

The Architectural League of New York

Financial Statements

June 30, 2021

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, 2021, 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, 2021, 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.

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Report on Summarized Comparative Information

We have previously audited the League's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

May 13, 2022

The Architectural League of New York

Statement of Financial Position
June 30, 2021
(with comparative amounts at June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 481,729	\$ 487,753
Grants receivable	97,700	69,270
Pledges and other receivables	2,206	13,349
Prepaid expenses	49,444	51,707
Investments	698,454	633,138
Other assets	59,301	52,796
Beneficial interest in perpetual trust	3,448,130	2,734,683
Property, equipment and leasehold improvements, net	<u>33,716</u>	<u>54,133</u>
	<u>\$ 4,870,680</u>	<u>\$ 4,096,829</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 117,995	\$ 78,416
Loan payable	162,822	162,822
Deferred rent	25,237	284
Deferred membership dues	<u>126,054</u>	<u>75,801</u>
Total Liabilities	<u>432,108</u>	<u>317,323</u>
Net Assets		
Without donor restrictions	35,169	266,461
With Donor Restrictions		
Time or purpose restricted	413,040	236,129
Investments held in perpetuity	<u>3,990,363</u>	<u>3,276,916</u>
Total Net Assets	<u>4,438,572</u>	<u>3,779,506</u>
	<u>\$ 4,870,680</u>	<u>\$ 4,096,829</u>

See notes to financial statements

The Architectural League of New York

Statement of Activities
Year Ended June 30, 2021
(with summarized totals for the year ended June 30, 2020)

	2021				2020 Total
	Without Donor Restrictions	With Donor Restrictions		Total	
		Time or Purpose Restricted	Investments Held in Perpetuity		
SUPPORT AND REVENUE					
Grants and contributions	\$ 625,688	\$ 755,539	\$ -	\$ 1,381,227	\$ 722,912
Special events, net of direct benefit to donors of \$18,254 and \$226,997	1,746	-	-	1,746	558,853
Membership dues	184,292	-	-	184,292	291,085
Admission fees	2,680	-	-	2,680	12,976
Interest income	489	10,878	-	11,367	20,469
Realized and unrealized gain on investments	26,029	89,517	-	115,546	31,044
In-kind contributions	35,000	-	-	35,000	33,226
Other income	43,862	-	-	43,862	39,503
Change in value of beneficial interest in perpetual trust	-	-	713,447	713,447	(66,542)
Net assets released from restrictions	679,023	(679,023)	-	-	-
Total Support and Revenue	<u>1,598,809</u>	<u>176,911</u>	<u>713,447</u>	<u>2,489,167</u>	<u>1,643,526</u>
EXPENSES					
Program	1,519,077	-	-	1,519,077	1,276,936
General and administrative	248,636	-	-	248,636	254,750
Fundraising	62,388	-	-	62,388	124,198
Total Expenses	<u>1,830,101</u>	<u>-</u>	<u>-</u>	<u>1,830,101</u>	<u>1,655,884</u>
Change in Net Assets	(231,292)	176,911	713,447	659,066	(12,358)
NET ASSETS					
Beginning 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>
End of year	<u>\$ 35,169</u>	<u>\$ 413,040</u>	<u>\$ 3,990,363</u>	<u>\$ 4,438,572</u>	<u>\$ 3,779,506</u>

See notes to financial statements

The Architectural League of New York

Statement of Functional Expenses
Year Ended June 30, 2021
(with summarized totals for the year ended June 30, 2020)

