SCHALL & ASHENFARB Certified Public Accountants, LLC

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MICHAEL L. SCHALL, CPA

China Institute

FOUNDED 1926

Audited Financial Statements

June 30, 2022

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Independent Auditors' Report

To the Board of Trustees of
China Institute in America

Opinion

We have audited the accompanying financial statements of China Institute in America (the "Institute"), which comprise the statement of financial position as of June 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of June 30, 2022, and the changes in 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 Institute and to meet our other ethical responsibilities in accordance with the relevant 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.

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 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 Institute'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.

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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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 Institute'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 Institute'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 Institute's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

October 18, 2022

CHINA INSTITUTE IN AMERICA
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022
(With comparative totals at June 30, 2021)

	6/30/22	6/30/21
Assets		
Cash and cash equivalents	$2,800,716	$4,222,298
Investments (Note 3)	904,599	1,033,122
Prepaid expenses and other assets	0	51,200
Contributions receivable, net (Note 4)	563,912	1,056,369
Security deposits	25,000	25,000
Straight-line rent receivable	186,213	94,861
Fixed assets, net (Note 5)	28,976,558	28,617,340
Donated artwork held for auction	162,476	162,476
Investments restricted for endowment (Notes 3 and 10)	3,801,582	4,355,353
Total assets	$37,421,056	$39,618,019
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$525,019	$1,194,169
Deferred revenue	106,907	81,018
Paycheck Protection Program loan payable (Note 6)	0	545,576
Conditional grant	0	1,600,000
Security deposits	0	62,300
Loans payable (Note 7)	7,655,316	7,941,670
Total liabilities	8,287,242	11,424,733
Commitments and contingencies (Note 8)		
Net assets:		
Without donor restrictions	22,037,967	18,592,198
With donor restrictions (Notes 9 and 10)	7,095,847	9,601,088
Total net assets	29,133,814	28,193,286
Total liabilities and net assets	$37,421,056	$39,618,019

The attached notes and auditors' report are an integral part of these financial statements.

CHINA INSTITUTE IN AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions: Donor Restricted Support	With Donor Restrictions: Donor Restricted Endowment	With Donor Restrictions: Total	Total 6/30/22	Total 6/30/21
Public support and revenue:						
Public support:						
Contributions	$820,442	$513,335	$25,000	$538,335	$1,358,777	$3,347,856
Government grants	2,141,239			0	2,141,239	234,721
Paycheck Protection Program grant (Note 6)	545,576			0	545,576	545,500
Special event income (net of expenses with a direct benfit to donors) (Note 12)	803,427			0	803,427	1,011,907
Membership dues	52,987			0	52,987	43,552
In-kind donations	75,722			0	75,722	495
Total public support	4,439,393	513,335	25,000	538,335	4,977,728	5,184,031
Revenue:						
Tuition fees	687,958			0	687,958	679,874
Gallery catalogue and book sales	988			0	988	1,661
Rental income	778,732			0	778,732	585,874
Investment return (Note 3)	(131,400)		(578,771)	(578,771)	(710,171)	1,388,134
Other income	2,522			0	2,522	0
Total revenue	1,338,800	0	(578,771)	(578,771)	760,029	2,655,543
Net assets released from restrictions:						
Satisfaction of program and time restrictions (Note 9)	2,464,805	(2,464,805)		(2,464,805)	0	0
Total public support and revenue	8,242,998	(1,951,470)	(553,771)	(2,505,241)	5,737,757	7,839,574
Expenses:						
Program services	2,815,699			0	2,815,699	2,524,785
Supporting services:						
Management and general	650,845			0	650,845	524,149
Fundraising	660,130			0	660,130	610,926
Total supporting services	1,310,975	0	0	0	1,310,975	1,135,075
Total expenses	4,126,674	0	0	0	4,126,674	3,659,860
Change in net assets from operations	4,116,324	(1,951,470)	(553,771)	(2,505,241)	1,611,083	4,179,714
Non-operating activity:						
Depreciation	670,555			0	670,555	688,159
Total change in net assets	3,445,769	(1,951,470)	(553,771)	(2,505,241)	940,528	3,491,555
Net assets - beginning of year	18,592,198	5,245,735	4,355,353	9,601,088	28,193,286	24,701,731
Net assets - end of year	$22,037,967	$3,294,265	$3,801,582	$7,095,847	$29,133,814	$28,193,286

The attached notes and auditors' report are an integral part of these financial statements.

