

Financial Statements and Report of
Independent Certified Public
Accountants

Crohn's & Colitis Foundation, Inc.

December 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the National Board of Trustees of the
Crohn's & Colitis Foundation, Inc.:

Report on the financial statements

We have audited the accompanying financial statements of Crohn's & Colitis Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crohn's & Colitis Foundation, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2019 summarized comparative information

We have previously audited the Foundation's 2019 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2020. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York

June 16, 2021

Crohn's & Colitis Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020, with summarized comparative information for 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 9,313,797	\$ 3,100,451
Short-term investments	6,173,733	42,405
Pledges receivable, net	8,628,024	13,001,335
Bequests receivable	183,843	521,377
Prepaid expenses and other assets	3,593,073	4,344,565
Long-term investments	25,654,435	20,195,790
Reinsurance contracts	235,315	228,669
Charitable remainder trusts	77,215	1,664,654
Fixed assets, net	1,759,741	2,175,003
	\$ 55,619,176	\$ 45,274,249
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,978,234	\$ 4,791,819
Research grants payable	26,005,220	25,547,248
Loan payable	5,721,600	-
Deferred rent	266,304	335,932
Deferred revenue	6,346,010	5,552,232
Reinsurance contracts	235,315	228,669
	44,552,683	36,455,900
COMMITMENTS (Note 9)		
NET ASSETS (DEFICIT)		
Net assets without donor restrictions	408,647	(5,307,069)
Net assets with donor restrictions	10,657,846	14,125,418
	11,066,493	8,818,349
	\$ 55,619,176	\$ 45,274,249

The accompanying notes are an integral part of these financial statements.

Crohn's & Colitis Foundation, Inc.

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2020, with summarized comparative totals for 2019

	2020			2019 Total
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
OPERATING CONTRIBUTIONS, GRANTS AND OTHER INCOME AND SUPPORT				
Contributions and grants:				
Contributions and grants from individuals, foundations and corporations	\$ 25,409,885	\$ 12,928,719	\$ 38,338,604	\$ 33,398,189
Contributed services and airtime	2,936,025	-	2,936,025	7,996,354
Special events revenue	24,641,012	-	24,641,012	36,083,192
Less: Costs of direct benefits to donors	(2,468,248)	-	(2,468,248)	(7,316,025)
Net special events revenue	22,172,764	-	22,172,764	28,767,167
Federated campaigns	1,148,015	-	1,148,015	1,184,804
Bequests	6,514,393	-	6,514,393	2,473,718
Total operating contributions and grants	58,181,082	12,928,719	71,109,801	73,820,232
Other income:				
IBD Plexus membership revenue	5,347,081	-	5,347,081	4,765,830
Program service fees	46,650	-	46,650	509,670
Investment return designated for operations	576,560	-	576,560	1,119,881
Federal grant revenue	593,693	-	593,693	581,443
Royalties	492,419	-	492,419	416,509
Other	385,732	-	385,732	869,326
Total other income	7,442,135	-	7,442,135	8,262,659
Total operating contributions and other income	65,623,217	12,928,719	78,551,936	82,082,891
Net assets released from restrictions	16,396,291	(16,396,291)	-	-
Total operating contributions, grants and other income and support	82,019,508	(3,467,572)	78,551,936	82,082,891
OPERATING EXPENSES				
Program services:				
Research	33,088,859	-	33,088,859	29,510,518
Health professional education and public information	30,123,735	-	30,123,735	39,319,124
Total program services	63,212,594	-	63,212,594	68,829,642
Supporting services:				
Management and general	10,319,956	-	10,319,956	10,189,131
Fundraising	5,017,292	-	5,017,292	4,871,325
Total supporting services	15,337,248	-	15,337,248	15,060,456
Total operating expenses	78,549,842	-	78,549,842	83,890,098
Changes in net assets from operating activities	3,469,666	(3,467,572)	2,094	(1,807,207)
Non-operating activities:				
Investment return, net of amounts designated for operations	2,225,932	-	2,225,932	1,564,130
Changes in remainder trust valuations	20,118	-	20,118	6,653
Total non-operating activities	2,246,050	-	2,246,050	1,570,783
Changes in net assets	5,715,716	(3,467,572)	2,248,144	(236,424)
Net assets, beginning of year	(5,307,069)	14,125,418	8,818,349	9,054,773
Net assets, end of year	\$ 408,647	\$ 10,657,846	\$ 11,066,493	\$ 8,818,349

The accompanying notes are an integral part of these financial statements.

