

**The Architectural League of New York**

Financial Statements

June 30, 2020

## Independent Auditors' Report

### **Board of Directors The Architectural League of New York**

We have audited the accompanying financial statements of The Architectural League of New York (the "League"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 League as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Board of Directors**  
**The Architectural League of New York**  
Page 2

***Report on Summarized Comparative Information***

We have previously audited the League's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

April 14, 2021

## The Architectural League of New York

Statement of Financial Position  
June 30, 2020  
(with comparative amounts at June 30, 2019)

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 487,753	\$ 276,041
Grants receivable, net	69,270	152,501
Pledges and other receivables	13,349	22,121
Prepaid expenses	51,707	13,781
Investments	633,138	585,985
Other assets	52,796	52,796
Beneficial interest in perpetual trust	2,734,683	2,801,225
Property, equipment and leasehold improvements, net	54,133	75,857
	\$ 4,096,829	\$ 3,980,307
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 78,700	\$ 51,883
Loan payable	162,822	-
Deferred membership dues	75,801	136,560
Total Liabilities	317,323	188,443
Net Assets		
Without donor restrictions	266,461	128,888
With Donor Restrictions		
Time or purpose restricted	236,129	319,518
Investments held in perpetuity	3,276,916	3,343,458
Total Net Assets	3,779,506	3,791,864
	\$ 4,096,829	\$ 3,980,307

See notes to financial statements

## The Architectural League of New York

Statement of Activities  
Year Ended June 30, 2020  
(with summarized totals for the year ended June 30, 2019)

	2020				2019 Total
	Without Donor Restrictions	With Donor Restrictions		Total	
		Time or Purpose Restricted	Investments Held in Perpetuity		
<b>SUPPORT AND REVENUE</b>					
Grants and contributions	\$ 385,765	\$ 337,147	\$ -	\$ 722,912	\$ 502,945
Special events, net of direct benefit to donors of \$226,997 and \$301,687	558,853	-	-	558,853	634,756
Membership dues	291,085	-	-	291,085	326,938
Sales, rentals and royalties	450	-	-	450	836
Admission fees	12,976	-	-	12,976	16,655
Program service fees	-	-	-	-	879
Interest income	745	19,724	-	20,469	18,282
Realized and unrealized gain on investments	18,429	12,615	-	31,044	25,801
In-kind contributions	33,226	-	-	33,226	27,250
Other income	39,053	-	-	39,053	37,865
Change in value of beneficial interest in perpetual trust	-	-	(66,542)	(66,542)	(46,973)
Net assets released from restrictions	452,875	(452,875)	-	-	-
Total Support and Revenue	<u>1,793,457</u>	<u>(83,389)</u>	<u>(66,542)</u>	<u>1,643,526</u>	<u>1,545,234</u>
<b>EXPENSES</b>					
Program	1,276,936	-	-	1,276,936	1,227,140
General and administrative	254,750	-	-	254,750	226,537
Fundraising	124,198	-	-	124,198	151,527
Total Expenses	<u>1,655,884</u>	<u>-</u>	<u>-</u>	<u>1,655,884</u>	<u>1,605,204</u>
Change in Net Assets	137,573	(83,389)	(66,542)	(12,358)	(59,970)
<b>NET ASSETS</b>					
Beginning of year	<u>128,888</u>	<u>319,518</u>	<u>3,343,458</u>	<u>3,791,864</u>	<u>3,851,834</u>
End of year	<u>\$ 266,461</u>	<u>\$ 236,129</u>	<u>\$ 3,276,916</u>	<u>\$ 3,779,506</u>	<u>\$ 3,791,864</u>

See notes to financial statements

## The Architectural League of New York

Statement of Functional Expenses  
Year Ended June 30, 2020  
(with summarized totals for the year ended June 30, 2019)

