

**The Architectural League of New York**

Financial Statements

June 30, 2023

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

***Opinion***

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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the League and to meet our ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Change in Accounting Policy***

As discussed in Note 2 to the financial statements, the League adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, using the effective date method with July 1, 2022 as the date of initial adoption. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 League's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the League's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

April 11, 2024

## The Architectural League of New York

### Statement of Financial Position June 30, 2023 (with comparative amounts at June 30, 2022)

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 847,965	\$ 1,154,624
Restricted cash	286,441	17,448
Grants receivable	97,610	20,300
Pledges receivable, net	1,242,748	367,434
Other receivables	2,183	2,286
Prepaid expenses	14,454	43,893
Investments	2,487,798	591,773
Other assets	60,051	59,301
Beneficial interest in perpetual trust	2,861,521	2,778,150
Right of use asset - operating lease, net	941,624	-
Property, equipment and leasehold improvements, net	40,284	33,504
	\$ 8,882,679	\$ 5,068,713
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 74,863	\$ 86,645
Loan payable	196,700	196,700
Deferred rent	-	49,430
Refundable advances	281,993	192,870
Deferred membership dues	108,520	82,506
Lease payable	1,011,507	-
Total Liabilities	1,673,583	608,151
Net Assets (Deficit)		
Without donor restrictions	(100,442)	278,272
With Donor Restrictions		
Time or purpose restricted	547,189	361,907
Investments held in perpetuity	6,762,349	3,820,383
Total Net Assets (Deficit)	7,209,096	4,460,562
	\$ 8,882,679	\$ 5,068,713

See notes to financial statements

## The Architectural League of New York

Statement of Activities  
Year Ended June 30, 2023  
(with summarized totals for the year ended June 30, 2022)

	2023				2022 Total
	Without Donor Restrictions	With Donor Restrictions		Total	
		Time or Purpose Restricted	Investments Held in Perpetuity		
<b>SUPPORT AND REVENUE</b>					
Grants and contributions	\$ 512,005	\$ 427,952	\$ 2,858,595	\$ 3,798,552	\$ 1,631,821
Forgiveness of loan payable	-	-	-	-	162,822
Special events, net of direct benefit to donors of \$138,553 and \$246,477	459,822	-	-	459,822	244,373
Membership dues	241,956	-	-	241,956	195,542
Admission fees	12,640	-	-	12,640	2,832
Program service fees	27,000	-	-	27,000	11,250
Interest income	3,823	39,328	-	43,151	12,807
Realized and unrealized (loss) gain on investments	(13,474)	103,149	-	89,675	(115,674)
Contributions of nonfinancial assets	20,000	-	-	20,000	-
Other income	49,384	-	-	49,384	75,575
Change in value of beneficial interest in perpetual trust	-	-	83,371	83,371	(669,980)
Net assets released from restrictions	385,147	(385,147)	-	-	-
Total Support and Revenue	<u>1,698,303</u>	<u>185,282</u>	<u>2,941,966</u>	<u>4,825,551</u>	<u>1,551,368</u>
<b>EXPENSES</b>					
Program	1,579,605	-	-	1,579,605	1,140,498
General and administrative	376,209	-	-	376,209	238,809
Fundraising	121,203	-	-	121,203	150,071
Total Expenses	<u>2,077,017</u>	<u>-</u>	<u>-</u>	<u>2,077,017</u>	<u>1,529,378</u>
Change in Net Assets (Deficit)	<u>(378,714)</u>	<u>185,282</u>	<u>2,941,966</u>	<u>2,748,534</u>	<u>21,990</u>
<b>NET ASSETS (DEFICIT)</b>					
Beginning of year	<u>278,272</u>	<u>361,907</u>	<u>3,820,383</u>	<u>4,460,562</u>	<u>4,438,572</u>
End of year	<u>\$ (100,442)</u>	<u>\$ 547,189</u>	<u>\$ 6,762,349</u>	<u>\$ 7,209,096</u>	<u>\$ 4,460,562</u>

See notes to financial statements

**The Architectural League of New York**

Statement of Functional Expenses  
Year Ended June 30, 2023  
(with summarized totals for the year ended June 30, 2022)