Crohn's & Colitis Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2020, with summarized comparative information for 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,248,144	\$ (236,424)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	698,435	661,530
Amortization of licensing fees	100,001	75,000
Straight-line rent adjustment	(69,628)	(42,375)
Net realized and unrealized (gains) losses on investments	(2,225,932)	(2,370,811)
Donated securities	(449,027)	(641,800)
Change in valuation of charitable remainder trusts	(20,118)	(6,653)
Provision for uncollectible accounts	493,700	170,214
Amortization of discount to present value on bequests and pledges receivable	(97,294)	66,610
Changes in operating assets and liabilities:		
Pledges receivable	3,970,073	(3,394,971)
Bequests receivable	344,366	(244,367)
Prepaid expenses and other assets	651,491	(103,664)
Charitable remainder trusts	1,607,557	(1,607,557)
Accounts payable and accrued expenses	1,186,415	(427,314)
Deferred revenue	793,778	1,384,454
Research grants payable	457,972	(1,975,001)
Net cash and cash equivalents provided by (used in) operating activities	9,689,933	(8,693,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(10,535,782)	(10,781,984)
Proceeds from sales of investments	1,620,768	11,007,162
Purchases of fixed assets	(283,173)	(796,621)
Net cash and cash equivalents used in investing activities	(9,198,187)	(571,443)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	5,721,600	-
Net cash and cash equivalents provided by financing activities	5,721,600	-
Net increase (decrease) in cash and cash equivalents	6,213,346	(9,264,572)
Cash and cash equivalents, beginning of year	3,100,451	12,365,023
Cash and cash equivalents, end of year	\$ 9,313,797	\$ 3,100,451
Other supplemental information:		
Equity securities received	\$ 729,058	\$ 859,811

The accompanying notes are an integral part of these financial statements.

Crohn's & Colitis Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020, with summarized comparative totals for 2019

	2020									2019
	Program Services			Supporting Services						
	Research	Health Professional Education and Public Information	Total	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total	Total		
Research grants and development costs, net	\$ 27,071,536	\$ -	\$ 27,071,536	\$ -	\$ -	\$ -	\$ -	\$ 27,071,536	\$ 23,911,452	
Salaries and related expenses	4,267,274	17,867,197	22,134,471	6,816,404	3,313,956	-	10,130,360	32,264,831	31,959,210	
Contract services and fees	850,139	5,477,629	6,327,768	1,637,412	796,066	1,739,309	4,172,787	10,500,555	15,345,065	
Contributed services and airtime	128,600	2,807,425	2,936,025	-	-	-	-	2,936,025	7,996,354	
Publications and related printed materials	39,533	301,065	340,598	143,435	69,734	-	213,169	553,767	841,809	
Occupancy costs	112,692	1,067,523	1,180,215	510,639	248,259	-	758,898	1,939,113	1,979,957	
Postage	25,591	238,689	264,280	114,052	55,449	-	169,501	433,781	673,455	
Conferences and conventions	265,948	29,084	295,032	114	56	-	170	295,202	743,416	
Telephone and communications	42,867	277,952	320,819	121,716	59,175	-	180,891	501,710	626,386	
Meetings and travel	36,615	224,246	260,861	109,782	53,373	120,762	283,917	544,778	2,471,034	
Office supplies and expenses	24,937	220,321	245,258	103,971	50,548	-	154,519	399,777	627,349	
Advertising	33,259	315,058	348,317	150,705	73,269	-	223,974	572,291	854,239	
Adjustment to provision for uncollectible accounts	28,692	271,792	300,484	130,009	63,207	-	193,216	493,700	170,214	
Other	115,407	581,310	696,717	274,323	133,371	608,177	1,015,871	1,712,588	2,269,654	
Total expenses before depreciation and amortization	33,043,090	29,679,291	62,722,381	10,112,562	4,916,463	2,468,248	17,497,273	80,219,654	90,469,594	
Depreciation and amortization	45,769	444,444	490,213	207,394	100,829	-	308,223	798,436	736,530	
Total functional expenses	33,088,859	30,123,735	63,212,594	10,319,956	5,017,292	2,468,248	17,805,496	81,018,090	91,206,124	
Less:										
Costs of direct benefits to donors of special events	-	-	-	-	-	(2,468,248)	(2,468,248)	(2,468,248)	(7,316,026)	
Total expenses reported by function on the statement of activities	\$ 33,088,859	\$ 30,123,735	\$ 63,212,594	\$ 10,319,956	\$ 5,017,292	\$ -	\$ 15,337,248	\$ 78,549,842	\$ 83,890,098	

