

**THE INTERFAITH CENTER ON
CORPORATE RESPONSIBILITY**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**WATSONRICE LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Audit Committee
The Interfaith Center on Corporate Responsibility

Report on the Financial Statements

We have audited the accompanying financial statements of The Interfaith Center on Corporate Responsibility ("ICCR"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 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.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Opinion

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

Watson Rice LLP

New York, New York
July 8, 2021

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalent (Note 4)	\$ 926,851	\$ 894,434
Restricted cash (Notes 4, 10 and 11)	150,000	100,000
Member dues receivable (Note 5)	126,138	155,971
Grants receivable (Note 6)	160,000	225,000
Contributions receivable (Note 17)	119,000	17,500
Prepaid expenses	21,208	562
Investment (Note 7)	1,647,024	1,396,229
Property and equipment - net (Note 8)	<u>115,784</u>	<u>134,889</u>
 Total Assets	 <u>\$ 3,266,005</u>	 <u>\$ 2,924,585</u>
 Liabilities and Net Assets		
<u>Liabilities:</u>		
Accounts payable and accrued liabilities (Note 9)	\$ 205,684	\$ 155,648
Other payable (Note 10)	50,000	-
Note payable (Note 11)	100,000	100,000
Liability for HIPR benefits (Note 13)	<u>145,000</u>	<u>180,700</u>
Total Liabilities	<u>500,684</u>	<u>436,348</u>
 <u>Net Assets</u> (Note 12):		
Without donor restrictions	909,537	356,788
With donor restrictions	<u>1,855,784</u>	<u>2,131,449</u>
Total Net Assets	<u>2,765,321</u>	<u>2,488,237</u>
 Total Liabilities and Net Assets	 <u>\$ 3,266,005</u>	 <u>\$ 2,924,585</u>

See notes to financial statements.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Member dues	\$ 1,064,843	\$ -	\$ 1,064,843
Contributions	90,885	-	90,885
Grants	471,666	240,833	712,499
PPP grant (Note 18)	255,627	-	255,627
Special event - net of \$29,995 in direct expenses (Note 17)	484,976	-	484,976
In-kind contributions (Note 16)	16,848	-	16,848
Investment return, net (Note 7)	2,448	248,347	250,795
Other income	1,938	-	1,938
Net assets released from restrictions (Note 12)	<u>764,845</u>	<u>(764,845)</u>	<u>-</u>
Total Revenues	<u>3,154,076</u>	<u>(275,665)</u>	<u>2,878,411</u>
Expenses			
Program expenses	1,994,671	-	1,994,671
Management and general	327,930	-	327,930
Fundraising/membership	<u>278,726</u>	<u>-</u>	<u>278,726</u>
Total Expenses	<u>2,601,327</u>	<u>-</u>	<u>2,601,327</u>
Changes in Net Assets	552,749	(275,665)	277,084
Net Assets, Beginning of Year	<u>356,788</u>	<u>2,131,449</u>	<u>2,488,237</u>
Net Assets, End of Year	<u><u>\$ 909,537</u></u>	<u><u>\$ 1,855,784</u></u>	<u><u>\$ 2,765,321</u></u>

See notes to financial statements.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Member dues	\$ 1,054,473	\$ -	\$ 1,054,473
Contributions	71,783	-	71,783
Grants	380,728	749,373	1,130,101
Database	35,000	-	35,000
Special event - net of \$38,617 in direct expenses (Note 17)	447,672	-	447,672
Investment return, net (Note 7)	5,030	248,400	253,430
Other income	458	-	458
Net assets released from restrictions (Note 12)	<u>320,241</u>	<u>(320,241)</u>	<u>-</u>
Total Revenues	<u>2,315,620</u>	<u>677,532</u>	<u>2,993,152</u>
Expenses			
Program expenses	1,694,021	-	1,694,021
Management and general	259,217	-	259,217
Fundraising/membership	<u>265,257</u>	<u>-</u>	<u>265,257</u>
Total Expenses	<u>2,218,495</u>	<u>-</u>	<u>2,218,495</u>
Changes in Net Assets	97,125	677,532	774,657
Net Assets, Beginning of Year	<u>259,663</u>	<u>1,453,917</u>	<u>1,713,580</u>
Net Assets, End of Year	<u>\$ 356,788</u>	<u>\$ 2,131,449</u>	<u>\$ 2,488,237</u>

See notes to financial statements.

