AFEDJ

American Friends of the Episcopal Diocese of Jerusalem

American Friends of the Episcopal Diocese of Jerusalem, Inc.

Financial Statements
(Together with Independent Auditors' Report)

For the Years Ended
December 31, 2020 and 2019

MARKS PANETH

ACCOUNTANTS & ADVISORS

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of:
American Friends of the Episcopal Diocese of Jerusalem, Inc.

We have audited the accompanying financial statements of American Friends of the Episcopal Diocese of Jerusalem, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Friends of the Episcopal Diocese of Jerusalem, Inc. as of December 31, 2020 and 2019, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

Purchase, NY
April 21, 2021

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Current Assets		
Cash and cash equivalents	$ 998,161	$ 1,013,628
Contributions receivable	15,213	82,907
Prepaid expenses	5,936	4,427
Other receivables	119	-
Total Current Assets	1,019,429	1,100,962
Investments	1,065,608	871,087
Property and Equipment, net of accumulated depreciation of $13,259 and $27,604, respectively	11,786	14,496
Security Deposits	2,000	2,000
TOTAL ASSETS	$ 2,098,823	$ 1,988,545

LIABILITIES AND NET ASSETS

	2020	2019
Current Liabilities		
Accounts payable and accrued expenses	$ 2,676	$ 2,215
Loans and notes payable, current portion	40,512	-
Total Current Liabilities	43,188	2,215
Loans and notes payable, net of current portion	15,808	-
Net Assets		
Without donor restrictions		
Available for operations	274,400	362,282
Board-designated	942,045	739,745
Total without donor restrictions	1,216,445	1,102,027
With donor restrictions	823,382	884,303
Total Net Assets	2,039,827	1,986,330
TOTAL LIABILITIES AND NET ASSETS	$ 2,098,823	$ 1,988,545

See accompanying notes to financial statements.

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Contributions	$ 826,922	$ 1,291,600	$ 2,118,522
Non-cash contributions	63,428	-	63,428
Net assets released from restrictions	1,367,471	(1,367,471)	-
Total Public Support	2,257,821	(75,871)	2,181,950
REVENUE			
Investment return, net investment fees of $5,780	92,861	14,950	107,811
Total Revenue	92,861	14,950	107,811
Total Public Support and Revenue	2,350,682	(60,921)	2,289,761
FUNCTIONAL EXPENSES			
Program services	1,796,641	-	1,796,641
Management and general	186,364	-	186,364
Fundraising and development	253,259	-	253,259
Total Functional Expenses	2,236,264	-	2,236,264
CHANGE IN NET ASSETS	114,418	(60,921)	53,497
Net assets - beginning of year	1,102,027	884,303	1,986,330
Net assets - end of year	$ 1,216,445	$ 823,382	$ 2,039,827

See accompanying notes to financial statements.

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Contributions	$ 744,376	$ 1,248,909	$ 1,993,285
Non-cash contributions	79,060	-	79,060
Net assets released from restrictions	976,711	(976,711)	-
Total Public Support	1,800,147	272,198	2,072,345
REVENUE			
Investment return, net investment fees of $5,789	115,335	22,367	137,702
Total Public Support and Revenue	1,915,482	294,565	2,210,047
FUNCTIONAL EXPENSES			
Program services	1,243,384	-	1,243,384
Management and general	190,574	-	190,574
Fundraising and development	217,600	-	217,600
Total Functional Expenses	1,651,558	-	1,651,558
CHANGE IN NET ASSETS	263,924	294,565	558,489
Net assets - beginning of year	838,103	589,738	1,427,841
Net assets - end of year	$ 1,102,027	$ 884,303	$ 1,986,330

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

		SUPPORTING SERVICES			
	Program Services	Management and General	Fundraising and Development	Total	TOTAL FUNCTIONAL EXPENSES
Salaries	$ 86,939	$ 59,076	$ 140,863	$ 199,939	$ 286,878
Payroll taxes and benefits	20,735	15,460	38,723	54,183	74,918
Total Payroll	107,674	74,536	179,586	254,122	361,796
Grants	1,647,139	-	-	-	1,647,139
Outside services	169	12,288	37,359	49,647	49,816
Occupancy costs	9,121	4,561	9,121	13,682	22,803
Telephone	777	223	636	859	1,636
Office supplies	329	211	403	614	943
Printing	8,519	2,217	9,978	12,195	20,714
Postage	1,773	917	6,668	7,585	9,358
Travel, meetings and entertainment	1,773	930	2,519	3,449	5,222
Professional fees	-	75,678	-	75,678	75,678
Dues and subscriptions	1,305	3,640	3,999	7,639	8,944
Bank fees and interest	15,660	197	-	197	15,857
Insurance	779	560	1,459	2,019	2,798
Miscellaneous expenses	1,623	6,751	1,531	8,282	9,905
Depreciation	-	3,655	-	3,655	3,655
Total Functional Expenses	$ 1,796,641	$ 186,364	$ 253,259	$ 439,623	$ 2,236,264

See accompanying notes to financial statements.

