THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

AUDITED FINANCIAL STATEMENTS
AND
LETTER COMMUNICATING THAT NO MATERIAL WEAKNESSES WERE IDENTIFIED

DECEMBER 31, 2019

WATSONRICE LLP
CERTIFIED PUBLIC ACCOUNTANTS

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

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THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

WATSONRICE LLP
CERTIFIED PUBLIC ACCOUNTANTS

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Interfaith Center on Corporate Responsibility, which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

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, 2019 and 2018, 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.

WatsonRice LLP

New York, New York
October 2, 2020

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Cash (Note 4)	$ 894,434	$ 636,961
Restricted cash (Note 11)	100,000	100,000
Member dues receivable (Note 5)	155,971	105,145
Grants receivable (Note 6)	225,000	50,000
Contributions receivable	17,500	5,000
Prepaid expenses	562	8,235
Investments (Notes 7 and 8)	1,396,229	1,232,684
Property and equipment - net (Note 9)	134,889	4,723
Total Assets	$ 2,924,585	$ 2,142,748
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities (Note 10)	$ 155,648	$ 161,968
Note payable (Note 11)	100,000	100,000
Liability for HIPR benefits (Note 13)	180,700	167,200
Total Liabilities	436,348	429,168
Net Assets (Note 12):		
Without donor restrictions	356,788	259,663
With donor restrictions	2,131,449	1,453,917
Total Net Assets	2,488,237	1,713,580
Total Liabilities and Net Assets	$ 2,924,585	$ 2,142,748

See notes to financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Member dues	$ 1,054,473	$ -	$ 1,054,473
Contributions	72,241	-	72,241
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	235	-	235
Net assets released from restrictions (Note 12)	320,241	(320,241)	-
Total Revenues	2,315,620	677,532	2,993,152
Expenses			
Program expenses	1,694,021	-	1,694,021
Management and general	259,217	-	259,217
Fundraising/membership	265,257	-	265,257
Total Expenses	2,218,495	-	2,218,495
Changes in Net Assets	97,125	677,532	774,657
Net Assets, Beginning of Year	259,663	1,453,917	1,713,580
Net Assets, End of Year	$ 356,788	$ 2,131,449	$ 2,488,237

See notes to financial statements.

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Member dues	$ 1,117,904	$ -	$ 1,117,904
Contributions	45,722	-	45,722
Grants	224,450	223,050	447,500
Database	56,958	-	56,958
Special event - net of $32,914 in direct expenses (Note 17)	449,386	-	449,386
Publications and subscriptions	750	-	750
In-kind contributions (Note 16)	35,000	-	35,000
Investment return, net (Note 7)	785	(54,552)	(53,767)
Net assets released from restrictions (Note 12)	458,868	(458,868)	-
Total Revenues	2,389,823	(290,370)	2,099,453
Expenses			
Program expenses	1,673,421	-	1,673,421
Management and general	315,504	-	315,504
Fundraising/membership	275,260	-	275,260
Total Expenses	2,264,185	-	2,264,185
Changes in Net Assets	125,638	(290,370)	(164,732)
Net Assets, Beginning of Year	134,025	1,744,287	1,878,312
Net Assets, End of Year	$ 259,663	$ 1,453,917	$ 1,713,580

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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

Expense Classification	Program Expenses	Management and General	Fundraising/ Membership	Total
Salaries and other personnel costs	$ 1,246,303	$ 222,843	$ 248,429	$ 1,717,575
Rent	76,063	21,732	10,866	108,661
Consultants	36,307	28,302	1,300	65,909
Events and conferences	31,050	5,815	-	36,865
Publications	19,857	150	-	20,007
Database	87,812	-	-	87,812
Information and technology	35,895	10,380	5,190	51,465
Travel and meeting expenses	43,860	4,159	-	48,019
Office expenses	29,976	8,798	4,399	43,173
Administrative expenses	31,298	5,921	5,076	42,295
Capacity building	-	2,000	-	2,000
In-kind services (Note 16)	35,000	-	-	35,000
Depreciation and amortization expenses	-	5,404	-	5,404
Total Expenses	$ 1,673,421	$ 315,504	$ 275,260	$ 2,264,185

See notes to financial statements.

THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Changes in net assets	$ 774,657	$ (164,732)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) and losses on investments	(220,565)	75,363
Donated securities	-	1,032
Depreciation and amortization expenses	11,842	5,404
(Increase)/decrease in assets:		
Member dues receivable	(50,826)	(15,272)
Grants receivable	(175,000)	75,000
Contributions receivable	(12,500)	(5,000)
Prepaid expenses	7,673	8,820
(Decrease)/increase in liabilities:		
Accounts payable and accrued liabilities	(6,320)	92,309
Liability for HIPR benefits	13,500	17,400
Net cash provided by operating activities	342,461	90,324
Cash Flows From Investing Activities		
Proceeds from sale of investments	317,395	91,580
Purchase of investments	(260,375)	(24,203)
Additions to property and equipment	(142,008)	(1,476)
Net cash (used in) provided by investing activities	(84,988)	65,901
Net Increase in Cash	257,473	156,225
Cash, Beginning of Year	636,961	480,736
Cash, End of Year	$ 894,434	$ 636,961

See notes to financial statements.

1. ORGANIZATION

The Interfaith Center on Corporate Responsibility ("ICCR") was founded in 1971. ICCR has nearly 200 institutional investor members, representing faith-based institutions and other socially responsible investors. These 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

d. Revenues

Membership dues are recorded when received and are recognized as revenue during the applicable membership period. Contributions received are recorded as revenue at the time of collection. Grants are recognized as revenue when they are committed. Reclassifications to net assets without donor restrictions are made as related grant expenses are incurred to a maximum of the grant award.

e. 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.

f. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

g. 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

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.

h. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

h. Endowment Funds – Continued

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. 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. While the normal annual distribution is 4%, the investment committee recommended in September 2018 and the board approved a spending rate of 7% for 2018 and 2019 to help fund build of the organization's member engagement platform, the Shareholder Exchange. Therefore, 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 a spending rate of 7% for 2018 and 2019 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

i. Reclassifications

Some accounts in the prior year financial statements were reclassified to conform to the current year's financial statements presentation.

j. Recently Issued Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation.

In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 for one year. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 by one year for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of ASU 2014-09.

Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Management is currently evaluating the impact of this ASU on the financial statements and will implement when applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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.

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, 2019 and 2018 are:

	2019	2018
Financial assets:		
Cash	$ 894,434	$ 636,961
Restricted cash	100,000	100,000
Member dues receivable	155,971	105,145
Grants receivable	225,000	50,000
Contributions receivable	17,500	5,000
Endowment and long-term investments	1,396,229	1,232,684
Total financial assets	2,789,134	2,129,790
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)
Amounts available for general expenditures within one year	$ 1,853,796	$ 1,194,452

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

ICCR maintains cash balances at Chase Bank. Accounts at Chase Bank are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2019 and 2018, ICCR had approximately $652,799 and $459,057, respectively, of uninsured cash balances.

5. MEMBER DUES RECEIVABLE

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

	2019	2018
Faith based member dues receivable	$ 99,121	$ 67,645
Associate member dues receivable	34,500	33,500
Affiliate member dues receivable	22,350	4,000
Total	$ 155,971	$ 105,145

6. GRANTS RECEIVABLE

Grants receivable of $225,000 and $50,000 at December 31, 2019 and 2018, respectively, is due in less than one year from the following:

	2019	2018
Foundation to Promote Open Society	$ 125,000	$ -
Nathan Cummings Foundation	100,000	-
Environmental Defense Fund	-	50,000
Total	$ 225,000	$ 50,000