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

Expense Classification	Program Expenses	Management and General	Fundraising/ Membership	Total
Salaries and other personnel costs	\$ 1,582,640	\$ 274,324	\$ 253,222	\$ 2,110,186
Rent	77,759	22,217	11,109	111,085
Consultants	90,956	-	-	90,956
Events and conferences	23,499	-	-	23,499
Publications	15,222	-	-	15,222
Database	42,112	-	-	42,112
Information and technology	52,526	15,008	7,504	75,038
Travel and meeting expenses	24,873	-	-	24,873
Office expenses	24,722	7,063	3,532	35,317
Administrative expenses	23,514	6,718	3,359	33,591
In-kind services (Note 16)	16,848	-	-	16,848
Depreciation and amortization expenses	20,000	2,600	-	22,600
Total Expenses	\$ 1,994,671	\$ 327,930	\$ 278,726	\$ 2,601,327

See notes to financial statements.

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

Expense Classification	Program Expenses	Management and General	Fundraising/ Membership	Total
Salaries and other personnel costs	\$ 1,334,475	\$ 199,744	\$ 238,919	\$ 1,773,138
Rent	77,383	22,109	11,055	110,547
Consultants	73,737	3,403	2,858	79,998
Events and conferences	35,977	3,752	-	39,729
Publications	20,276	42	145	20,463
Database	5,823	-	-	5,823
Information and technology	30,495	8,713	4,356	43,564
Travel and meeting expenses	52,056	2,099	-	54,155
Office expenses	30,057	8,586	4,294	42,937
Administrative expenses	25,409	7,260	3,630	36,299
Depreciation and amortization expenses	8,333	3,509	-	11,842
Total Expenses	\$ 1,694,021	\$ 259,217	\$ 265,257	\$ 2,218,495

See notes to financial statements.

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 277,084	\$ 774,657
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(218,027)	(220,565)
Depreciation and amortization expenses	22,600	11,842
(Increase)/decrease in assets:		
Member dues receivable	29,833	(50,826)
Grants receivable	65,000	(175,000)
Contributions receivable	(101,500)	(12,500)
Prepaid expenses	(20,646)	7,673
(Decrease)/increase in liabilities:		
Accounts payable and accrued liabilities	50,036	(6,320)
Other payable	50,000	-
Liability for HIPR benefits	(35,700)	13,500
Net cash provided by operating activities	<u>118,680</u>	<u>342,461</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	201,420	317,395
Purchase of investments	(234,188)	(260,375)
Additions to property and equipment	(3,495)	(142,008)
Net cash used in investing activities	<u>(36,263)</u>	<u>(84,988)</u>
Net Increase in Cash, Cash Equivalent and Restricted Cash	82,417	257,473
Cash, Cash Equivalent and Restricted Cash, Beginning of Year	<u>994,434</u>	<u>736,961</u>
Cash, Cash Equivalent and Restricted Cash, End of Year	<u>\$ 1,076,851</u>	<u>\$ 994,434</u>

See notes to financial statements.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

1. ORGANIZATION

The Interfaith Center on Corporate Responsibility (“ICCR”) was founded in 1971. ICCR has more than 300 institutional investor members, representing faith-based institutions and other socially responsible investors. ICCR’s faith-based members elect ICCR’s Governing Board. ICCR is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code. ICCR has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

ICCR assists its members in the coordination of their shareholder engagement with companies regarding environmental, social, and governance issues. Through dialogue and engagement with publicly-held corporations, ICCR members promote corporate responsibility and sound corporate governance around key issue areas, including human rights/workers rights, climate change/environment, food, water, health, and banking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements of ICCR have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

1. Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. Basis of Presentation – Continued

2. Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; ICCR must continue to use the resources in accordance with the donor's instructions.

ICCR's unspent contributions are included in this class if the donor limits their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by ICCR.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

c. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

d. Investments

Through its endowment, ICCR carries investments in money market funds, mutual funds and equities at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

e. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). ICCR groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

f. Revenue and Revenue Recognition

Membership dues are recorded when received and are recognized immediately as contribution since there is no exchange element. ICCR records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

ICCR recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Reclassifications to net assets without donor restrictions are made as related grant expenses are incurred to a maximum of the grant award.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

g. Compensated Absences

ICCR accrues for the liability of vacation pay which its employees have earned but not yet used, in accordance with the terms of its collective bargaining agreement.