	2023				2022 Total	
	Program	General and Administrative	Fundraising	Cost of Direct Benefit to Donors		Total
Salaries and wages	\$ 617,060	\$ 215,092	\$ 66,269	\$ -	\$ 898,421	\$ 826,118
Employee benefits	115,623	40,305	12,417	-	168,345	139,747
Professional fees	155,362	54,156	18,785	-	228,303	102,179
Artist fees	32,587	-	2,798	-	35,385	31,752
Rent and utilities	135,489	41,600	12,817	104,363	294,269	221,072
Printing and duplicating	1,056	369	113	-	1,538	3,800
Telephone and internet	3,387	1,179	364	-	4,930	4,834
Web hosting	4,442	1,349	416	-	6,207	2,333
Software and software services	21,056	5,208	1,605	-	27,869	26,660
Equipment and maintenance	6,443	1,358	418	-	8,219	6,140
Postage, messenger, shipping	200	59	18	-	277	1,832
Supplies	3,669	1,152	355	-	5,176	1,250
Insurance	8,982	2,635	812	-	12,429	10,412
Travel and transportation	8,870	133	41	317	9,361	3,895
Publications, subscriptions, memberships	5,727	11	402	-	6,140	1,770
Bank, credit card fees, payroll fees	19,702	4,500	1,386	-	25,588	23,572
Honoraria and awards	54,375	-	-	-	54,375	32,650
Regrants	287,594	-	-	-	287,594	65,436
Meetings, receptions and meals	12,392	466	143	13,866	26,867	98,710
Exhibition and program production	-	-	-	20,007	20,007	100,054
Depreciation and amortization	18,096	6,309	1,943	-	26,348	26,152
Mills administration	44,442	-	-	-	44,442	42,515
Donated services	20,000	-	-	-	20,000	-
Advertising	835	277	85	-	1,197	2,429
Miscellaneous	2,216	51	16	-	2,283	543
<b>Total Functional Expenses</b>	<b>1,579,605</b>	<b>376,209</b>	<b>121,203</b>	<b>138,553</b>	<b>2,215,570</b>	<b>1,775,855</b>
Less direct benefit to donors	-	-	-	(138,553)	(138,553)	(246,477)
<b>Total Expenses</b>	<b>\$ 1,579,605</b>	<b>\$ 376,209</b>	<b>\$ 121,203</b>	<b>\$ -</b>	<b>\$ 2,077,017</b>	<b>\$ 1,529,378</b>
See notes to financial statements						

## The Architectural League of New York

### Statement of Cash Flows Year Ended June 30, 2023 (with comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,748,534	\$ 21,990
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized (gain) loss on investments	(89,675)	115,674
Depreciation and amortization	26,348	26,152
Forgiveness of loan payable	-	(162,822)
Deferred rent	-	24,193
Contributions to be held in perpetuity	(2,858,595)	(500,000)
Amortization of right to use asset - operating lease	118,230	-
Donated stock	(789,526)	-
Change in beneficial interest in perpetual trust	(83,371)	669,980
Changes in operating assets and liabilities		
Grants, pledges and other receivables	(952,521)	(290,114)
Prepaid expenses and other assets	28,689	5,551
Accounts payable and accrued expenses	(11,782)	(31,350)
Refundable advances	89,123	192,870
Deferred membership dues	26,014	(43,548)
Lease payable	(97,777)	-
Net Cash from Operating Activities	(1,846,309)	28,576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(33,128)	(25,940)
Purchase of investments	(1,100,445)	(120,106)
Proceeds from sale of investments	83,621	111,113
Net Cash from Investing Activities	(1,049,952)	(34,933)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions to be held in perpetuity	2,858,595	500,000
Proceeds from loan payable	-	196,700
Net Cash and Financing Activities	2,858,595	696,700
Net Change in Cash and Cash Equivalents and Restricted Cash	(37,666)	690,343
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Beginning of year	1,172,072	481,729
End of year	\$ 1,134,406	\$ 1,172,072
<b>NON-CASH FINANCING ACTIVITY</b>		
Forgiveness of loan payable	\$ -	\$ 162,822

See notes to financial statements

# The Architectural League of New York

Notes to Financial Statements

June 30, 2023

## 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.

### ***Recently Adopted Accounting Standards***

The League adopted FASB Topic 842, Leases, using the effective date method with July 1, 2022, as the date of initial adoption, with certain practical expedients available. The League elected the available practical expedients to account for its existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital (now finance) leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.