7. INVESTMENTS

The following is the composition of investments at December 31, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
TD Ameritrade:				
Mutual funds	$ 698,459	$ 722,509	$ 538,822	$ 511,852
Equities	1,970	7,784	1,032	1,817
Money market account	365	365	455	455
Charles Schwab Institutional:				
Equities	310,295	345,166	378,542	458,010
Money market funds	4,705	4,705	5,417	5,417
Boston Common:				
Mutual funds	292,113	315,700	285,156	255,133
Total	$ 1,307,907	$ 1,396,229	$ 1,209,424	$ 1,232,684

The net investment return for the years ended December 31, 2019 and 2018 consist of the following:

	2019	2018
Interest and dividends	$ 35,438	$ 27,529
Net realized and unrealized gains (losses)	220,565	(75,363)
Investment fees and charges	(2,573)	(5,933)
Net investment earnings and gains (losses)	$ 253,430	$ (53,767)

8. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2019 and 2018 are as follows:

	2019		2018	
	Fair Value	Level 1	Fair Value	Level 1
TD Ameritrade:				
Mutual funds	$ 722,509	$ 722,509	$ 511,852	$ 511,852
Equities	7,784	7,784	1,817	1,817
Money market account	365	365	455	455
Charles Schwab Institutional:				
Equities	345,166	345,166	458,010	458,010
Money market funds	4,705	4,705	5,417	5,417
Boston Common:				
Mutual funds	315,700	315,700	255,133	255,133
Total	$ 1,396,229	$ 1,396,229	$ 1,232,684	$ 1,232,684

Fair values of investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

9. PROPERTY AND EQUIPMENT

The following is the composition of property and equipment at December 31, 2019 and 2018:

	2019	2018
Computer equipment	$ 208,605	$ 206,597
Office machines	42,582	42,582
Members database	140,000	-
Leasehold improvements	26,106	26,106
Total	417,293	275,285
Less: Accumulated depreciation and amortization	282,404	270,562
Net	$ 134,889	$ 4,723

During 2019 and 2018, ICCR acquired office computers, members database and office equipment in the amounts of $142,008 and $1,476, respectively.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2019	2018
Accrued salaries and vacation	$ 78,678	$ 114,254
Accounts payable - various suppliers	73,974	29,174
Accrued expenses	2,996	18,540
Total	$ 155,648	$ 161,968

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.

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, 2019 and 2018, 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, 2019 and 2018 consist of the following:

	2019	2018
Board-designated:		
Employee Separation Reserve	$ 63,588	$ 63,588
Undesignated	293,200	196,075
Total	$ 356,788	$ 259,663

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, 2019 and 2018. The existence of the board-designated fund resulted in undesignated net assets without donor restrictions of $293,200 and $196,075 at December 31, 2019 and 2018, respectively.

With Donor Restrictions

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

Net assets with donor restrictions at December 31, 2019 and 2018 consist of the following:

	2019	2018
Endowment net assets	$ 1,382,076	$ 1,230,867
Grants - Anonymous	380,509	-
Grants - Foundation to Promote Open Society	136,364	-
Grants - Nathan Cummings Foundation	150,000	-
Grants - Humanity United	50,000	12,500
Grants - Wallace Global Fund II	10,000	-
Grants - Educational Foundation of America	22,500	25,000
Grants - Anonymous	-	100,000
Grants - Environmental Defense Fund	-	37,500
Grants - Freedom Fund	-	30,000
Grants - Park Foundation	-	18,050
	$ 2,131,449	$ 1,453,917

12. NET ASSETS – CONTINUED

With Donor Restrictions – Continued

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

	2019	2018
Endowment net assets	$ 97,191	$ 96,368
Grants - Anonymous	100,000	-
Grants - Environmental Defense Fund	37,500	12,500
Grants - Freedom Fund	30,000	-
Grants - Educational Foundation of America	25,000	-
Grants - Park Foundation	18,050	-
Grants - Humanity United	12,500	100,000
Grants - Foundation to Promote Open Society	-	150,000
Grants - Nathan Cummings	-	100,000
Total	$ 320,241	$ 458,868

