors.

Contributions

Contributions, which include unconditional promises to give, are recognized as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the satisfaction of any barriers occurs and there is no right of return noted by the respective donor.

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of donor restrictions, if any. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, the receipt of any restricted contributions whose restrictions expire, or are otherwise satisfied within the period of receipt, are reported as revenue without donor restrictions in the statements of activities.

Investments

Investments consist of common stocks, U.S. government and mortgage-backed obligations, and corporate bonds and are stated at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Generally, the fair value of investments is determined by reference to quoted market prices as of the reporting date.

Securities are subject to various risks that determine the value of the investments. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonable that changes in market conditions in the near-term could materially affect the value of the investments reported in the financial statements.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). It updates the Uniform Management of Institutional Funds Act, which had governed charitable endowment funds since 1978. NYPMIFA makes several important changes to prior law. Most importantly, NYPMIFA drops the requirement that institutions maintain the "historic dollar value" or original dollar amount of a gift. Instead, NYPMIFA sets forth certain investment and expenditure standards to ensure that endowment funds are used and maintained in a prudent manner. NYPMIFA also imposes decision-making and corporate governance requirements on institutions and their boards.

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In determining the specific investment strategy, the Foundation and its investment advisors focus heavily on the purpose of the investment portfolio. Other considerations include spending and investment goals, range of investment alternatives, liquidity constraints, number of investments and geographical, currency and taxation matters, risk and diversification. Portfolios must be appropriate in order to be sustainable for the long-term. When adopting the Foundation's approach, basic economic drivers are considered as well as three fundamental economic groupings of scenarios: growth, inflation and deflation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Pledges Receivables, Net of Allowance

Pledges receivable are expected to be collected within one year and are recorded at net realizable value. Pledges receivable are periodically evaluated for collectability. Changes in the estimated collectability of the receivables are recorded in the statement of activities in the period in which the estimate is revised.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Foundation maintains its cash balances in three financial institutions. At various times throughout the years ended June 30, 2021 and 2020, the Foundation maintained balances in excess of the Federal Deposit Insurance Corporation insured limits. The Foundation has not experienced any losses in such accounts.

Depreciation and Amortization

Depreciation and amortization is provided on the straight-line basis to amortize the cost of the respective assets over their estimated useful lives as follows:

Leasehold improvements	2-25 years
Equipment	3-15 years
Computer hardware	3-5 years

Additions and betterments are capitalized, whereas cost of maintenance and repairs are charged to expense as incurred.

Grant Expense

Unconditional grants are recognized as expense in the period the grant is awarded and the recipient is notified. Conditional grants are recognized as expense when the conditions on which they depend have been substantially met.

The Foundation recognized grant expense of approximately $1,853,000 and $2,302,000 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the Foundation had $342,000 and $578,000 of conditional grants outstanding, respectively.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and non-endowment investments.

The following table presents the total financial assets held by the Foundation as of June 30, 2021 and 2020 that could be readily made available within one year of the statement of financial position date to meet general expenditures such as operating expenses, fixed asset purchases and repayments of affiliate loans:

	2021	2020
Cash and cash equivalents	$ 852,999	$ 544,138
Investments	36,679,102	29,612,227
Less: Endowment assets	(1,182,156)	(987,207)
Total financial assets available to meet cash needs for general expenditures within one year	$ 36,349,945	$ 29,169,158

The funds available for investment are divided into the following classes based on the projected cash flows for the following periods:

- Short-term investments are monies reasonably anticipated to be needed to operate the Foundation for the next 12-month period.
- Intermediate-term investments are monies reasonably anticipated to be in excess of those needed for the next 12 months and less than 36 month period.

- Long-term investments are monies reasonably anticipated to be in excess of those needed for at least the next 36 months.

NOTE 4 - INVESTMENTS

The Foundation follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure and report fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure and report fair value.

The following describes the hierarchy of inputs used to measure and report fair value and the primary valuation methodologies used by the Foundation for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 - Quoted prices in active markets that the Foundation has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity and fixed income securities, registered mutual funds and exchange traded funds.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the respective asset or liability. This includes use of model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full-term of the assets or liabilities. Inputs are obtained from various sources, including market participants, dealers and brokers.

Level 3 - Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 estimate of fair value at the reporting date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Foundation considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is, therefore, based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that investment.

Investments, at fair value, are summarized as follows:

	2021			2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Mutual funds*	$ 25,797,431	$ -	$ 25,797,431	$ 16,959,687	$ -	$ 16,959,687
Bonds and U.S. Treasury obligations	-	10,881,671	10,881,671	-	12,652,540	12,652,540
Total	$ 25,797,431	$ 10,881,671	$ 36,679,102	$ 16,959,687	$ 12,652,540	$ 29,612,227

* Mutual funds consist of securities in a multitude of different industries, including energy, entertainment, healthcare, information technology, retail, financial services, and international funds, among many others, with no single industry group prevailing.

Bonds and US Treasury obligations includes 55% and 64% government bonds and 45% and 36% investment grade corporate bonds as of June 30, 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the Foundation recognized net dividend and interest income on securities of $397,000 and $668,000, realized gains on securities of $877,000 and $1,093,000, and unrealized gains/(losses) on securities of $6,098,000 and $(1,123,000), respectively. For the years ended June 30, 2021 and 2020, dividend and interest income are shown net of investment management fees of $58,000 and $143,000, respectively.