The accompanying notes are an integral part of these financial statements.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Crohn's & Colitis Foundation, Inc. (the "Foundation") is a not-for-profit organization founded in 1967.

The Foundation's mission is to cure Crohn's disease and ulcerative colitis, and to improve the quality of life of children and adults affected by these diseases. For more than five decades, the Foundation has remained at the forefront of research in Crohn's disease and ulcerative colitis, collectively known as inflammatory bowel diseases. Today, the Foundation funds cutting-edge studies at major medical institutions, nurtures investigators at the early stages of their careers, and finances underdeveloped areas of research. In addition, the Foundation also offers a wide range of educational programs for patients and healthcare professionals and provides supportive services to help people cope with these chronic intestinal diseases.

The Foundation has its headquarters in New York City (the "National Office") and has 39 Chapters (the "Chapters") across the United States.

Basis of Presentation

The accompanying financial statements of the Foundation, which include the 39 chapters, have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Those standards require that net assets and revenues, gains, expenses and losses be classified as net assets with or without restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions represent resources that are available in support of operations, including resources for capital expenditures; and

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Net assets with donor restrictions include amounts that are restricted by donors for particular research projects or education programs or are restricted as to the timing of use.

Net assets with donor restrictions also include funds whereby the donors have stipulated that the principal contributed be invested and maintained in perpetuity. As of and for the years ended December 31, 2020 and 2019, the Foundation had no such funds.

Cash and Cash Equivalents

The Foundation considers highly liquid financial instruments with original maturities of three months or less when purchased, to be cash equivalents.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally marketable alternative investments, for which quoted market prices are not available. The estimated fair value of marketable alternative investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the consolidated financial statements.

Short-term investments are generated from operating cash surpluses and are available for operations.

Effective January 1, 2019, the Foundation instituted a spending rate policy to facilitate growth in its mission investment. Under this policy, the Foundation's Investments Committee recommends an annual spending rate up to 5% calculated over the long-term investment portfolio's 36-month rolling average. The spending rate is initially incorporated into the annual budget approval process by the Budget & Finance Committee and is ultimately ratified by the Board of Trustees. In establishing the spending rate, the Investments Committee shall consider general economic conditions, the effects of inflation or deflation and the investment portfolio returns in the prior three-, five- and seven-year periods.

The investment return to be used by the Foundation in operations is approved by the Board of Trustees is reported as operating revenue on the Foundation's statements of activities. The difference between the actual realized and unrealized gain or loss on the investment portfolio and the authorized spending level is reported as a nonoperating activity.

Ultimately, the Foundation did not incorporate an approved spending rate for the year ended December 31, 2020. The approved spending rate for the December 31, 2019 fiscal year was 5% and totaled \$806,682, which is included in investment return designated for operations. Interest and dividends, net of investment fees of \$576,560 and \$313,199, are reported in investment return designated for operations for the years ended December 31, 2020 and 2019, respectively.

Revenue Recognition

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Foundation recognizes revenue when control of the promised goods or services is transferred to the Foundation's customers in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

IBD Plexus Membership Revenue

On October 2, 2017, the Foundation launched IBD Plexus, a first-of-its-kind information exchange platform housing data from thousands of patients participating in four of the Foundation's cohort groups - IBD Qorus, RISK pediatric, SPARC IBD, and IBD Partners. Patients have contributed millions of data points, which are now accessible from a single location. IBD Plexus allows investigators to more rapidly access key information for research purposes. After completion of a written proposal, individual members of the program receive access to biosamples and raw data. Revenue is recognized over the contractual period of the agreement. The Foundation recognized revenue of \$5,347,081 and \$4,765,830 on the accompanying statements of activities for the years ended December 31, 2020 and 2019, respectively. Amounts received under these arrangements that apply to future periods are reported as deferred revenue.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Royalties

The Foundation receives royalties from its publication provided to its members. Royalty revenue is recorded when earned.