CHINA INSTITUTE IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Program Services				Supporting Services				
	Education Program	Gallery Program	Public Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 6/30/22	Total Expenses 6/30/21
Salaries	1,069,488	$221,452	$199,532	$1,490,472	$289,758	$408,432	$698,190	$2,188,662	$2,256,794
Payroll taxes and employee benefits	233,754	48,402	43,611	325,767	62,807	89,269	152,076	477,843	504,040
Instructor/teacher temporary intern payments	53,335			53,335			0	53,335	99,298
Consultants and professional fees	39,932	113,427	41,082	194,441	92,613	56,793	149,406	343,847	103,924
Printing and publications	5,000	3,000		8,000		33,971	33,971	41,971	0
Supplies, postage and shipping	51,264	5,413	2,707	59,384	13,452	6,766	20,218	79,602	77,511
Travel and lodging	279	2,374		2,653	5,901	21,126	27,027	29,680	4,507
Telecommunications				0	11,729		11,729	11,729	15,059
Advertising and staff training				0	14,048		14,048	14,048	18,376
Food and beverages				0		67,567	67,567	67,567	0
Gallery design and installation		65,795		65,795			0	65,795	0
Building charges and utilities	395,584	41,770	20,885	458,239	103,810	52,212	156,022	614,261	354,991
Building services, equipment rental and maintenance	65,153	6,879	3,440	75,472	17,098	8,599	25,697	101,169	98,512
Property and liability insurance	40,305	4,256	2,128	46,689	10,576	5,320	15,896	62,585	32,360
Events expense	35,452			35,452			0	35,452	220,248
Bank charges, interest and credit card fees				0	27,094		27,094	27,094	12,697
Bad debt expenses				0			0	0	588
Depreciation	431,837	45,598	22,799	500,234	113,324	56,997	170,321	670,555	688,159
Other expenses				0	1,959		1,959	1,959	19,484
Total expenses	2,421,383	558,366	336,184	3,315,933	764,169	807,052	1,571,221	4,887,154	4,506,548
Less: depreciation	(431,837)	(45,598)	(22,799)	(500,234)	(113,324)	(56,997)	(170,321)	(670,555)	(688,159)
Less: direct special event expenses netted with revenue				0		(89,925)	(89,925)	(89,925)	(158,529)
Total expenses for statement of activities	$1,989,546	$512,768	$313,385	$2,815,699	$650,845	$660,130	$1,310,975	$4,126,674	$3,659,860

The attached notes and auditors' report are an integral part of these financial statements.

CHINA INSTITUTE IN AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	6/30/22	6/30/21
Cash flows from operating activities:		
Change in net assets	$940,528	$3,491,555
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	670,555	688,159
Interest on debt issuance costs	27,094	12,697
Realized and unrealized loss/(gain) on investments	818,253	(1,310,029)
Contributions restricted for endowment	(25,000)	0
Paycheck Protection Program loan forgiveness	(545,576)	0
Changes in assets and liabilities:		
Contributions receivable	492,457	(914,742)
Prepaid expenses and other assets	51,200	4,673
Straight-line rent receivable	(91,352)	(94,861)
Accounts payable and accrued expenses	(669,150)	(511,699)
Deferred revenue	25,889	(133,585)
Conditional grant	(1,600,000)	0
Security deposits	(62,300)	0
Paycheck Protection Program loan payable	0	76
Total adjustments	(907,930)	(2,259,311)
Net cash flows provided by operating activities	32,598	1,232,244
Cash flows from investing activities:		
Purchase of fixed assets	(1,029,773)	(1,951,935)
Purchases of investments	(1,068,046)	(2,184,654)
Proceeds from sales of investments	957,087	3,109,529
Net cash flows used for investing activities	(1,140,732)	(1,027,060)
Cash flows from financing activities:		
Repayments of loans payable	(313,448)	(243,337)
Net cash flow used for financing activities	(313,448)	(243,337)
Net decrease in cash and cash equivalents	(1,421,582)	(38,153)
Cash and cash equivalents - beginning of year	4,222,298	4,260,451
Cash and cash equivalents - end of year	$2,800,716	$4,222,298

