SCHALL & ASHENFARB Certified Public Accountants, LLC

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China Institute

FOUNDED 1926

Audited Financial Statements

June 30, 2019

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Independent Auditor's Report

To the Board of Trustees of
China Institute in America

Report on the Financial Statements

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, 2019, 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.

Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of China Institute in America as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Institute adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Institute's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 23, 2019

CHINA INSTITUTE IN AMERICA
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019
(With comparative totals at June 30, 2018)

	6/30/19	6/30/18
Assets		
Cash and cash equivalents (Notes 2d and 2e)	$3,467,657	$5,961,751
Contributions receivable (Note 2f)	1,404,573	597,861
Prepaid expenses and other assets	2,658	780
Investments (Notes 2g and 3)	5,918,931	5,581,758
Security deposits	25,000	25,000
Restricted cash (Note 4)	711,341	711,341
Cash restricted for endowment	460,000	245,000
Fixed assets, net (Notes 2h and 5)	25,531,176	25,317,175
Donated artwork held for auction (Note 2i)	162,476	162,476
Total assets	$37,683,812	$38,603,142
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$547,374	$656,518
Deferred revenue (Note 2k)	147,141	135,108
Conditional grant	1,600,000	1,600,000
Security deposits	120,000	120,000
Loans payable (Note 6)	8,374,272	8,526,213
Total liabilities	10,788,787	11,037,839
Commitments and contingencies (Note 9)		
Net assets:		
Without donor restrictions	20,674,443	22,440,097
With donor restrictions (Note 7)	6,220,582	5,125,206
Total net assets	26,895,025	27,565,303
Total liabilities and net assets	$37,683,812	$38,603,142

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

CHINA INSTITUTE IN AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions: Donor Restricted Support	With Donor Restrictions: Donor Restricted Endowment	With Donor Restrictions: Total	Total 6/30/19	Total 6/30/18*
Public support and revenue:						
Public support:						
Contributions	$809,624	$862,409	$215,000	$1,077,409	$1,887,033	$2,946,236
Government grants	261,752			0	261,752	288,622
Special event income (net of expenses with a direct benefit to donors) (Note 11)	1,184,716			0	1,184,716	1,128,424
Membership dues	70,168			0	70,168	65,838
In-kind donations	30,623			0	30,623	76,717
Total public support	2,356,883	862,409	215,000	1,077,409	3,434,292	4,505,837
Revenues:						
Lecture and tuition fees	873,898			0	873,898	825,328
Gallery catalogue and book sales	24,397			0	24,397	27,065
Investment income (Note 3)	214,096		158,283	158,283	372,379	428,248
Rental income	5,103			0	5,103	56,610
Other income	102			0	102	1,844
Total revenues	1,117,596	0	158,283	158,283	1,275,879	1,339,095
Net assets released from restrictions:						
Satisfaction of program and time restictions	140,316	(140,316)		(140,316)	0	0
Total public support and revenue	3,614,795	722,093	373,283	1,095,376	4,710,171	5,844,932
Expenses:						
Program services	3,203,500				3,203,500	3,454,966
Supporting services:						
Management and general	740,848				740,848	684,397
Fundraising	722,327				722,327	880,859
Total supporting services	1,463,175	0	0	0	1,463,175	1,565,256
Total operating expenses	4,666,675	0	0	0	4,666,675	5,020,222
Change in net assets from operations	(1,051,880)	722,093	373,283	1,095,376	43,496	824,710
Non-operating activity:						
Depreciation expense	713,774			0	713,774	702,006
Total change in net assets	(1,765,654)	722,093	373,283	1,095,376	(670,278)	122,704
Net assets - beginning of year	22,440,097	2,259,902	2,865,304	5,125,206	27,565,303	27,442,599
Net assets - end of year	$20,674,443	$2,981,995	$3,238,587	$6,220,582	$26,895,025	$27,565,303