## The Architectural League of New York

Notes to Financial Statements

June 30, 2023

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

#### ***Recent Accounting Pronouncements (continued)***

As a result of the adoption of the new lease accounting guidance, on July 1, 2022 the League recognized a lease liability of \$1,109,284 that represents the present value of the remaining operating lease payments of \$1,253,081 discounted using the Corporation's risk-free interest rate using a weighted-average treasury rate of 2.91% and a ROU asset of \$1,059,854, that represents the operating lease liability of \$1,109,284, adjusted for deferred rent of \$49,430.

The standard had a material impact on the League's statement of financial position but did not have a significant impact on its statements of activities and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for the operating lease.

#### ***Cash, Cash Equivalents and Restricted Cash***

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. Restricted cash includes funds that are restricted as to use by the League. The following is a reconciliation of the cash, cash equivalents and restricted cash on the statement of cash flows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 847,965	\$1,154,624
Restricted cash	<u>286,441</u>	<u>17,448</u>
	<u>\$ 1,134,406</u>	<u>\$1,172,072</u>

Restricted cash consists of endowment contributions received.

#### ***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.

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2023

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

#### **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 or 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. Any donated securities are recorded at fair value on the date of the contribution. The primary sources of revenue are grants and contributions from governments, foundations, individuals and corporations.

#### **Contributions of Nonfinancial Assets**

Contributions of nonfinancial assets for fiscal 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Professional services	\$20,000	\$ -	Program and Administration	No associated donor restrictions	(a)

(a) Contributed services are valued at the estimated fair value based on current hourly rates for similar services

#### **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, 2023 and 2022.

# The Architectural League of New York

## Notes to Financial Statements

June 30, 2023

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

#### **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.

The beginning and ending contract balances were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contract assets	\$ 1,261	\$ 1,261	\$ -
Contract liabilities	108,520	82,506	26,014

#### **Advertising Costs**

The League expenses the costs of advertising as they are incurred. Advertising costs were \$1,197 and \$2,429 for the years ended June 30, 2023 and 2022.

#### **Leases**

As of July 1, 2022, the League determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The League does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The League's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### **Reclassifications**

Certain amounts contained in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

#### **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, honoraria and awards, and 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, internet and web hosting and depreciation and amortization among others, which are allocated based on estimates of time and effort and building space occupied.

## The Architectural League of New York

Notes to Financial Statements

June 30, 2023

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

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

Information as of and for the year ended June 30, 2022 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, 2022, from which the summarized comparative information was derived.

#### ***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, 2020.

#### ***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 11, 2024.

### 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, cash equivalents and restricted cash, and investments. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit. As of June 30, 2023 and 2022, the League's uninsured cash and cash equivalents balances on deposit totaled approximately \$884,000 and \$922,000. As of June 30, 2023 and 2022, the League's uninsured investment holdings totaled approximately \$1,988,000 and \$92,000.

The League's investment portfolio is 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. As a consequence, management believes that the concentration of credit risk is limited.

Contributions from one donor represented approximately 60% and 95% of pledges receivable as of June 30, 2023 and 2022.