Donor-Restricted Endowment Net Assets

The composition of donor-restricted endowment net assets as of December 31, 2019 and 2018 are as follows:

	2019	2018
Original donor-restricted amount and amounts required to be maintained in perpetuity by donor	$ 871,750	$ 871,750
Accumulated investment gains	510,326	359,117
Total	$ 1,382,076	$ 1,230,867

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Endowment net assets, beginning of year	$ 1,230,867	$ 1,381,787
Investment return, net	248,400	(54,552)
Amounts appropriated for expenditure	(97,191)	(96,368)
Endowment net assets, end of year	$ 1,382,076	$ 1,230,867

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, 2019 and 2018, contributions to the plan amounted to $138,475 and $137,678, respectively.

ICCR also provides certain health care benefits for retired employees in accordance with the CBU 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 Apri1 1, 1995	Age 55, 25 years of service and 15 years in the medical plan

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, 2020, ICCR's accumulated post-retirement benefit obligation was determined to be $180,700 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	$ 9,900
Interest cost	8,200
Amortization of (20 years) transition obligation	12,000
Amortization of cumulative loss	10,600
Net post-retirement benefit cost	$ 40,700

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

Accumulated post-retirement benefit obligation (APBO) at January 1, 2020:

Retirees	$ 25,200
Actives eligible for benefits	106,500
Actives not yet eligible	49,000
Accumulated post-retirement benefit obligation	$ 180,700

14. EXPENSES

Below are total expenses and percentages of expenses charged to program and supporting services for the years ended December 31, 2019 and 2018:

	2019		2018	
	Amount	**Percent**	**Amount**	**Percent**
Program expenses	$ 1,694,021	76%	$ 1,673,421	74%
Management and general	259,217	12%	315,504	14%
Fundraising/membership	265,257	12%	275,260	12%
Total	$ 2,218,495	100%	$ 2,264,185	100%

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 ended 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, 2019 and 2018 amounted to $110,547 and $108,661, 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, 2019 and 2018, ICCR recorded nil and $35,000, respectively, of donated legal fees.

16. IN-KIND CONTRIBUTIONS – CONTINUED

ICCR also receives in-kind contributions from its members consisting of unreimbursed travel and other expenses. No contribution amounts have been reflected in the financial statements since the recognition criteria were not met. Following is the composition of these expenses for the years ended December 31, 2019 and 2018:

	2019	2018
Travel and meeting expenses	$ 135,319	$ 140,340
Office supplies and other expenses	30,293	418
Postage and other communication expenses	-	920
Other	-	903
Total	$ 165,612	$ 142,581

17. SPECIAL EVENT

Special event represents net proceeds from the awards dinner held on October 29, 2019 and October 2, 2018. Revenues and direct expenses were as follows:

	2019	2018
Revenues	$ 486,289	$ 482,300
Less: Direct expenses	(38,617)	(32,914)
Net Proceeds	$ 447,672	$ 449,386

18. EVALUATION OF SUBSEQUENT EVENTS

ICCR has evaluated subsequent events through October 2, 2020, the date the financial statements were available to be issued.

Effects of COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern”, which continues to spread throughout the world and has adversely impacted global activities. ICCR’s operations are heavily dependent on membership dues.

The duration of any operational disruption and related financial impact cannot be reasonably estimated at this time. The extent to which the coronavirus pandemic may impact ICCR’s operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted.

18. EVALUATION OF SUBSEQUENT EVENTS – CONTINUED

Paycheck Protection Program (PPP)

ICCR applied and was approved a $255,627 loan 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.

II. Letter Communicating That No Material Weaknesses Were Identified

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

In planning and performing our audit of the financial statements of The Interfaith Center on Corporate Responsibility ("ICCR") as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered ICCR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ICCR's internal control. Accordingly, we do not express an opinion on the effectiveness of ICCR's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control during our audit that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Directors, and Audit Committee and is not intended to be, and should not be, used by anyone other than these specified parties.

WatsonRice LLP

New York, New York
October 2, 2020