*Reclassified for comparative purposes

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

CHINA INSTITUTE IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	Program Services				Supporting Services				
	Education Program	Gallery Program	Public Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 6/30/19	Total Expenses 6/30/18*
Salaries	$1,153,131	$304,532	$331,970	$1,789,633	$280,839	$547,581	$828,420	$2,618,053	$2,412,315
Payroll taxes and employee benefits	309,128	81,637	88,993	479,758	75,279	146,791	222,070	701,828	714,363
Instructor/teacher/temporary intern payments	99,564			99,564			0	99,564	120,667
Consultants and professional	66,884	5,282	4,438	76,604	100,004	267	100,271	176,875	310,035
Printing and publications	576	813	1,100	2,489		70,788	70,788	73,277	139,408
Supplies, postage and shipping	51,321	4,703	1,848	57,872	20,495	5,627	26,122	83,994	89,503
Travel and lodging	28,008	16,118	10,138	54,264	8,885	20,340	29,225	83,489	143,698
Telecommunications	12,422	1,139	447	14,008	4,961	1,362	6,323	20,331	22,231
Advertising and staff training				0	35,607		35,607	35,607	122,009
Food and beverages	4,600	2,003	4,928	11,531	5,260	12,481	17,741	29,272	42,892
Gallery design and installation		1,586		1,586			0	1,586	167,113
Crating, shipping and art insurance				0			0	0	31,071
Space rental and venue costs	6,810		16,795	23,605		125,919	125,919	149,524	242,045
Building charges and utilities	280,850	25,743	10,113	316,706	112,198	30,800	142,998	459,704	457,875
Building services, equipment rental and maintenance	64,760	5,935	2,332	73,027	25,861	7,101	32,962	105,989	72,185
Property and liability insurance	31,141	2,774	1,090	35,005	12,086	3,319	15,405	50,410	48,027
Events expense	152,766	1,008	2,470	156,244			0	156,244	121,308
Bank charges, interest and credit card fees				0	12,697		12,697	12,697	12,697
Bad debt expense				0	45,000		45,000	45,000	153
Depreciation	436,116	39,971	15,703	491,790	174,161	47,823	221,984	713,774	702,006
Other expenses	11,193		411	11,604	1,676		1,676	13,280	28,957
Total expenses	2,709,270	493,244	492,776	3,695,290	915,009	1,020,199	1,935,208	5,630,498	6,000,558
Less: depreciation	(436,116)	(39,971)	(15,703)	(491,790)	(174,161)	(47,823)	(221,984)	(713,774)	(702,006)
Less: direct special event expenses netted with revenue				0		(250,049)	(250,049)	(250,049)	(278,330)
Total expenses for statement of activites	$2,273,154	$453,273	$477,073	$3,203,500	$740,848	$722,327	$1,463,175	$4,666,675	$5,020,222

*Reclassified for comparative purposes

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

CHINA INSTITUTE IN AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	6/30/19	6/30/18
Cash flows from operating activities:		
Change in net assets	($670,278)	$122,704
Adjustments to reconcile change in net assets to net cash flows (used for)/provided by operating activities:		
Depreciation	713,774	702,006
Amortization of debt issuance costs	12,697	12,697
Debt issuance costs	(30,000)	(4,000)
Realized and unrealized gain on investments	(245,150)	(334,260)
Contributions restricted for endowment	(215,000)	(245,000)
Changes in assets and liabilities:		
Contributions receivable	(806,712)	(65,651)
Prepaid expenses and other assets	(1,878)	129,270
Accounts payable and accrued expenses	(109,144)	(372,496)
Deferred tuition	12,033	(11,661)
Conditional grant	0	1,600,000
Security deposits held	0	120,000
Total adjustments	(669,380)	1,530,905
Net cash flows (used for)/provided by operating activities	(1,339,658)	1,653,609
Cash flows from investing activities:		
Purchase of fixed assets	(927,775)	(580,576)
Purchases of investments	(847,529)	(1,253,629)
Proceeds from sales of investments	755,506	1,166,650
Net cash flows used for investing activities	(1,019,798)	(667,555)
Cash flows from financing activities:		
Repayments of loans payable	(134,638)	0
Net cash flow used for financing activities	(134,638)	0
Net (decrease)/increase in cash and cash equivalents	(2,494,094)	986,054
Cash and cash equivalents - beginning of year	5,961,751	4,975,697
Cash and cash equivalents - end of year	$3,467,657	$5,961,751
Supplemental disclosure of cash flow information:		
Total interest paid	$335,497	$310,250
Total income taxes paid	$0	$0

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

CHINA INSTITUTE IN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 received or paid.

Effective July 1, 2018, the Institute adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 13).

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* – represent those resources for which there are no restrictions by donors as to their use.

- *Net Assets With Donor Restrictions* – represent 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 reports contributions at the earlier of the receipt of cash or at a 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.