## The Architectural League of New York

### Notes to Financial Statements June 30, 2023

#### 4. Fair Value Measurements

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

	2023			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 659,843	\$ -	\$ -	\$ 659,843
Mutual funds	158,871	-	-	158,871
Exchange-Traded products	205,062	-	-	205,062
Fixed Income Securities				
U.S. treasury securities	-	1,333,317	-	1,333,317
U.S. government bonds	-	3,480	-	3,480
Asset backed securities	-	70,696	-	70,696
Corporate bonds	-	56,529	-	56,529
Total Investments	1,023,776	1,464,022	-	2,487,798
Beneficial interest in perpetual trust	-	-	2,861,521	2,861,521
Total Assets Measured at Fair Value	\$ 1,023,776	\$ 1,464,022	\$ 2,861,521	\$ 5,349,319

  

	2022			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 83,302	\$ -	\$ -	\$ 83,302
Mutual funds	162,391	-	-	162,391
Exchange-Traded products	176,569	-	-	176,569
Fixed Income Securities				
U.S. treasury securities	-	50,666	-	50,666
U.S. government bonds	-	3,716	-	3,716
Asset backed securities	-	58,440	-	58,440
Corporate bonds	-	56,689	-	56,689
Total Investments	422,262	169,511	-	591,773
Beneficial interest in perpetual trust	-	-	2,778,150	2,778,150
Total Assets Measured at Fair Value	\$ 422,262	\$ 169,511	\$ 2,778,150	\$ 3,369,923

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, 2021	\$ 3,448,130
Change in fair value of beneficial interest in perpetual trust	(669,980)
Balance, June 30, 2022	2,778,150
Change in fair value of beneficial interest in perpetual trust	83,371
Balance, June 30, 2023	\$ 2,861,521

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2023

### 5. Property and Equipment

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

	2023	2022
Furniture and equipment	\$ 103,461	\$ 70,332
Leasehold improvements	36,298	36,298
Website design	105,000	105,000
	244,759	211,630
Less: accumulated depreciation and amortization	204,475	178,126
	\$ 40,284	\$ 33,504

### 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:

	2023	2022
Architectural speculations	\$ 7,500	\$ 7,500
Housing book publication	5,000	5,000
Testbeds	-	12,955
Office hours	29,538	71,119
Next generation fund	20,767	20,767
Seeing the whole	10,000	-
Paul Gunther Fund	26,600	-
Research, scholarship and creative development	422,270	212,442
Travel grants	16,954	16,944
Sponsored projects	7,600	8,850
Architects declare	960	6,330
	\$ 547,189	\$ 361,907

## The Architectural League of New York

### Notes to Financial Statements

June 30, 2023

#### 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:

	2023	2022
Core program support	\$ 61,060	\$ 21,000
Research, scholarship and creative development	110,406	82,385
Sponsored projects	16,250	12,063
Time restricted	-	60,000
Travel grants	-	150
Office hours	47,756	34,988
Testbeds	27,455	18,500
Cleaning up	-	4,100
Emerging voices	30,000	30,000
NYRA	41,650	-
Annual program series	-	59,500
Architects declare	10,570	18,670
Urban omnibus	40,000	25,000
	\$ 385,147	\$ 366,356

#### 9. Investments Held in Perpetuity

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

	2023	2022
Beneficial interest in perpetual trust	\$ 2,861,521	\$ 2,778,150
Endowment fund	3,900,828	1,042,233
	\$ 6,762,349	\$ 3,820,383

#### 10. Lease Commitment

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

As of June 30, 2023, the weighted-average remaining lease term for the League's operating lease was 85 months and the weighted average discount rate was 2.91%. The ROU asset as of June 30, 2023 was \$941,624 and amortization of ROU asset during 2023 was \$118,230. Cash paid for operating leases for the year ended June 30, 2023 was \$128,453.

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2023

### 10. Lease Commitment *(continued)*

The League amortizes the operating lease ROU asset over the life of the lease agreement. The ROU asset consists of the following at June 30, 2023:

Right of use asset	\$	1,059,854
Less: Accumulated amortization		<u>(118,230)</u>
Present value of right of use asset	\$	<u>941,624</u>

Future maturities of lease liabilities are presented in the following table, for the fiscal year ending June 30:

2024	\$	132,307
2025		136,276
2026		157,222
2027		163,471
2028		168,375
Thereafter		<u>366,977</u>
Total undiscounted cash flows		1,124,628
Less: present value discount		<u>(113,121)</u>
Total lease liabilities	\$	<u>1,011,507</u>

Rent expense for the years ended June 30, 2023 and 2022 was \$148,906 and \$148,905.