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

		SUPPORTING SERVICES			
	Program Services	Management and General	Fundraising and Development	Total	TOTAL FUNCTIONAL EXPENSES
Salaries	$ 101,217	$ 55,628	$ 116,757	$ 172,385	$ 273,602
Payroll taxes and benefits	18,772	15,719	27,477	43,196	61,968
Total Payroll	119,989	71,347	144,234	215,581	335,570
Grants	1,076,906	-	-	-	1,076,906
Outside services	2,993	10,047	3,519	13,566	16,559
Occupancy costs	8,941	4,470	14,584	19,054	27,995
Telephone	514	257	1,101	1,358	1,872
Office supplies	769	436	1,088	1,524	2,293
Printing	7,869	1,749	7,869	9,618	17,487
Postage	2,426	1,213	8,491	9,704	12,130
Travel, meetings and entertainment	10,538	13,874	22,975	36,849	47,387
Travel, conventions and seminars	401	-	-	-	401
Professional fees	-	79,500	750	80,250	80,250
Dues and subscriptions	1,398	2,314	3,567	5,881	7,279
Bank fees and interest	8,700	222	-	222	8,922
Insurance	924	556	1,302	1,858	2,782
Miscellaneous expenses	1,016	1,043	8,120	9,163	10,179
Depreciation	-	3,546	-	3,546	3,546
Total Functional Expenses	$ 1,243,384	$ 190,574	$ 217,600	$ 408,174	$ 1,651,558

See accompanying notes to financial statements.

AMERICAN FRIENDS OF THE EPISCOPAL DIOCESE OF JERUSALEM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 53,497	$ 558,489
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Realized and unrealized gains on marketable securities	(113,499)	(143,121)
Depreciation	3,655	3,546
Changes in Operating Assets and Liabilities:		
Contributions receivable	67,694	(70,109)
Prepaid expenses	(1,509)	(1,038)
Other receivables	(119)	-
Accounts payable and accrued expenses	461	(1,001)
Total Adjustments	(43,317)	(211,723)
Net Cash Provided by Operating Activities	10,180	346,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(945)	(16,027)
Proceeds from sale of investments	341,654	183,618
Purchase of investments	(422,676)	(192,406)
Net Cash Used in Investing Activities	(81,967)	(24,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and notes payable	56,320	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,467)	321,951
Cash and cash equivalents - beginning of year	1,013,628	691,677
Cash and cash equivalents - end of year	$ 998,161	$ 1,013,628

See accompanying notes to financial statements.

NOTE 1 − NATURE OF OPERATIONS

American Friends of the Episcopal Diocese of Jerusalem, Inc. ("AFEDJ" or the "Organization") is a non-political, not-for-profit corporation established under the laws of the State of Florida, organized exclusively for charitable, religious, and educational purposes. AFEDJ acts as a partner with the Episcopal Diocese of Jerusalem (the "Diocese") by helping to increase its capacity to teach and heal. AFEDJ promotes and raises program and infrastructure funds for humanitarian work of the Episcopal Diocese of Jerusalem and its institutions so it may better serve the needs of all people in Jordan, Lebanon, Syria, Palestine, and Israel. AFEDJ is devoted to equality, respect, and human dignity.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

American Friends of the Episcopal Diocese of Jerusalem, Inc.'s financial statements have been prepared on the accrual basis of accounting and presented in accordance with Financial Accounting Standards Board ("FASB") guidance on reporting information regarding its financial position and activities for not-for-profit organizations.

Net Assets

The Organization's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to explicit donor-imposed stipulations, including board designated funds functioning as endowment.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be held in perpetuity by the Organization, and earnings from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition and Deferred Revenue

Contributions: The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that indicate a donor preference for the use of the donated assets. 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 and change in net assets as net assets released from restrictions.