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

e. 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 or Securities Investor Protection Corporation. 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.

f. Contributions Receivable
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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges are reviewed for collectability based on several factors including historical experience. An allowance of $60,000 and $15,500 has been established as of June 30, 2019 and 2018, respectively.

At June 30, 2019, all outstanding receivables are due within one year.

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 are included in income on the statement of activities.

h. Fixed Assets
Fixed assets 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. Some of the collection is to be sold at auction and the remainder is to be displayed at the Institute's premises.

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 $30,181 and $24,031 at June 30, 2019 and June 30, 2018, respectively.

k. Deferred Tuition
Tuition is recognized as revenue in the period the education services are provided. Amounts collected in advance are treated as deferred tuition.

l. 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 $13,828 and $76,717 has been recognized in 2019 and 2018, respectively. In-kind event space for programs of $16,795 has been recognized in 2019. There was no in kind for vent space for programs in 2018.

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

n. 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.

o. 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. Allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Payroll taxes and employee benefits	Time and effort
Supplies, postage and shipping	Time and effort
Telecommunications	Time and effort
Building charges and utilities	Time and effort
Building services	Time and effort
Property and liability insurance	Time and effort
Depreciation	Time and effort

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

p. Comparative Financial Information
The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include 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, 2018, from which the summarized information was derived.

q. 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, 2016 and later are subject to examination by applicable taxing authorities.

r. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 23, 2019, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

s. New Accounting Pronouncements
On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the June 30, 2020 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

Lastly, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 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 these standards 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, 2019 and June 30, 2018 all investments were considered to be Level 1 securities and consisted of the following:

	6/30/19	6/30/18
Money market funds	$246,431	$111,453
Mutual funds	1,408,781	1,679,228
Corporate bonds	1,060,195	964,360
Government agency bonds	19,281	18,750
Exchange traded funds	582,308	415,480
Corporate equities:		
Basic and industrial good/materials	377,559	329,688
Consumer goods	371,310	280,475
Financial	366,733	354,325
Healthcare	128,891	300,277
Services	353,793	294,685
Technology	704,293	604,891
Utilities	134,684	84,417
Other	164,672	143,729
Total investments	$5,918,931	$5,581,758

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

Investment income for the years ended June 30, 2019 and June 30, 2018 is as follows:

	6/30/19	6/30/18
Realized & unrealized gain on investments	$245,150	$334,260
Interest and dividends	35,206	7,009
Interest and dividends - endowment	135,271	129,351
Investment fees	(43,248)	(42,372)
Investment income - net	$372,379	$428,248

Note 4 - Restricted Cash

In connection with the loans payable described more fully in Note 6, the Institute is required to establish separate accounts with the lender's institution to be used as a reserve for monthly interest installments as well as hold the unused proceeds of the loan, which are to be used for construction costs on the building.

Note 5 - Fixed Assets

Fixed assets consist of:

	6/30/19	6/30/18
Office condominium	$18,270,000	$18,270,000
Capitalized closing costs	247,557	247,557
Furniture and equipment	386,292	367,641
Hurricane Sandy improvements	447,395	447,395
Condominium improvements and betterments	7,065,727	7,061,728
Construction in progress	3,410,236	2,505,111
	29,827,207	28,899,432
Less: accumulated depreciation and amortization	(4,296,031)	(3,582,257)
Fixed assets - net	$25,531,176	$25,317,175

Note 6 - 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 condo 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 only payments through December 1, 2018 to the bank. Principal payments began December 1, 2018 and continue 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, 2019:

	Principal	Debt Issuance Costs	Net
3.4% bank loan, due 12/1/2035	$8,865,362	$491,090	$8,374,272

In fiscal year 2016, the Institute elected to early adopt FASB ASU No. 2015-03, *Interest-Imputation of Interest – Simplifying the Presentation of Debt Issuance Costs,* which permitted 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, 2020	$234,318
	June 30, 2021	243,354
	June 30, 2022	251,879
	June 30, 2023	260,699
	June 30, 2024	269,091
Thereafter		7,606,021
Total		$8,865,362

Note 7 - Net Assets With Donor Restrictions

During the years ended June 30, 2019 and June 30, 2018, net assets were released from restriction due to satisfaction of donor stipulations for the following programs:

	6/30/19	6/30/18
Exhibition: Art of the Mountain	$0	$49,379
Annual Dialogue	15,000	0
Corporate Membership	85,000	0
Other	40,316	41,321
Total	$140,316	$90,700