Supplemental disclosure of cash flow information:		
Total interest paid	$356,552	$293,949
Total income taxes paid	$0	$0

The attached notes and auditors' report are an integral part of these financial statements.

Note 1 - Nature of Entity

China Institute in America (the "Institute") offers a series of programs relating to China and Chinese culture, including art, education, music, film history, contemporary affairs, business, travel, and language. The Institute also presents classes, workshops and events for adults, corporate executives, teachers, families, and children.

Incorporated in 1944 in the State of New York, the Institute has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting
The financial statements of the Institute have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than when received or paid.

b. Basis of Presentation
The Institute reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity.

c. Revenue Recognition
The Institute follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-606 for recognizing revenue. The Institute has the following types of revenue that fall under ASC 958-606: tuition fees and gallery catalogue and book sales. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

For tuition income, the performance obligation is considered to have been met in the fiscal year in which the academic programs are delivered. Revenue is recognized at that time. Collection of tuition income for future programs has been recorded as deferred revenue. Tuition earned that has not been collected is reflected as tuition receivable.

Gallery catalogue and books sales revenue is recognized when the sale take place and products are provided to customers.

Rental revenue consists of leases with third-party tenants and falls under the scope of ACS 840: *Leases.* As further described in Note 13, the Institute leases a portion of its space under a long-term lease. The Institute recognizes rental income on a straight-line basis over the term of the lease. Rental income in excess of cash collections is recorded as straight-line rent receivable on the statement of financial position.

The Institute follows FASB's ASC 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The Institute's government grants are primarily conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met are treated as liabilities.

The Institute records unconditional promises to give in the period pledged at net realizable value, if expected to be received within one year. Long-term pledges are recorded at fair value based on a risk-adjusted discount rate when considered material.

Pledges are reviewed for collectability based on several factors including historical experience. An allowance of $25,000 has been established as of June 30, 2022 and 2021, respectively.

d. Cash and Cash Equivalents

The Institute considers all liquid investments that have an initial maturity of one year or less to be cash and cash equivalents, except for cash held as part of the investment portfolio.

e. Operating/Non-Operating Activity

The Institute displays activity as operating and non-operating. Operating activity includes routine revenue and expense items that are central to the Institute's mission. Non-operating activity includes non-cash items such as depreciation expense.

f. Concentration of Credit Risk

Financial instruments which potentially subject the Institute to concentration of credit risk consist of cash, money market accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. Most accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC"). At year end and at various times during the year, the Institute had material uninsured balances either due to the accounts not being insured or balances exceeding the insured levels. The Institute has not experienced any losses due to the failure of any of these institutions.

The market value of investments is subject to fluctuation and principal is not guaranteed. Management believes its investment policy is prudent for the long-term welfare of the Institute.

g. Investments

Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, net of investment fees are included in income on the statement of activities.

h. Fixed Assets

Fixed assets that exceed pre-determined thresholds, to which the Institute retains title and capital items purchased, which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of buildings, building improvements, furniture, equipment, and computers, and are carried at cost. Depreciation is charged over the assets' useful life (ranging from 3 to 40 years) using the straight-line method with a one-half year convention.