h. Expense Recognition and Allocation

The cost of providing ICCR's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on the respective program area, with the exception of those employees who are allocated across all departments based on estimated time spent.
- Occupancy, administrative expenses, information and technology are allocated 70% program, 20% management and general, and 10% fundraising/membership.
- Events and conferences, publications, travel and meeting expenses are allocated to programs. Depreciation and amortization expenses are allocated directly to the program, where applicable, otherwise they are allocated to management and general. Consultants that are directly attributable are charged to respective function head, the rest are allocated based on the particular department for which the consultant is covering.

i. Property and Equipment

Property and equipment are reported in the statements of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost of \$750 or more and a useful life when acquired of more than 12 months. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Computers	3 Years
Office Equipment	5 Years
Furniture	7 Years
Vehicles	5 Years
Database	7 Years
Leasehold Improvements	The shorter of the life of the leasehold improvement or the remaining term of the lease

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

i. Property and Equipment – Continued

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

j. Endowment Funds

ICCR's net assets with donor restrictions includes an endowment gift from the Fabunmi Trust and matching funds raised by ICCR. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

ICCR's Board of Directors has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, ICCR retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by ICCR in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, ICCR considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 ICCR, and (7) ICCR's investment policies.

Investment and Spending Policies

ICCR has adopted investment and spending policies, approved by the Board of Directors, for the endowment that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

j. Endowment Funds – Continued

Investment and Spending Policies – Continued

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the funds if possible. ICCR expects its endowment assets, over time, to produce an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

ICCR shall expend income and appreciation on the fund on a total return basis in accordance with standards applicable under the New York State Not-for-Profit Corporation Law and the NYPMIFA at a percentage of total return deemed prudent by the board. Under ICCR's endowment spending policy, ICCR may draw up to 4% of the market value on an annual basis. While the normal annual distribution is 4%, the investment committee recommended in September 2018 and the board approved for 2018 and 2019 only a spending rate of 7% to help fund build of the organization's member engagement platform, the Shareholder Exchange. In establishing this policy, ICCR considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with ICCR's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

k. Adoption of Accounting Standards

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. ICCR has implemented Topic 606 which did not have an effect on the presentation of the financial statements and on net assets.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Recently Issued Accounting Pronouncements

Contributed Nonfinancial Assets

On September 17, 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial assets. This ASU requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose:

- a. Contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets; and
- b. For each category of contributed nonfinancial assets recognized (as identified in (a)):
 - Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used.
 - The not-for-profit’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
 - A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
 - The valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.
 - The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

ASU No. 2020-07 is effective retrospectively for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the financial statements and will implement when applicable.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Recently Issued Accounting Pronouncements – Continued

Accounting for Leases

The FASB issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.

In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU No. 2016-02 by one year for entities in the “all other” category. Therefore, ASU No. 2016-02 is effective for those entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of this ASU on the financial statements and will implement when applicable.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

3. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure that is without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019 are:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalent	\$ 926,851	\$ 894,434
Restricted cash	150,000	100,000
Member dues receivable	126,138	155,971
Grants receivable	160,000	225,000
Contributions receivable	119,000	17,500
Endowment and long-term investments	<u>1,647,024</u>	<u>1,396,229</u>
Total financial assets	3,129,013	2,789,134
Less financial assets held to meet donor imposed restrictions		
Donor restricted endowment funds	(871,750)	(871,750)
Less board-designated employee separation reserve fund	(63,588)	(63,588)
Less restricted cash	<u>(150,000)</u>	<u>(100,000)</u>
Amounts available for general expenditures within one year	<u>\$ 2,043,675</u>	<u>\$ 1,753,796</u>

ICCR’s goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$1,000,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. ICCR has \$100,000 line of credit available to meet cash flow needs.

4. CASH, CASH EQUIVALENT, AND RESTRICTED CASH

ICCR consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition. ICCR maintains its cash accounts in Chase Bank, which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to certain limits. At December 31, 2020 and 2019, ICCR had approximately \$460,556 and \$652,799, respectively, of uninsured cash balances.

Restricted cash consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
EFA - FJC	\$ 100,000	\$ 100,000
SEC litigation fund	50,000	-
Total	<u>\$ 150,000</u>	<u>\$ 100,000</u>

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

4. CASH, CASH EQUIVALENT, AND RESTRICTED CASH – CONTINUED

ICCR maintains the Eleemosynary Fund Account-Money Market (“EFA”) with FJC, a foundation of philanthropic funds, in compliance with the requirement of the promissory note to Marty and Dorothy Silverman Foundation. SEC litigation fund consists of cash in Chase Bank that is designated for the litigation that will be filed against the U.S. Security and Exchange Commission (SEC).