Contributions receivable: Contributions receivable are recognized as revenue in the period received and recorded as assets or decreases of liabilities or expenses, depending on the form of the benefits received. Contributions receivable that are not anticipated to be fulfilled within one year are recognized at their discounted net present value. Contributions receivable are recognized when the conditions on which they depend are substantially met.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-cash Contributions: The Organization receives a substantial amount of volunteer services in carrying out its programs and activities. Volunteers perform various administrative and fundraising functions. However, no amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. Contributed services are not recognized unless the donated services create or enhance non-financial assets or require specialized skills that would typically be purchased if not donated. In-kind contributions are measured at the fair value of the asset transferred to the Organization or the liability cancelled or settled. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

Government and foundation grants and contracts are nonexchange transactions (contributions) and accounted for under Accounting Standards Update ("ASU") 2018-08. Grants and contracts, as with all contributions, are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grants and contracts amounted to $553,800 and $710,003 as of December 31, 2020 and 2019, respectively, and are included in the statements of activities and change in net assets.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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. The Organization regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

Cash and Cash Equivalents
The Organization considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

Investments
The Organization follows FASB guidance on fair value, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value, and expands disclosure about fair value measurements. FASB defines fair value as 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. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability, as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization values investments using Level 1 inputs. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organization 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. The Organization reports investment income and gains and losses as increases or decreases in net assets without donor restrictions in the statements of activities and change in net assets unless a donor or law restricts their use.

Property and Equipment and Depreciation
Property and equipment are recorded at cost, or in the case of donated assets, at estimated fair value at date of gift, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets that range from five to seven years. The Organization does not have a policy of implying time restrictions on gifts of long-lived assets. The Organization uses the direct expensing method for accounting for planned major maintenance activities.

Uncertainty in Income Taxes
The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2020, the Organization does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

Functional Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and change in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that are consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, employee benefits and payroll taxes, which are based on time and effort within each functional area. Postage and shipping, printing and publications, and bank charges are based on expenses tracked by account across functions. Supplies, office and computer expenses and telephone are based on staff usage.

Recently Adopted Accounting Standards
The FASB issued ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Topic 958 was also adopted by the Organization for the year ended December 31, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional.

NOTE 3 − LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of instructional and student activities as well as services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, the Organization's financial assets were as follows:

	2020	2019
Cash and cash equivalents	$ 998,161	$ 1,013,628
Investments	1,065,608	871,087
Contributions receivable	15,213	82,907
Less: amounts with limits on usage:	$ 2,078,982	$ 1,967,622
Board designated net assets	(942,045)	(739,745)
Spendable net assets with donor restrictions	(823,382)	(815,731)
Total Financial Assets Available for General Use Within One Year	$ 313,555	$ 412,146

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve endowment, which was $942,045 as of December 31, 2020. This reserve, established by the board of trustees, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The Organization raises funds for various projects and programs. Contributions receivable at December 31, 2020 represent uncollected receivables and unconditional promises to give in future periods. The Organization regularly evaluates the collectability of its receivables outstanding. Uncollectible amounts in 2020 and 2019 are not material. All receivables are due within one year and thus no discount was taken. Outstanding receivables at December 31, 2020 and 2019 were $15,213 and $82,907, respectively.

In 2019, approximately 83 percent of total contributions receivable, or $68,572, represents pledges from one donor.

NOTE 5 − INVESTMENTS

The investment portfolio, at fair value, was comprised of the following at December 31:

	2020	2019
Equities	$ 707,318	$ 566,173
Fixed income	358,290	304,914
Total Investments	$ 1,065,608	$ 871,087

NOTE 6 − PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019	Depreciable Life
Furniture and fixtures	$ 4,115	$ 4,115	7 years
Software	16,027	34,027	5 years
Computer equipment	4,903	3,958	5 years
	25,045	42,100	
Less: accumulated depreciation	13,259	27,604	
Total Property and Equipment, net	$ 11,786	$ 14,496	

The Organization wrote down and disposed of assets consisting of software. The value of the assets disposed of was $18,000 for the year ended December 31, 2020, there were no dispositions in 2019.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of $56,320 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses and expects to qualify for full forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in December 2020, principal and interest payments will be required through the maturity date in May 2022.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN (Continued)

The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. Principal payments on this debt, if not forgiven, will be as follows for the next two fiscal years ending December 31:

2021	$ 40,512
2022	15,808
Total PPP Loan Payable	$ 56,320

NOTE 8 − NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Church programs	$ 66,535	$ 64,107
Educational programs	320,046	369,179
Institutes for disabled	10,275	39,402
Medical program	221,779	256,898
Non-diocesan programs	204,747	154,717
Total Net Assets With Donor Restrictions	$ 823,382	$ 884,303

Net assets released from restrictions and disbursed during the years were as follows:

	2020	2019
Programs in support of the Diocese	$ 1,342,079	$ 974,711
Non-diocesan programs	25,392	2,000
Total Net Assets Released from Restrictions	$ 1,367,471	$ 976,711

NOTE 9 − ENDOWMENT NET ASSETS

The Organization's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 9 − ENDOWMENT NET ASSETS (Continued)

The Organization's Board of Directors requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, if any (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations, if any, to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the State of Florida's Uniform Prudent Management of Institutional Funds Act.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund,
2) The purposes of the Organization and the donor-restricted fund,
3) General economic conditions,
4) The possible effect of inflation and deflation,
5) The expected total return from income and the appreciation of investments,
6) Other resources of the Organization, and
7) The investment policies of the Organization.