Contributions and Grants

The Foundation receives grants and contributions from a number of sources including the U.S. government, private foundations, and other donors. Grants and contributions are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. The Foundation determines whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. Unconditional contributions, including cash, promises to give, and certain contributed services, gifts-in-kind and other assets are recorded as revenue, at fair value, when received. Conditional contributions are recorded when the conditions on which they depend are substantially met. Contributions are recorded, net of estimated uncollectible amounts. Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using an appropriate discount rate which articulates with the collection period of the respective pledge. Amortization of the related discounts is included in contributions revenue.

Conditional contributions, including promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give scheduled to be paid in future years are discounted to present value using an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue.

The Foundation maintains an allowance for uncollectible pledges for estimated losses that may result from the inability of its donors to make payments. Such allowances are based upon several factors, including, but not limited to, historical collection experience and the financial condition of its donors. Receivables are written-off when deemed to be uncollectible.

Contributed Services and Airtime

The Foundation's volunteers, comprised principally of physicians and health professionals, have made significant contributions of their time in furtherance of the Foundation's programs. The Foundation has determined that such donated services meet the criteria for recognition in the financial statements and are reported as both revenue and expense in the statements of activities at fair value. Total donated services amounted to \$1,067,354 and \$3,072,567 for the years ended December 31, 2020 and 2019, respectively.

The Foundation receives considerable in-kind contributions primarily in the form of donated public service announcements on television and radio stations. The fair value of such in-kind contributions, based upon information provided by third-party media services, is reflected in the statements of activities as contributed airtime revenue and health professional education and public information program service expense. Total contributed airtime amounted to \$1,868,671 and \$4,923,787 for the years ended December 31, 2020 and 2019, respectively.

Special Events Revenue

Revenue and expenses related to a special event are recognized upon the occurrence of the respective event. Amounts received in advance of the event are recorded as deferred revenues and costs incurred prior to the event date are recognized as prepaid expenses on the statements of financial position.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Federated Campaigns

The Foundation participates in several federated campaigns. The federated campaigns raise funds for their member organizations through employee payroll deductions through workplace giving campaigns. The Foundation receives a share of the total workplace giving campaign. Since the Foundation does not receive enough information to calculate an expected amount to be received in the future, federated campaign revenue is recorded when the funds are received.

Deferred Revenue

Deferred revenue consists of conditional contributions, payments on contracts in which deliverables have not yet been met, and a non-refundable one-time signing bonus received by the Foundation in connection with a third party to publish the Foundation's journal. The conditional contributions are recognized as income when the conditions have been substantially met and the signing bonus revenue and revenues on contracts will be recognized ratably over the contractual term of the arrangement as specified in the agreement.

The following table depicts the significant activities of deferred revenue:

	December 31, 2019	Revenue Recognized in 2020	Cash Received in Advance of Performance	December 31, 2020
IBD Plexus membership revenue	\$ 4,514,997	\$ 5,347,081	\$ 4,805,001	\$ 3,972,917
Signing bonus	185,417	46,354	-	139,063
Other	851,818	600,795	1,982,707	2,234,030
Total	<u>\$ 5,552,532</u>	<u>\$ 5,994,230</u>	<u>\$ 6,787,708</u>	<u>\$ 6,346,010</u>

The deferred revenue balance of \$6,346,010 at December 31, 2020 includes amounts totaling \$5,453,302 that are expected to be earned and recognized as revenue in the next fiscal year, and \$892,708 that is expected to be earned thereafter.

Fair Value Measurements

The FASB Topic 820, under the FASB ASC defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level I - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market;

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Level II - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed; and

Level III - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting Foundation. Unobservable inputs reflect the reporting foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Foundation has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value, except for those investments that are measured at fair value using the net asset value ("NAV") per share practical expedient.