The following table provides a reconciliation of cash, cash equivalent and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalent	\$ 926,851	\$ 894,434
Restricted cash	<u>150,000</u>	<u>100,000</u>
Total	<u>\$ 1,076,851</u>	<u>\$ 994,434</u>

5. MEMBER DUES RECEIVABLE

This account consists of outstanding faith based member dues, associate member dues and affiliate member dues receivable, as follows:

	<u>2020</u>	<u>2019</u>
Faith based member dues receivable	\$ 54,838	\$ 99,121
Associate member dues receivable	41,020	34,500
Affiliate member dues receivable	<u>30,280</u>	<u>22,350</u>
Total	<u>\$ 126,138</u>	<u>\$ 155,971</u>

6. GRANTS RECEIVABLE

Grants receivable of \$160,000 and \$225,000 at December 31, 2020 and 2019, respectively, is due in less than one year from the following:

	<u>2020</u>	<u>2019</u>
Environmental Defense Fund	\$ 160,000	\$ -
Foundation to Promote Open Society	-	125,000
Nathan Cummings Foundation	<u>-</u>	<u>100,000</u>
Total	<u>\$ 160,000</u>	<u>\$ 225,000</u>

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

7. INVESTMENTS

Investments are comprised of the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
TD Ameritrade:				
Mutual funds	\$ 706,729	\$ 811,922	\$ 698,459	\$ 722,509
Equities	938	10,233	1,970	7,784
Money market account	353	353	365	365
Charles Schwab Institutional:				
Equities	315,000	410,079	315,000	345,166
Money market funds	5,995	5,995	4,705	4,705
Boston Common:				
Mutual funds	319,678	408,442	292,113	315,700
Total	<u>\$ 1,348,693</u>	<u>\$ 1,647,024</u>	<u>\$ 1,312,612</u>	<u>\$ 1,396,229</u>

As of December 31, 2020 and 2019, all investments were considered level 1 investments.

The net investment return for the years ended December 31, 2020 and 2019 consists of the following:

	2020	2019
Interest and dividends	\$ 33,038	\$ 35,438
Net realized and unrealized gains	218,027	220,565
Investment fees and charges	(270)	(2,573)
Net investment earnings and gains	<u>\$ 250,795</u>	<u>\$ 253,430</u>

8. PROPERTY AND EQUIPMENT

The following is the composition of property and equipment at December 31, 2020 and 2019:

	2020	2019
Computer equipment	\$ 212,100	\$ 208,605
Office machines	42,582	42,582
Members database	140,000	140,000
Leasehold improvements	26,106	26,106
Total	420,788	417,293
Less: Accumulated depreciation and amortization	305,004	282,404
Net	<u>\$ 115,784</u>	<u>\$ 134,889</u>

During 2020 and 2019, ICCR acquired office computers, members database and office equipment in the amounts of \$3,495 and \$142,008, respectively.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	<u>2020</u>	<u>2019</u>
Accrued salaries and vacation	\$ 83,925	\$ 78,678
Accounts payable - various suppliers	30,223	63,876
Accrued expenses	<u>91,536</u>	<u>13,094</u>
Total	<u>\$ 205,684</u>	<u>\$ 155,648</u>

10. OTHER PAYABLE

ICCR is lead plaintiff in litigation that will be filed against the U.S. Security and Exchange Commission under the Administrative Procedure Act, to invalidate rule changes promulgated by the prior Presidential Administration to SEC Rule 14(a)(8) that would significantly limit the ability of shareholders to file resolutions on environmental, social, and governance matters. In order to pay the law firm that is handling the case, members, allied organizations, and foundations are pooling funds. As lead plaintiff, ICCR has agreed to be the custodian for these funds. ICCR set up a dedicated account at Chase, titled “SEC Litigation Fund”, to receive these funds and to pay the lawyers. All funds that are designated for the litigation are deposited in this dedicated account, and all payments to the law firm of MoloLamken LLP are paid out of this dedicated account. ICCR is not charging a fee to administer the account, and no funds that are received for the purpose of the litigation are used for ICCR’s operations. All of these pooled funds are used exclusively to pay the law firm. As of December 31, 2020, the fund consists of \$50,000 in cash and is included as restricted cash with a corresponding liability in the financial statements.