During the year ended June 30, 2017, the City of New York's investment of capital funding obligated the Institute to maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational, or artistic uses and/or related purposes approved by the City of New York.

i. Donated Artwork Held for Auction

The Institute's collection of art and artifacts has been recorded at appraised values at the time of donation.

j. Accrued Vacation

The Institute recognizes a liability for the amount of unused vacation that employees have earned but not used. The accrued vacation obligation was $31,926 and $37,513 at June 30, 2022 and June 30, 2021, respectively.

k. Donated Services

The Institute recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are provided by those who possess those skills, and would typically be purchased if not donated. In-kind travel of $722 and $495 has been recognized in 2022 and 2021, respectively. Additionally, in-kind professional services of $75,000 was recognized in 2022.

Donated professional services, which are included in program services on the statement of functional expenses, are valued at the standard hourly rate charges for those services. In-kind travel, which is included in program services on the statement of functional expenses, is valued at the standard market rate for similar travel.

l. Advertising
Advertising expense is recognized in the period the expense has been incurred.

m. Management Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

n. Functional allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries
- Payroll taxes and employee benefits
- Supplies, postage, and shipping
- Telecommunications
- Building charges and utilities
- Building services, equipment rental and maintenance
- Property and liability insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

o. Comparative Financial Information
The financial statements include certain prior year summarized comparative information by total but not in sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

p. Accounting for Uncertainty of Income Taxes
The Institute does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2019 and later are subject to examination by applicable taxing authorities.

q. New Accounting Pronouncement
FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Institute is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access.
Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2022 and June 30, 2021 all investments were considered to be Level 1 securities and consisted of the following:

	6/30/22	6/30/21
Investments	$904,599	$1,033,122
Investments restricted for endowment	3,801,582	4,355,353
Total investments	$4,706,181	$5,388,475

	6/30/22	6/30/21
Money market funds	$254,567	$48,285
Mutual funds	251,034	1,511,964
Corporate bonds	787,494	820,038
Exchange traded funds	193,194	281,442
Corporate equities	3,219,892	2,726,746
Total investments	$4,706,181	$5,388,475

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Investment return for the years indicated is as follows:

	6/30/22	6/30/21
Realized & unrealized (loss)/gain on investments - endowment	($620,322)	$1,047,638
Realized & unrealized (loss)/gain on investments – other investments	(197,931)	262,391
Interest and dividends - endowment	76,116	91,786
Interest and dividends	74,735	27,640
Investment fees – endowment	(34,565)	(33,367)
Investment fees – other investments	(8,204)	(7,954)
Investment return, net	($710,171)	$1,388,134

Note 4 - **Contributions Receivable**

Contributions receivable are expected to be collected in the following periods:

	6/30/22	6/30/21
Year ending: June 30, 2022	$0	$781,369
June 30, 2023	588,912	300,000
	588,912	1,081,369
Less: allowance on doubtful accounts	(25,000)	(25,000)
Total contributions, net	$563,912	$1,056,369

Due to its immaterial nature, a discount to present value has not been recorded.

Note 5 - **Fixed Assets**

Fixed assets consist of:

	6/30/22	6/30/21
Office condominium *(40 years)*	$18,270,000	$18,270,000
Capitalized closing costs *(40 years)*	247,557	247,557
Furniture and equipment *(5 years)*	389,570	389,570
Hurricane Sandy improvements *(40 years)*	447,395	447,395
Condominium improvements and betterments *(40 years)*	7,316,960	7,316,960
Construction in progress	8,674,255	7,644,482
	35,345,737	34,315,964
Less: accumulated depreciation and amortization	(6,369,179)	(5,698,624)
Total fixed assets, net	$28,976,558	$28,617,340

Note 6 - **Paycheck Protection Program Loan**

During the year ended June 30, 2020, the Institute obtained a loan from the Small Business Administration ("SBA") in the amount of $545,500 through the Paycheck Protection Program ("PPP"). The Institute treated this loan consistent with ASC 958-605, as it is considered to have traits similar to a conditional contribution. As all conditions of the loan had been satisfied during the year ended June 30, 2021, the loan was recognized as revenue on the statement of activities. The loan was formally forgiven by the SBA.