The Organization has adopted investment and spending polices, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 6%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places an emphasis on U.S. Treasury securities and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Organization's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount at least equal to 5% of a moving three-year average of the fair value of the endowment funds. Accordingly, over the long term, the Organization expects its current spending policy to allow its endowment assets to grow at an average rate of 2.5% annually. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

NOTE 9 − ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for the years ended December 31:

	Board Designated	With Donor Restrictions	Total
Endowment net assets, January 1, 2019	**$ 624,346**	**$ 120,947**	**$ 745,293**
Investment return:			
Investment income	10,959	2,123	13,082
Net appreciation	109,173	21,148	130,321
Total Investment Return	120,132	23,271	143,403
Appropriation of endowment assets for expenditure	(4,733)	(906)	(5,639)
Endowment net assets, December 31, 2019	**739,745**	**143,312**	**883,057**
Investment return:			
Investment income	54	10	64
Net appreciation	96,187	14,940	111,127
Total Investment Return	96,241	14,950	111,191
Transfers to board-designated endowment funds	110,783	-	110,783
Appropriation of endowment assets for expenditure	(4,724)	(28,743)	(33,467)
Endowment net assets, December 31, 2020	**$ 942,045**	**$ 129,519**	**$ 1,071,564**

The amounts in the above tables do not include non-endowment, net assets with donor restrictions of $693,863 in 2020 and $740,991 in 2019 intended for various programs of the Diocese.

NOTE 10 − TAX-DEFERRED ANNUITY PLAN

The Organization maintains a tax-deferred retirement savings plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees with at least 1,000 hours of service annually. Employees may elect to have withholdings from wages up to the maximum allowable under the Internal Revenue Code. The Organization makes a five percent contribution to the plan based on eligible individual's gross salaries. The Organization also matches 100 percent of the employees' contribution up to four percent of their gross salary. Pension expense for the years ended December 31, 2020 and 2019 was $25,819 and $23,757, respectively.

NOTE 11 − LEASING ARRANGEMENTS

In August 2018, the Organization entered into an agreement to extend the lease for an additional three years, from March 2019 to February 2022, at a monthly cost of $1,612, with escalations. In addition to paying rent, the Organization pays the utilities and other occupancy costs.

NOTE 11 − LEASING ARRANGEMENTS (Continued)

The annual payment requirements under the lease agreement for the years subsequent to December 31, 2020 are as follows:

2021	$ 20,420
2022	3,420

Rent expense for the years ended December 31, 2020 and 2019 was $19,824 and $19,250, respectively.

NOTE 12 − CONCENTRATIONS OF CREDIT RISK

The Organization received approximately 51% and 71% of its total revenue from fund-raising from five donors (individuals, foundations, other religious organizations) for the years ended December 31, 2020 and 2019, respectively.

The Organization maintains its cash and cash equivalent balances at several financial institutions. Concentrations of credit risk result primarily from cash on deposit at these financial institutions in excess of Federal Deposit Insurance Corporation ("FDIC") limits. At times during the year, cash and cash equivalent balances may be in excess of FDIC coverage. At December 31, 2020, the Organization's uninsured cash and cash equivalents balance totaled $559,470.

Additionally, the Organization maintains investment accounts with major investment firms that are covered by Securities Investor Protection Corporation ("SIPC") insurance. At December 31, 2020, investment balances in excess of SIPC coverage were $571,564.

NOTE 13 − INCOME TAXES

The Organization is exempt from federal income taxes under Internal Revenue Code section 501(c)(3). Contributions made to the Organization are qualified for the maximum tax deductions allowable under the United States Internal Revenue Code.

NOTE 14 – COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Organization operates.

NOTE 15 − SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2021, the date the financial statements were available to be issued.

On February 22, 2021, the Organization was legally released from its PPP loan obligation (Note 7). The Organization will recognize $56,320 of loan forgiveness income in the subsequent period.