	2020					2019 Total
	Program	General and Administrative	Fundraising	Cost of Direct Benefit to Donors	Total	
Salaries and wages	\$ 591,359	\$ 144,017	\$ 78,556	\$ -	\$ 813,932	\$ 857,059
Employee benefits	101,274	24,664	13,453	-	139,391	159,154
Professional fees	63,189	15,389	8,394	-	86,972	147,746
Artist fees	75,003	-	-	21,475	96,478	29,562
Rent and utilities	97,182	22,525	12,287	46,935	178,929	233,489
Printing and duplicating	5,927	442	240	-	6,609	2,845
Telephone and internet	3,059	745	406	-	4,210	4,757
Internet and web hosting	12,886	1,892	1,082	-	15,860	21,014
Equipment and maintenance	5,290	1,279	698	-	7,267	5,649
Postage, messenger, shipping	4,414	1,075	587	-	6,076	9,432
Supplies	4,577	1,077	587	-	6,241	9,469
Insurance	9,593	2,336	1,275	-	13,204	11,214
Travel and transportation	23,248	27	15	-	23,290	31,371
Publications, subscriptions, memberships	3,579	520	1,185	-	5,284	9,538
Bank, credit card fees, payroll fees	21,689	4,848	2,644	-	29,181	30,353
Honoraria and awards	46,082	-	-	-	46,082	41,789
Regrants	106,724	-	-	-	106,724	20,000
Meetings, receptions and meals	16,041	542	296	100,831	117,710	138,156
Exhibition and program production	1,343	-	-	57,756	59,099	28,619
Depreciation and amortization	16,684	4,064	2,216	-	22,964	26,271
Mills administration	31,484	-	-	-	31,484	36,365
Donated services and supplies	33,226	-	-	-	33,226	27,250
Advertising	1,631	397	217	-	2,245	1,415
Bad debt	-	28,800	-	-	28,800	23,125
Miscellaneous	1,452	111	60	-	1,623	1,249
Total Functional Expenses	1,276,936	254,750	124,198	226,997	1,882,881	1,906,891
Less direct benefit to donors	-	-	-	(226,997)	(226,997)	(301,687)
Total Expenses	\$ 1,276,936	\$ 254,750	\$ 124,198	\$ -	\$ 1,655,884	\$ 1,605,204

See notes to financial statements

## The Architectural League of New York

Statement of Cash Flows  
Year Ended June 30, 2020  
(with comparative amounts for the year ended June 30, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (12,358)	\$ (59,970)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gain on investments	(31,044)	(25,801)
Depreciation and amortization	22,964	26,271
Bad debt	28,800	23,125
Change in beneficial interest in perpetual trust	66,542	46,973
Changes in operating assets and liabilities		
Grants, pledges and other receivables	63,203	20,081
Prepaid expenses and other assets	(37,926)	(6,202)
Accounts payable and accrued expenses	26,817	(29,370)
Deferred membership dues	(60,759)	8,762
Net Cash from Operating Activities	66,239	3,869
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,240)	(1,000)
Purchase of investments	(196,861)	(140,521)
Proceeds from sale of investments	180,752	117,688
Net Cash from Investing Activities	(17,349)	(23,833)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	162,822	-
Net Change in Cash and Cash Equivalents	211,712	(19,964)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	276,041	296,005
End of year	\$ 487,753	\$ 276,041

See notes to financial statements

# The Architectural League of New York

Notes to Financial Statements

June 30, 2020

## 1. Organization

The Architectural League of New York (the “League”) is a not-for-profit organization incorporated in the State of New York in 1888. The League encourages and promotes the art and science of architecture and related arts and crafts. The League provides a center where fellow professionals and the public can meet, discuss architectural issues, and present and discuss the work of established and emerging architects. The League sponsors lectures and exhibitions, which are open to members and the public, in the areas of architecture, design and related arts and crafts. Books and other materials are published in connection with these lectures and exhibitions.

The League has been determined to be a non-profit organization which is not a private foundation. It is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

*Without donor restrictions* - those resources that are not subject to donor-imposed restrictions and are available for the support of operations.

*With donor restrictions* - represent amounts restricted by donors to be used for specific activities or at some future date, or which require the League to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. Income and gains earned on endowment fund investments are available to be used in the “without donor restrictions” or “with donor restrictions” net asset classes based upon stipulations by the donors.