### 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.



## The Architectural League of New York

Notes to Financial Statements  
June 30, 2023

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

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, 2023 and 2022 in the endowment fund:

	Time or Purpose Restriction	Investments Held in Perpetuity	Total
Balance, June 30, 2021	\$ 159,999	\$ 542,233	\$ 702,232
Contributions	-	125,000	125,000
Interest and dividends	12,807	-	12,807
Realized and unrealized gain	(115,732)	-	(115,732)
Investment fees	(7,073)	-	(7,073)
Balance, June 30, 2022	50,001	667,233	717,234
Contributions	-	2,035,377	2,035,377
Interest and dividends	39,328	-	39,328
Realized and unrealized gain	103,149	-	103,149
Investment fees	(4,935)	-	(4,935)
Balance, June 30, 2023	\$ 187,543	\$2,702,610	\$ 2,890,153

At June 30, 2023 and 2022 approximately \$1,198,000 and \$375,000 pledged to the endowment fund remains uncollected and are included in pledges receivable on the accompanying statements of financial position.

## The Architectural League of New York

Notes to Financial Statements  
June 30, 2023

### 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>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents	\$ 847,965	\$ 1,154,624
Restricted cash	286,441	17,448
Grants receivable	97,610	20,300
Pledges receivable	1,242,748	367,434
Other receivables	2,183	2,286
Investments	2,487,798	591,773
Beneficial interest in perpetual trust	<u>2,861,521</u>	<u>2,778,150</u>
Total Financial Assets	<u>7,826,266</u>	<u>4,932,015</u>
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	547,189	361,907
Restricted by donor to be held in perpetuity	<u>6,762,349</u>	<u>3,820,383</u>
	<u>7,309,538</u>	<u>4,182,290</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 516,728</u>	<u>\$ 749,725</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. There was a one time capital campaign that occurred in 2023 that raised money for the endowment and future contributions are expected to be able to be used for operations.

### 13. Employee Retention Credit

During 2022, the League qualified for the Employee Retention Credit ("ERC") which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. Accordingly, the League has elected to follow the guidance in Accounting Standards Codification 958-605 in which conditional government grants are recognized in income as conditions are met. The League collected and recognized \$74,401 for the year ended June 30, 2022, which is recorded under grants and contributions on the 2022 statement of activities. The Employee Retention Credit is subject to audit by government agencies until 2025.

## The Architectural League of New York

### Notes to Financial Statements

June 30, 2023

#### 14. 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 amount was forgiven in full by the United States Small Business Administration (the "SBA") on July 28, 2021. The forgiveness of the PPP loan is recorded under forgiveness of loan payable on the 2022 statement of activities.

On February 5, 2022, the League received a \$196,700 Economic Injury Disaster Loan ("EIDL") authorized by the Small Business Association. The loan is to be used solely as working capital to alleviate economic injury caused by the coronavirus disaster occurring in 2020. The loan principal interest accrues at 2.75% annually and is payable thirty years from the date of the loan. Payments will begin 24 months after the date of the loan.

Principal payments on the EIDL are payable as follows:

2024	\$	4,420
2025		10,608
2026		10,608
2027		10,608
2028		10,608
Thereafter		<u>149,848</u>
	\$	<u>196,700</u>

#### 15. Pledges Receivable

Pledges receivable as of June 30, 2023 consists of multiple unconditional pledges to the endowment fund. Pledges receivable as of June 30, 2023, are expected to be collected as follows:

2024	\$	544,767
2025		353,023
2026		353,023
2027		27,500
2028		<u>10,000</u>
Total Pledges Receivable		1,288,313
Less discount to present value		<u>(45,565)</u>
Net Pledges Receivable	\$	<u>1,242,748</u>

#### 16. Retirement Plan

Effective December 31, 2022, the League discontinued its 403(b) plan. Effective October 1, 2022, The League created a new defined contribution 401(k) profit sharing retirement plan (the "Retirement Plan"). The Retirement Plan is for the benefit of all eligible employees of the League who qualify under the Retirement Plan's participation requirements. The League's contributions included in the statements of activities were \$16,506 and \$0 for the years ended June 30, 2023 and 2022.

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