11. NOTE PAYABLE

On June 26, 2017, ICCR issued a promissory note to Marty and Dorothy Silverman Foundation for \$100,000. The note provided that ICCR has to open an Eleemosynary Fund Account-Money Market (“EFA”) with FJC, a foundation of philanthropic funds, and deposit all the loan proceeds in such EFA.

Among other things, the note provides that:

- a. Interest will be payable quarterly for each outstanding day on the unpaid principal amount until paid at a floating interest rate of the prime rate plus 3% per annum.
- b. First payment is due on the last day of each quarter until June 30, 2022.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

11. NOTE PAYABLE – CONTINUED

- c. During the period that such proceeds are in the EFA, the interest rate on that portion of the loan proceeds in the EFA shall be equal to the net amount of interest earned on the funds in the EFA (after deduction of all losses, fees and taxes and charges including wire transfer fees).
- d. Funds may be withdrawn or deposited from and to the EFA on five (5) business days' notice to FJC, and shall be limited to three (3) withdrawals and two (2) deposits per month.
- e. The deposit of funds into the EFA shall be made in the minimum amount of \$25,000.
- f. In the event of default, there is a lien and right of set-off against the balance of the fund in the EFA.

At December 31, 2020 and 2019, the balance of the fund in the EFA was \$100,000.

12. NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Board-designated:		
Employee Separation Reserve	\$ 63,588	\$ 63,588
Undesignated	<u>845,949</u>	<u>293,200</u>
Total	<u>\$ 909,537</u>	<u>\$ 356,788</u>

The Board has designated net assets without donor restrictions to fund the Employee Separation Reserve, which had a balance of \$63,588 as of December 31, 2020 and 2019. The existence of the board-designated fund resulted in undesignated net assets without donor restrictions of \$845,949 and \$293,200 at December 31, 2020 and 2019, respectively.

With Donor Restrictions

Net assets with donor restrictions include grants, program-related contributions with donor-imposed stipulations and the donor-restricted endowment funds.

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

12. NET ASSETS – CONTINUED

With Donor Restrictions – Continued

Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Endowment net assets	\$ 1,564,951	\$ 1,382,076
Grants - Environmental Defense Fund	114,583	-
Grants - Anonymous	90,000	-
Grants - Nathan Cummings Foundation	50,000	150,000
Grants - Educational Foundation of America	21,250	22,500
Grants - Wallace Global	15,000	10,000
Grants - Anonymous	-	380,509
Grants - Foundation to Promote Open Society	-	136,364
Grants - Humanity United	-	50,000
	<u>\$ 1,855,784</u>	<u>\$ 2,131,449</u>

During each year, net assets released from restrictions were for the following:

	<u>2020</u>	<u>2019</u>
Endowment net assets	\$ 65,472	\$ 97,191
Grants - Anonymous	380,509	100,000
Grants - Nathan Cummings Foundation	100,000	-
Grants - Foundation to Promote Open Society	136,364	-
Grants - Humanity United	50,000	12,500
Grants - Educational Foundation of America	22,500	25,000
Grants - Wallace Global	10,000	-
Grants - Environmental Defense Fund	-	37,500
Grants - Freedom Fund	-	30,000
Grants - Park Foundation	-	18,050
Total	<u>\$ 764,845</u>	<u>\$ 320,241</u>

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

12. NET ASSETS – CONTINUED

Donor-Restricted Endowment Net Assets

The composition of donor-restricted endowment net assets as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Original donor-restricted amount and amounts required to be maintained in perpetuity by donor	\$ 871,750	\$ 871,750
Accumulated investment gains	<u>693,201</u>	<u>510,326</u>
Total	<u>\$ 1,564,951</u>	<u>\$ 1,382,076</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 1,382,076	\$ 1,230,867
Investment return, net	248,347	248,400
Amounts appropriated for expenditure	<u>(65,472)</u>	<u>(97,191)</u>
Endowment net assets, end of year	<u>\$ 1,564,951</u>	<u>\$ 1,382,076</u>

13. RETIREMENT PLAN AND OTHER BENEFITS

The governing board of ICCR established a 403(b) pension plan through the Teachers Insurance and Annuity Association – College Retirement Equity Fund (“TIAA-CREF”). The plan requires ICCR to contribute an amount equivalent to 11% of the annual compensation for certain eligible employees, or 18.65% of the annual compensation for ordained employees who are considered self-employed, as defined in Article IV of the Federal Social Security Act. For the years ended December 31, 2020 and 2019, contributions to the plan amounted to \$153,936 and \$138,475, respectively.