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

	6/30/19	6/30/18
Donor restricted - programs:		
Capital Campaign	$2,511,339	$1,914,030
ECNU Center	230,000	0
Annual Dialogue	60,000	75,000
Corporate Membership	0	85,000
Exhibition: Eternal Offerings	35,000	35,000
Other	145,656	150,872
Total donor restricted - programs	2,981,995	2,259,902
Donor restricted endowment:		
Endowment corpus	2,286,954	2,071,954
Endowment earnings	951,633	793,350
Total donor restricted endowment	3,238,587	2,865,304
Total net assets with donor restrictions	$6,220,582	$5,125,206

Note 8 - Endowment Funds

The Institute's endowment consists of individual donor-restricted funds established for a variety of purposes. The endowment includes earnings from investment gains that have not been designated for specific use by the donor and have not yet been appropriated by the board of trustees.

Additionally, during the years ended June 30, 2019 and June 30, 2018, the Institute received $215,000 and $245,000, respectively from a donor, which included the collection of a pledge of $161,067 from 2017 and an additional $83,933 which was restricted for the endowment. These amounts are currently held in cash and are not part of the Institute's investments at year end. Subsequent to year end, these amounts were transferred to the Institute's investment account.

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, 2019			
	Without Donor	Endowment Earnings	Endowment Corpus	Total
Endowment and reserve fund net assets, beginning of year	$2,961,454	$793,350	$1,826,954	$5,581,758
Activities 2019:				
Interest and dividends	71,769	63,502	0	135,271
Investment fees	(22,946)	(20,302)	0	(43,248)
Unrealized and realized gain	130,067	115,083	0	245,150
Contributions	0	0	0	0
Endowment and reserve fund net assets, end of year	$3,140,344	$951,633	1,826,954	$5,918,931
Cash restricted for endowment corpus			460,000	
Total endowment corpus			$2,286,954	

	June 30, 2018			
	Without Donor	Endowment Earnings	Endowment Corpus	Total
Endowment and reserve fund net assets, beginning of year	$2,737,962	$595,603	$1,826,954	$5,160,519
Activities 2018:				
Interest and dividends	68,629	60,722	0	129,351
Investment fees	(22,481)	(19,891)	0	(42,372)
Unrealized and realized gain	177,344	156,916	0	334,260
Contributions	0	0	0	0
Endowment and reserve fund net assets, end of year	$2,961,454	$793,350	1,826,954	$5,581,758
Cash restricted for endowment corpus			245,000	
Total endowment corpus			$2,071,954	

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, 2019 or June 30, 2018.

Note 9 - 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 10 - 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 $198,443 and $164,667 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 11 - Special Events

A summary of the special events during the year ended June 30, 2019 is as follows:

	Gala	Chinese New Year	Spring Lunch	Total
Gross revenue	$939,750	$94,660	$400,355	$1,434,765
Less: expenses with a direct benefit to donors	(126,681)	(21,991)	(101,377)	(250,049)
	813,069	72,669	298,978	1,184,716
Less: other event expenses	(15,772)	(2,852)	(27,498)	(46,122)
Net income from special events	$797,297	$69,817	$271,480	$1,138,594

A summary of the special events during the year ended June 30, 2018 is as follows:

	Gala	Chinese New Year	Spring Lunch	Total
Gross revenue	$1,027,750	$95,329	$283,675	$1,406,754
Less: expenses with a direct benefit to donors	(164,372)	(42,346)	(71,612)	(278,330)
	863,378	52,983	212,063	1,128,424
Less: other event expenses	(41,878)	(21,775)	(55,803)	(119,456)
Net income from special events	$821,500	$31,208	$156,260	$1,008,968

Note 12 - Related Party Transaction

The Institute paid fees to a firm for architectural services that totaled $7,605 and $16,260 in 2019 and 2018, respectively. The chair of the board is a principal of the architecture firm. The transaction was approved in advance by the board after full disclosure at a properly scheduled board meeting.

Note 13 - 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 to be between $44,000,000 and $50,500,000.

The following reflects the Institute's financial assets at June 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$3,467,657	
Contributions receivable	1,404,573	
Investments	5,918,931	
Cash restricted for endowment	460,000	
Total financial assets		$11,251,161
Less: amounts not available for general expenditures:		
Donor restricted net assets – program restrictions	(2,981,995)	
Donor restricted endowment	(3,238,587)	
Total amounts not available for general expenditure		(6,220,582)
Financial assets available to meet cash needs for general expenditures within one year		$5,030,579