NOTE 5 - FIXED ASSETS, NET

Fixed assets, net, consist of the following:

	2021	2020
Leasehold improvements	$ 28,652	$ 28,652
Equipment	14,264	14,264
Computer hardware	3,824	3,824
	46,740	46,740
Less: accumulated depreciation and amortization	(19,240)	(11,284)
Total	$ 27,500	$ 35,456

Depreciation amounted to $7,956 and $7,632 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - REFUNDABLE ADVANCE

During the year ending June 30, 2013, the Foundation received a transfer of assets of $100,000 with donor imposed conditions. The conditions stipulate that the donor has 10 years from the date of transfer to provide instruction to the Foundation as to how to use the funds, which could result in the Foundation meeting the conditions and recognizing the funds as contribution revenue or transferring the funds to a third party. As of June 30, 2021 and 2020, management believes that the likelihood of the Foundation satisfying the donor imposed conditions is uncertain and, therefore, the funds are being reflected in the statements of financial position as a refundable advance.

NOTE 7 - RELATED PARTY TRANSACTIONS

Amounts due to related party primarily represent unpaid grants and non-interest bearing advances with no stated repayment terms, made to NYSARC, Inc., New York City Chapter (“AHRC”). AHRC has an economic interest and a degree of control over the Foundation. However, control via a majority of voting interest in the Foundation does not exist. Therefore, AHRC has opted not to consolidate the Foundation’s financial activity into its consolidated financial statements. Included in management and general expenses are management fees charged by AHRC of approximately $0 and $116,000 for the years ended June 30, 2021 and 2020, respectively. In addition, rent and utility fees charged by AHRC amount to approximately $15,000 and $18,000 for the years ended June 30, 2021 and 2020, respectively. Grants to AHRC amount to approximately $1,853,000 and $2,302,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 - INCOME TAXES

The Foundation is exempt from federal income tax under the Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The College is likewise exempt from New York state income tax under comparable state statutes. Federal law imposes tax on income that is not related to an organization’s tax-exempt purposes or otherwise excluded under the Code.

The Foundation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more-likely-than-not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Management believes there are no uncertain tax positions for the year ended June 30, 2021.

NOTE 9 - NET ASSETS

Net assets with donor restrictions as of June 30, 2021 and 2020 consists of endowment funds required to be held in perpetuity amounting to $500,515 as well as unappropriated investment earnings on those funds amounting to $681,641 and $486,692, respectively. Remaining net assets with donor restrictions totaling $452,193 are restricted for various programs of AHRC NYC.

NOTE 10 - ENDOWMENTS

The Foundation's endowment consists of funds established for the purpose of engendering funds to support AHRC's Guardianship Program. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions, if any.

On September 17, 2010, New York State enacted NYPMIFA. NYPMIFA contains provisions that govern charitable institutions' appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), that had become outdated. Most significantly, under prior law, charitable institutions were required to maintain the "historic dollar value" of endowment funds, meaning that institutions could appropriate only a prudent portion of a fund if the value of the fund was greater than the dollar value of the donor's contribution(s) to the fund (i.e., the "historic dollar value"), and the appropriation would not take the fund below that amount, or a prudent portion only of the income from the fund, if the value of the fund was less than the historic dollar value.

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to maintain historic dollar value. Prudent appropriation from an endowment fund whose value is less than its historic dollar value is permitted. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. As with prior law, NYPMIFA retains the requirement that in making any decision to appropriate, "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." It further provides a new requirement that the institution "shall consider, if relevant" the following eight factors in deciding whether or not to appropriate from an endowment:

- The duration and preservation of the endowment fund;
- The purposes of the institution and its endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of endowment investments;
- Other resources of the institution;
- Alternatives to expenditure of the endowment fund; and
- The investment policy of the institution.

Consistent with endowment accounting for not-for-profit organizations for funds subject to an enacted version of UPMIFA, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, (c) the net realizable value of future payments to its permanent endowment net assets in accordance with the donor's gift instrument (i.e., outstanding endowment pledges, net of applicable discount), and (d) accumulations, including appreciation, gains and income, pertaining to endowment assets made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

For financial reporting purposes, donor-restricted endowment fund appreciation, gains and income are classified as part of net assets with donor restrictions (accumulated gains) until such amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified to net assets without donor restrictions.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

		Net Assets with Donor Restrictions		
	Net Assets without Donor Restrictions	Accumulated Earnings	Amounts Held in Perpetuity	Total
Endowment assets, June 30, 2019	$ -	$ 507,686	$ 500,515	$ 1,008,201
Donor gifts	-	-	-	-
Net investment return	-	29,006	-	29,006
Appropriation of investment earnings for expenditure	-	(50,000)	-	(50,000)
Endowment assets, June 30, 2020	-	486,692	500,515	987,207
Net investment return	-	244,949	-	244,949
Appropriation of investment earnings for expenditure	-	(50,000)	-	(50,000)
Endowment assets, June 30, 2021	$ -	$ 681,641	$ 500,515	$ 1,182,156

NOTE 11 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through February 7, 2022, the date the financial statements were available for issuance.