ICCR also provides certain health care benefits for retired employees in accordance with the CBA agreement. Following are the eligibility requirements for post-retirement health benefits as provided for in ICCR’s collective bargaining agreement with its employees:

Employees hired before April 1, 1995	Age 55 and 15 years of service
Employees hired after April 1, 1995	Age 55, 25 years of service and 15 years in the medical plan

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

13. RETIREMENT PLAN AND OTHER BENEFITS – CONTINUED

An employee hired after April 1, 1995, who is laid off at age 60 or older with at least 20 years of participation in the medical plan maintained by ICCR, will be treated as if he/she had 25 years of such participation and will therefore be entitled to receive post-retirement health benefits under the plan.

At January 1, 2021, ICCR’s accumulated post-retirement benefit obligation was determined to be \$145,000 at 4.5% discount rate. ICCR decided to amortize its accumulated post-retirement benefit obligation over a 20-year period. The components of its post-retirement benefit cost consisted of:

Service cost	\$ 8,300
Interest cost	6,300
Amortization of (20 years) transition obligation	12,000
Amortization of cumulative loss	<u>9,300</u>
Net post-retirement benefit cost	<u>\$ 35,900</u>

Health insurance post-retirement (HIPR) benefit obligations and funded status:

Accumulated post-retirement benefit obligation (APBO) at January 1, 2021:

Retirees	\$ -
Actives eligible for benefits	120,000
Actives not yet eligible	<u>25,000</u>
Accumulated post-retirement benefit obligation	<u>\$ 145,000</u>

14. EXPENSES

Below are total expenses and percentages of expenses charged to program and supporting services for the years ended December 31, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Program expenses	\$ 1,994,671	77%	\$ 1,694,021	76%
Management and general	327,930	12%	259,217	12%
Fundraising/membership	278,726	11%	265,257	12%
Total	<u>\$ 2,601,327</u>	<u>100%</u>	<u>\$ 2,218,495</u>	<u>100%</u>

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

15. OPERATING LEASE COMMITMENTS

On May 2, 2018, ICCR entered into a new lease agreement with The Interchurch Center (the “Landlord”) for the office space located on the 18th Floor of 475 Riverside Drive, New York, New York for a term of five (5) years commencing on July 1, 2018 and ending on June 30, 2023. The annual rental for each year ending December 31st will be an amount equal to ICCR’s proportionate share of (i) the Landlord’s carrying, maintenance, operating and depreciation charges for the building, parking lot, other improvements (including common facilities), underlying land and the adjacent sidewalks (collectively, the “Real Property”) for such year plus (ii) the amount of scheduled contributions to Landlord’s capital improvement fund for the Real Property as set forth in the Landlord’s capital improvements fund budget.

Rent expense for the years ended December 31, 2020 and 2019 amounted to \$111,085 and \$110,547, respectively.

16. IN-KIND CONTRIBUTIONS

ICCR recognizes as contributions revenue and as legal expenses the fair value of pro bono legal services donated by Nixon Peabody LLP in conjunction with the collective bargaining process. For the years ended December 31, 2020 and 2019, ICCR recorded \$16,848 and nil, respectively, of donated legal fees.

17. SPECIAL EVENT

Special event represents net proceeds from the awards dinner held on October 6, 2020 and October 29, 2019. Contributions receivable from special event of \$119,000 and \$17,500 at December 31, 2020 and 2019, are estimated to be collected within one year. Revenues and direct expenses were as follows:

	<u>2020</u>	<u>2019</u>
Revenues	\$ 514,971	\$ 486,289
Less: Direct expenses	<u>(29,995)</u>	<u>(38,617)</u>
Net Proceeds	<u>\$ 484,976</u>	<u>\$ 447,672</u>

**THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
NOTES TO FINANCIAL STATEMENTS – CONTINUED**

18. PAYCHECK PROTECTION PROGRAM (PPP)

On April 30, 2020, ICCR received a loan of \$255,627 under the Paycheck Protection Program (“PPP”) which was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The PPP loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. ICCR is eligible for loan forgiveness of up to 100% of the PPP loan upon meeting certain requirements. The PPP loan is uncollateralized and is fully guaranteed by the Federal government.

On December 2, 2020, the SBA approved ICCR’s PPP forgiveness application which includes waiver of both outstanding principal and interest payments. At December 31, 2020, full amount is reflected as a grant in the statement of activities.

19. EVALUATION OF SUBSEQUENT EVENTS

ICCR has evaluated subsequent events through July 8, 2021, the date the financial statements were available to be issued.