On February 9, 2021, the Institute obtained a second PPP loan from the SBA in the amount of $545,576 with the same terms. As all conditions of the loan had been satisfied during the year ended June 30, 2022, the loan was recognized as revenue on the statement of activities. The second loan was formally forgiven by the SBA as well.

Note 7 - Loans Payable

In November 2015, The Trust for Cultural Resources of the City of New York (the "Trust") issued $13,000,000 in Series 2015 revenue bonds for the benefit of the Institute. The Institute has used the proceeds for costs associated with the construction of the new condominium on Rector Street in New York City. The Trust then sold the bond proceeds to a bank.

The Institute entered into two separate mortgage loan agreements, one with a bank and the other with the Trust (the Trust in turn assigned the rights to the mortgage to the same bank). At the conclusion of these transactions, the Institute had $13,000,000 of outstanding mortgages payable.

On October 26, 2016, the Board of Trustees of the Institute approved and adopted a resolution to authorize an optional $4,000,000 redemption of the Series 2015 bonds, which took place on November 1, 2016. On November 9, 2016, the Institute and the bank signed a consent to amend the loan agreements based on this redemption, which reduced the outstanding mortgages payable to $9,000,000.

The Institute is required to make monthly interest and principal payments through December 1, 2035, when a balloon payment of $3,799,517 is due. The loans are collateralized by the assets and operating revenues of the Institute.

Loans payable reflected on the statement of financial position consists of the following at June 30, 2022:

	Principal	Debt Issuance Costs	Net
3.4% bank loan, due 12/1/2035	$8,093,918	$438,602	$7,655,316

The Institute follows FASB ASU No. 2015-03, *Interest-Imputation of Interest – Simplifying the Presentation of Debt Issuance Costs,* which requires the debt issuance costs to be netted with the principal amount of the loan.

Future principal payments under the loan are as follows:

Year ending:	June 30, 2023	$196,933
	June 30, 2024	269,091
	June 30, 2025	279,318
	June 30, 2026	300,003
	June 30, 2027	309,008
Thereafter		6,739,565
Total		$8,093,918

Note 8 - Commitments and Contingencies

Government funded activities are subject to audit by applicable granting agencies. Management does not believe that any future audits will result in disallowed costs and has not established any reserves. Any future payments that may result from such audits will be recognized once amounts become known and probable of payment.

Note 9 - Net Assets With Donor Restrictions

During the years ended June 30, 2022 and June 30, 2021, net assets were released from restriction due to satisfaction of donor stipulations for the following programs:

	6/30/22	6/30/21
ECNU Center	$0	$230,000
Capital Campaign	2,276,936	0
Monogram Kitchen/Culinary Programs	150,000	0
Next Gen Leaders Circle	25,000	0
Other	12,869	11,750
Total	$2,464,805	$241,750

The following summarizes the nature of net assets with donor restrictions:

	6/30/22	6/30/21
Donor restricted - programs:		
Capital Campaign	$1,409,473	$3,686,409
Annual Dialogue	60,000	60,000
Exhibition: Eternal Offerings	35,000	35,000
Exhibition: Treasures for Buddha	75,000	55,000
Exhibition: Flowers on a River	283,200	0
Exhibition: Bronze	25,000	0
Exhibition: General	46,300	0
Monogram Kitchen/Culinary Programs	1,115,000	1,200,000
Other	245,292	209,326
Total donor restricted - programs	3,294,265	5,245,735
Donor restricted endowment:		
Endowment corpus	2,513,054	2,488,054
Endowment earnings	1,288,528	1,867,299
Total donor restricted endowment	3,801,582	4,355,353
Total net assets with donor restrictions	$7,095,847	$9,601,088

Note 10 - Endowment Funds

The Institute's endowment consists of individual donor-restricted funds established for a variety of purposes.