	2021					2020
	Program	General and Administrative	Fundraising	Cost of Direct Benefit to Donors	Total	Total
Salaries and wages	\$ 603,961	\$ 159,111	\$ 39,669	\$ -	\$ 802,741	\$ 813,932
Employee benefits	96,217	25,348	6,320	-	127,885	139,391
Professional fees	70,046	15,160	3,780	-	88,986	86,972
Artist fees	135,234	-	-	18,230	153,464	96,478
Rent and utilities	122,667	32,186	8,024	-	162,877	178,929
Printing and duplicating	4,434	-	-	-	4,434	6,609
Telephone and internet	3,701	948	236	-	4,885	4,210
Web hosting	3,311	327	81	-	3,719	4,428
Software and software services	16,129	4,182	1,043	-	21,354	11,432
Equipment and maintenance	5,039	1,321	329	-	6,689	7,267
Postage, messenger, shipping	107	17	4	-	128	6,076
Supplies	1,396	352	88	-	1,836	6,241
Insurance	10,268	2,705	674	-	13,647	13,204
Travel and transportation	721	43	11	-	775	23,290
Publications, subscriptions, memberships	1,956	443	509	-	2,908	5,284
Bank, credit card fees, payroll fees	13,129	1,557	388	-	15,074	29,181
Honoraria and awards	34,050	-	-	-	34,050	46,082
Regrants	303,635	-	-	-	303,635	106,724
Meetings, receptions and meals	359	74	18	24	475	117,710
Exhibition and program production	-	-	-	-	-	59,099
Depreciation and amortization	16,790	4,423	1,103	-	22,316	22,964
Mills administration	39,110	-	-	-	39,110	31,484
Donated services and supplies	35,000	-	-	-	35,000	33,226
Advertising	1,353	343	87	-	1,783	2,245
Bad debt	-	-	-	-	-	28,800
Miscellaneous	464	96	24	-	584	1,623
Total Functional Expenses	1,519,077	248,636	62,388	18,254	1,848,355	1,882,881
Less direct benefit to donors	-	-	-	(18,254)	(18,254)	(226,997)
Total Expenses	\$ 1,519,077	\$ 248,636	\$ 62,388	\$ -	\$ 1,830,101	\$ 1,655,884

See notes to financial statements

The Architectural League of New York

Statement of Cash Flows
Year Ended June 30, 2021
(with comparative amounts for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 659,066	\$ (12,358)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gain on investments	(115,546)	(31,044)
Depreciation and amortization	22,316	22,964
Bad debt	-	28,800
Donated stock	(76,295)	-
Change in beneficial interest in perpetual trust	(713,447)	66,542
Changes in operating assets and liabilities		
Grants, pledges and other receivables	(17,287)	63,203
Prepaid expenses and other assets	(4,242)	(37,926)
Accounts payable and accrued expenses	39,579	30,080
Deferred rent	24,953	(3,263)
Deferred membership dues	50,253	(60,759)
Net Cash from Operating Activities	(130,650)	66,239
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,899)	(1,240)
Purchase of investments	(173,103)	(196,861)
Proceeds from sale of investments	299,628	180,752
Net Cash from Investing Activities	124,626	(17,349)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	162,822
Net Change in Cash and Cash Equivalents	(6,024)	211,712
 CASH AND CASH EQUIVALENTS		
Beginning of year	487,753	276,041
End of year	\$ 481,729	\$ 487,753

See notes to financial statements

The Architectural League of New York

Notes to Financial Statements
June 30, 2021

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.

The Architectural League of New York

Notes to Financial Statements

June 30, 2021

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

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, 2021

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, 2021 and 2020.

Membership Dues

Membership dues are recorded as revenue during the applicable membership period as the services or goods are provided to the members. 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 \$1,783 and \$2,245 for the years ended June 30, 2021 and 2020, 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, regrants 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, 2020 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, 2020, from which the summarized comparative information was derived.

The Architectural League of New York

Notes to Financial Statements
June 30, 2021

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, 2018.

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 May 13, 2022.

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:

	2021			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 105,036	\$ -	\$ -	\$ 105,036
Mutual funds	194,214	-	-	194,214
Exchange-Traded products	204,332	-	-	204,332
Fixed Income Securities				
U.S. treasury securities	-	111,037	-	111,037
U.S. government bonds	-	4,345	-	4,345
Asset backed securities	-	23,679	-	23,679
Corporate bonds	-	55,811	-	55,811
Total Investments	503,582	194,872	-	698,454
Beneficial interest in perpetual trust	-	-	3,448,130	3,448,130
Total Assets Measured at Fair Value	<u>\$ 503,582</u>	<u>\$ 194,872</u>	<u>\$ 3,448,130</u>	<u>\$ 4,146,584</u>

The Architectural League of New York

Notes to Financial Statements
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4. Fair Value Measurements *(continued)*

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

	Beneficial Interest in Perpetual Trust
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	2,734,683
Change in fair value of beneficial interest in perpetual trust	<u>713,447</u>
Balance, June 30, 2021	<u>\$ 3,448,130</u>