### ***Change in Accounting Principle***

Effective July 1, 2019, the League adopted new U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance. Adoption of the ASU had no impact on the League’s financial statements.



# The Architectural League of New York

Notes to Financial Statements

June 30, 2020

## 2. Summary of Significant Accounting Policies *(continued)*

### ***Change in Accounting Principle (continued)***

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The adoption of this ASU had no impact on the League’s financial statements.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash held in banks and money market funds with maturities of three months or less at the time of purchase.

### ***Fair Value Measurements***

The League follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted market prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

### ***Investments Valuation and Investment Income Recognition***

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

### ***Property, Equipment and Leasehold Improvements***

Property, equipment and leasehold improvements are recorded at cost. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or the remaining lease term, whichever is shorter. All assets in excess of \$1,000 are capitalized.

### ***Contributions***

The League recognizes contributions when the donor makes an unconditional promise to give and records contributions as with or without donor restricted support depending upon the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, the time or purpose restriction ends, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. The primary sources of revenue are grants and contributions from governments, foundations, individuals and corporations.

## The Architectural League of New York

Notes to Financial Statements

June 30, 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***In-kind Contributions***

Contributions of services are recognized at fair value when they are received if the services either create or enhance nonfinancial assets, or require specialized skills, and those skills are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated goods are recorded as income and expense at the time they are received which is normally also the time they are placed into service or distributed.

#### ***Allowance for Doubtful Accounts***

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the League's historical experience, review of account balances and expectations relative to collections. Management has determined no allowance was necessary at June 30, 2020 and 2019.

#### ***Membership Dues***

Membership dues are recorded as revenue during the applicable membership period. Payments received in advance from members of the League for membership dues are reflected as deferred membership dues.

#### ***Advertising Costs***

The League expenses the costs of advertising as they are incurred. Advertising costs were \$2,245 and \$1,415 for the years ended June 30, 2020 and 2019, respectively.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services in reasonable ratios determined by management. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. For example, programs include artist fees, travel and transportation, honoraria and awards, regants among others. Certain expenses attributable to more than one program or supporting function have been allocated among programs, general and administrative and fundraising. These expenses include salaries and wages, professional fees rent and utilities, rent and utilities, internet and web hosting and depreciation and amortization among others, which are allocated based on estimates of time and effort and building space occupied.

#### ***Prior-Year Summarized Information***

Information as of and for the year ended June 30, 2019 is presented for comparative purposes only. Certain activity by net asset classification is not included in these financial statements. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the League's financial statements as of and for the year ended June 30, 2019, from which the summarized comparative information was derived.

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Accounting for Uncertainty in Income Taxes***

The League recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the League had no uncertain tax positions that would require financial statement recognition or disclosure. The League is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2017.

#### ***Subsequent Events***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 14, 2021.

### 3. Concentration of Credit Risk

Financial instruments that are potentially subject to concentrations of credit risk consist primarily of receivables, which are expected to be collected in the normal course of business, cash and cash equivalents, and investments. The League maintains its cash and cash equivalents and investments in what it believes to be quality financial institutions. At times, these accounts exceed the federal and securities protection insurance limits and subject the League to a concentration of credit risk. The League has not experienced any losses in such accounts due to such concentrations. Investments are managed by professional investment advisors and managers with an objective of diversifying by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

### 4. Fair Value Measurements

Fair values of assets measured by the fair value hierarchy at June 30 are as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 128,084	\$ -	\$ -	\$ 128,084
Mutual funds	163,356	-	-	163,356
Exchange-Traded products	184,846	-	-	184,846
Fixed Income Securities				
U.S. treasury securities	-	48,966	-	48,966
U.S. government bonds	-	3,100	-	3,100
Asset backed securities	-	43,489	-	43,489
Corporate bonds	-	61,297	-	61,297
Total Investments	476,286	156,852	-	633,138
Beneficial interest in perpetual trust	-	-	2,734,683	2,734,683
Total Assets Measured at Fair Value	<u>\$ 476,286</u>	<u>\$156,852</u>	<u>\$ 2,734,683</u>	<u>\$3,367,821</u>