Interpretation of Relevant Law

The Institute follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the Board of Directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Institute will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Institute has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Institute classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditures, therefore they have been classified in the net asset class with donor restrictions.

Spending Policies

In accordance with NYPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Institute and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Institute;
(7) The investment policies of the Institute;
(8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Institute.

Changes in endowment net assets were as follows:

	June 30, 2022		
	Endowment Earnings	Endowment Corpus	Total
Endowment assets – beginning of year	$1,867,299	$2,488,054	$4,355,353
Activities 2022:			
Interest and dividends	76,116	0	76,116
Investment fees	(34,565)	0	(34,565)
Net loss on investments	(620,322)	0	(620,322)
Contributions	0	25,000	25,000
Endowment assets – end of year	$1,288,528	$2,513,054	$3,801,582

	June 30, 2021		
	Endowment Earnings	Endowment Corpus	Total
Endowment assets – beginning of year	$1,150,403	$2,488,054	$3,638,457
Activities 2021:			
Interest and dividends	91,786	0	91,786
Investment fees	(33,367)	0	(33,367)
Net gain on investments	1,047,638	0	1,047,638
Appropriation of endowment assets for expenditure	(389,161)	0	(389,161)
Endowment assets – end of year	$1,867,299	$2,488,054	$4,355,353

Endowment Investment Policies
The Institute has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends, and other market value gains for future appropriation.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Institute to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2022 or June 30, 2021.

Note 11 - Employee Benefit Plan

Employees of the Institute are covered by a TIAA-CREF defined contribution plan. The Institute may, on an annual basis, contribute a discretionary match of the salaries of eligible employees to the plan. Employees may elect to contribute a portion of their salaries. Contributions under this plan are applied to individual annuities issued to each participant. Employer contributions to the plan were $176,766 and $124,898 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 12 - Special Events

A summary of the special events during is as follows:

	6/30/22	6/30/21
Gross revenue	$893,352	$1,170,436
Less: expenses with a direct benefit to donors	(89,925)	(158,529)
	803,427	1,011,907
Less: other event expenses	(35,510)	(65,961)
Net income from special events	$767,917	$945,946

Note 13 - Rental Income and Leases

The Institute leases space to a tenant under a long-term non-cancelable lease. Future minimum rental payments under this lease are as follows:

Year ending:	June 30, 2023	$555,112
	June 30, 2024	568,990
	June 30, 2025	583,215
	June 30, 2026	597,795
	June 30, 2027	612,740
	Thereafter	5,549,134
Total		$8,466,986

During the year ended June 30, 2021, the Institute had entered into a second lease whereby the Institute will lease a separate space to a second tenant that was to be in effect through September 2024. During the year ended June 30, 2022, this second tenant and the Institute agreed to terminate this lease early.

Note 14 - Availability and Liquidity

The Institute maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. The Institute operates its programs within a board approved budget. Additionally, the Institute has property holdings with a fair market value estimated by management (as of June 30, 2019) to be between $44,000,000 and $50,500,000.

The following reflects the Institute's financial assets at June 30, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$2,800,716	
Investments	904,599	
Contributions receivable, net	563,912	
Total financial assets		$4,269,227
Less: amounts not available for general expenditures:		
Donor restricted net assets – program restrictions		(3,294,265)
Financial assets available to meet cash needs for general expenditures within one year		$974,962

Note 15 - Subsequent Events

Subsequent events have been evaluated through October 18, 2022, the date the consolidated financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

Note 16 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Institute operates. As of the date of these consolidated financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these consolidated financial statements, the potential impact cannot be quantified.