5. Property and Equipment

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

	2021	2020
Furniture and equipment	\$ 44,392	\$ 42,493
Leasehold improvements	36,298	36,298
Website design	105,000	105,000
	185,690	183,791
Less: accumulated depreciation and amortization	151,974	129,658
	<u>\$ 33,716</u>	<u>\$ 54,133</u>

The Architectural League of New York

Notes to Financial Statements

June 30, 2021

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:

	2021	2020
Architectural speculations	\$ 7,500	\$ 7,500
Core program support	21,000	21,000
Diversified delivery	-	11,340
Housing book publication	5,000	5,000
Testbeds	10,855	-
Office hours	25,797	-
Next generation fund	20,767	20,767
Research, scholarship and creative development	228,078	97,992
Time restricted	60,000	18,530
Travel grants	17,093	17,241
Sponsored projects	12,850	14,000
Cleaning up	4,100	-
Urban omnibus	-	4,167
American roundtable	-	18,592
	<u>\$ 413,040</u>	<u>\$ 236,129</u>

The Architectural League of New York

Notes to Financial Statements
June 30, 2021

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:

	2021	2020
Core program support	\$ 92,000	\$ 102,000
Housing Atlas	-	28,500
Diversified delivery	11,340	-
Research, scholarship and creative development	126,747	132,303
Sponsored projects	318,970	75,000
Time restricted	8,530	19,081
Travel grants	150	8,750
Office hours	47,582	-
Testbeds	45	-
Cleaning up	10,900	-
Emerging voices	20,000	-
Architects declare	20,000	-
Urban omnibus	4,167	60,833
American roundtable	18,592	26,408
	\$ 679,023	\$ 452,875

9. Investments Held in Perpetuity

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

	2021	2020
Beneficial interest in perpetual trust	\$ 3,448,130	\$ 2,734,683
Endowment fund	542,233	542,233
	\$ 3,990,363	\$ 3,276,916

10. Lease Commitment

The League's operating lease for office space expired July 31, 2020. On October 28, 2020, the League entered into a new lease amendment extending the lease to July 31, 2030.

Future minimum annual lease payments required under the lease are as follows:

2022	\$ 124,712
2023	128,453
2024	132,307
2025	136,276
2026	157,222
Thereafter	698,823
	\$ 1,377,793

Rent expense for the years ended June 30, 2021 and 2020 was \$140,118 and \$102,715.

The Architectural League of New York

Notes to Financial Statements
June 30, 2021

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 with donor restriction.

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.

Under the League’s current spending policy, decisions to appropriate endowment funds will be made on a fund-by-fund basis and in accordance with any specific directives on spending that the donor imposed. Should the endowment funds become large enough, an appropriate spending rate will be determined annually and applied to each such group or similarly situated funds.

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, 2021 and 2020 in the endowment fund:

	Time or Purpose Restriction	Investments Held in Perpetuity	Total
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
Interest and dividends	10,878	-	10,878
Realized and unrealized gain	89,517	-	89,517
Investment fees	(6,569)	-	(6,569)
Balance, June 30, 2021	<u>\$ 159,999</u>	<u>\$ 542,233</u>	<u>\$ 702,232</u>

The Architectural League of New York

Notes to Financial Statements
June 30, 2021

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>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 481,729	\$ 487,753
Grants receivable	97,700	69,270
Pledges and other receivables	2,206	13,349
Investments	698,454	633,138
Beneficial interest in perpetual trust	<u>3,448,130</u>	<u>2,734,683</u>
Total Financial Assets	<u>4,728,219</u>	<u>3,938,193</u>
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	413,040	236,129
Restricted by donor to be held in perpetuity	<u>3,990,363</u>	<u>3,276,916</u>
	<u>4,403,403</u>	<u>3,513,045</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 324,816</u>	<u>\$ 425,148</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 is 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").

As of June 30, 2021 and 2020 the PPP loan is recognized as a liability on the 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. On July 28, 2021, the League received notification of forgiveness of the entire PPP loan amount.

The Architectural League of New York

Notes to Financial Statements
June 30, 2021

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 2022 cannot be reasonably estimated at this time.

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