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2020

### 4. Fair Value Measurements *(continued)*

	2019			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 146,206	\$ -	\$ -	\$ 146,206
Mutual funds	157,261	-	-	157,261
Exchange-Traded products	128,676	-	-	128,676
Fixed Income Securities				
U.S. treasury securities	-	37,312	-	37,312
U.S. government bonds	-	2,859	-	2,859
Asset backed securities	-	58,185	-	58,185
Corporate bonds	-	55,486	-	55,486
Total Investments	432,143	153,842	-	585,985
Beneficial interest in perpetual trust	-	-	2,801,225	2,801,225
Total Assets Measured at Fair Value	<u>\$ 432,143</u>	<u>\$153,842</u>	<u>\$ 2,801,225</u>	<u>\$3,387,210</u>

The changes in assets measured at fair value for which Level 3 inputs were used to determine fair values are as follows:

	Beneficial Interest in <u>Perpetual Trust</u>
Balance, June 30, 2018	\$ 2,848,198
Change in fair value of beneficial interest in perpetual trust	<u>(46,973)</u>
Balance, June 30, 2019	2,801,225
Change in fair value of beneficial interest in perpetual trust	<u>(66,542)</u>
Balance, June 30, 2020	<u>\$ 2,734,683</u>

### 5. Property and Equipment

Property and equipment consist of the following as of June 30:

	2020	2019
Furniture and equipment	\$ 42,493	\$ 41,253
Leasehold improvements	36,298	36,298
Website design	<u>105,000</u>	<u>105,000</u>
	183,791	182,551
Less accumulated depreciation and amortization	<u>129,658</u>	<u>106,694</u>
	<u>\$ 54,133</u>	<u>\$ 75,857</u>

## The Architectural League of New York

### Notes to Financial Statements

June 30, 2020

#### 6. Beneficial Interest in Perpetual Trust

The League is named as an income beneficiary of the J. Clawson Mills Charitable Trust (the "Trust"). The assets of the Trust are held by the Bank of New York in perpetuity and one half of the Trust income is made available to the League. The estimated fair value of the assets attributed to the Trust has been reported as beneficial interest in perpetual trust in the investments held in perpetuity class in the accompanying financial statements.

Distributions from the Trust are reported as time or purpose restricted until appropriated and are restricted to support for research and study in architecture.

#### 7. Artwork

The League owns two pieces of artwork valued at \$39,000, based on independent appraisals. The artwork is included in other assets and not depreciated.

#### 8. Net Assets with Donor Restrictions

The League has received contributions that are subject to time restrictions and purpose restrictions that can be fulfilled by actions of the League. Net assets with donor restrictions at June 30 consist of:

	<u>2020</u>	<u>2019</u>
Architectural speculations	\$ 7,500	\$ 7,500
Core program support	21,000	18,500
Diversified delivery	11,340	11,340
Housing book publication	5,000	5,000
Housing Atlas	-	28,500
Next generation fund	20,767	20,767
Research, scholarship and creative development	97,992	104,320
Time restricted	18,530	37,610
Travel grants	17,241	25,981
Sponsored projects	14,000	-
Urban omnibus	4,167	15,000
American roundtable	18,592	45,000
	<u>\$236,129</u>	<u>\$319,518</u>

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2020

### 8. Net Assets with Donor Restrictions *(continued)*

Net assets with donor restrictions released from restrictions consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Core program support	\$ 102,000	\$ 95,250
Housing Atlas	28,500	-
League prize	-	5,000
Research, scholarship and creative development	132,303	169,122
Sponsored projects	75,000	20,000
Time restricted	19,081	12,154
Travel grants	8,750	8,713
Emerging Voices	-	20,000
Urban omnibus	60,833	15,000
American roundtable	26,408	-
	<u>\$452,875</u>	<u>\$345,239</u>

### 9. Investments Held in Perpetuity

Investments held in perpetuity consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Beneficial interest in perpetual trust	\$ 2,734,683	\$ 2,801,225
Endowment fund	542,233	542,233
	<u>\$3,276,916</u>	<u>\$3,343,458</u>

### 10. Lease Commitment

The League's operating lease for office space expired July 31, 2020. Future minimum annual lease payments required under the lease are as follows:

2021                      \$ 7,385

Rent expense for the years ended June 30, 2020 and 2019 was \$102,715 and \$101,121.

On October 28, 2020, the League entered into a new lease amendment extending the lease to July 31, 2030.

### 11. Endowment Fund

The board established an Endowment fund in October 1998. The fund includes investments held in perpetuity of the Felicia Clark Fund, Joseph Fund, LaRosa Fund, Genevro Fund and other contributions to the Endowment fund. Donations to the Endowment fund are held in a separate investment account. Net investment income from this fund is without donor restriction.

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2020

### 11. Endowment Fund *(continued)*

#### ***Interpretation of Relevant Law***

The board of directors of the League has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as allowing the League to appropriate for expenditures or accumulate so much of the donor-restricted endowment fund as the League determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donors as expressed in their gift instruments except in those cases where the law allows appropriation for spending of the original gift amounts. The assets in the endowment funds shall be donor-restricted assets until appropriated for expenditure by the board. The board is currently in the process of establishing endowment investment and spending policies.

Unless authorized by the board of directors, the appropriations from the endowment fund should not deplete the historical dollar value of the endowment fund. The following is a reconciliation of the investment activity for the fiscal years ended June 30, 2020 and 2019 in the endowment fund:

	Time or Purpose Restriction	Investments Held in Perpetuity	Total
Balance, June 30, 2018	\$ 7,150	\$ 559,358	\$ 566,508
Contributions	-	1,000	1,000
Revaluation of pledges receivable	-	(18,125)	(18,125)
Interest and dividends	17,551	-	17,551
Realized and unrealized gain	20,344	-	20,344
Investment fees	(5,814)	-	(5,814)
Balance, June 30, 2019	39,231	542,233	581,464
Interest and dividends	20,469	-	20,469
Realized and unrealized gain	12,615	-	12,615
Investment fees	(6,142)	-	(6,142)
Balance, June 30, 2020	\$ 66,173	\$ 542,233	\$ 608,406

## The Architectural League of New York

### Notes to Financial Statements

June 30, 2020

#### 12. Liquidity and Availability of Financial Assets

The following reflects the League's financial assets as of June 30, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 487,753	\$ 276,041
Grants receivable	69,270	152,501
Pledges and other receivables	13,349	22,121
Investments	633,138	585,985
Beneficial interest in perpetual trust	<u>2,734,683</u>	<u>2,801,225</u>
Total Financial Assets	<u>3,938,193</u>	<u>3,837,873</u>
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	236,129	319,518
Restricted by donor to be held in perpetuity	<u>3,276,916</u>	<u>3,343,458</u>
	<u>3,513,045</u>	<u>3,662,976</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 425,148</u>	<u>\$ 174,897</u>

As part of the League's liquidity management strategy, the League structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The League's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of grants and contributions from donors. A majority of general expenditures over the next twelve months are financed through cash and cash equivalents, grants receivable, investments and future grants and pledges.

#### 13. Loan Payable

On April 14, 2020, the League received loan proceeds in the amount of \$162,822 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 0.98% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. Although the League believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration ("SBA") will approve the loan forgiveness. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is determined by the SBA.



## The Architectural League of New York

Notes to Financial Statements  
June 30, 2020

### 13. Loan Payable (*continued*)

If the League does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of June 30, 2020 the PPP loan is recognized as a liability on the 2020 statement of financial position. The League will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification (“ASC”) 470 Debt.

Principal payments on the PPP Loan are payable as follows (provided the PPP Loan is not forgiven):

2021	\$	-
2022		90,457
2023		<u>72,365</u>
	\$	<u>162,822</u>

### 14. COVID-19

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date of these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in fiscal year 2021 cannot be reasonably estimated at this time.

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