The Foundation follows the accounting standards of the FASB ASC Subtopic, 820-10-35-59, *Fair Value Measurement and Disclosures - Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. This allows for the estimation of the fair value of investments in investment companies, for which the investment does not have a readily determinable fair value, using NAV per share or its equivalent, as provided by the investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the NAVs of these investments as of the measurement date. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Bequests Receivable

The Foundation records bequests as contribution revenue in the year of notification, when the gift is irrevocable, and the value can be estimated. Bequests are recognized as revenue when the Foundation has an irrevocable right to the gift, such as when the bequest has been through probate and declared valid.

Charitable Remainder Trusts

The Foundation has been named as a beneficiary of charitable remainder trusts held by third-party trustees. A charitable remainder trust is an arrangement in which a donor establishes a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. The Foundation will receive its share of the assets remaining upon the termination of the charitable remainder trusts. The Foundation has recorded the estimated present value of its beneficial interest in each of the trust's assets as charitable remainder trusts. The Foundation's interest in trust assets are deemed to be Level III financial instruments.

Fixed Assets

Fixed assets, which consist of furniture, fixtures, equipment and website development costs are recorded at cost or, if donated, at fair value on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are amortized over the remaining lease term or the estimated life of the improvements, whichever is shorter.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Research Grants Payable

The Foundation records appropriations for research grants as a liability and expense after approval by the National Board of Trustees based upon: (i) the recommendations of the Board's advisory committees including the National Scientific Advisory Committee's Grants Review Committee, the Research Training Awards Program Committee and the Research Initiatives Committee, and any appropriate ad hoc review committee (collectively, the "Review Committees"); and (ii) the availability of funding. Most grants are approved for a one-year term with conditional annual renewal periods up to two years. The grants are conditional based upon the evaluation of program accomplishments and progress reporting from the grant recipients by the Review Committees. The annual grants are disbursed quarterly over the period for which they have been approved. Conditional grants are recognized in the period in which the terms of the conditions are satisfied by the respective grantee.

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service activity to which they relate are charged accordingly. Other expenses have been allocated among program and supporting services based on effort reporting determined by the Foundation to be appropriate.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit. The Foundation does not believe that a significant risk of loss due to the failure of a financial institution to perform exists.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period.

The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for pledges receivable, the allocation of certain expenses amongst program and supporting activities, the present value of the Foundation's beneficial interest in charitable remainder trusts, obligations to annuitants, the useful lives assigned to fixed assets and value of in-kind contributions. Actual results could differ from these estimates.

Measure of Operations

The accompanying statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the Foundation's core mission. Operating revenues include investment return pursuant to the Foundation's investment spending policy. Operating revenues also include the release of net assets with donor restrictions net assets in support of operating activities, and all contributions without donor restrictions and with donor restrictions.

The Foundation has defined nonoperating activities principally to include endowment return (loss), net of amounts distributed to support operations in accordance with the investment spending policy and changes in remainder trust valuations. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of nonoperating activities.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Income Taxes

The Foundation is a not-for-profit voluntary health organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Code and qualifies for the maximum charitable contribution deduction by donors. Contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation is also exempt from state and local taxes under similar statutes.

Accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement, provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Foundation is exempt from income tax under the Code, however, is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded under the Code. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, the Foundation has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Reclassifications

Certain prior period amounts have been reclassified to conform to the 2020 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2019 financial statements.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, which 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 Foundation's audited financial statements as of and for the year ended December 31, 2019, from which the summarized information was derived.

Pandemic Implications

In early 2020, an outbreak of the novel strain of coronavirus ("COVID-19") emerged on a global scale. In reaction to the outbreak, federal, state, and local governments issued mandates that disrupted normal business activity in every sector of the economy. Despite the operating challenges it presented, the Foundation remained focused on delivering its core mission. In early March, the pandemic caused the Foundation to close offices across the country and shift its operations, events and community-based programs to a virtual format, which remained in effect through the end of 2020 and into 2021. The Foundation continues to closely monitor the ongoing impacts of COVID-19 and is focused on ensuring a careful balance between delivering on its mission and maintaining a strong financial position. Accordingly, the extent to which COVID-19 may have a future impact on the Foundation's financial position is uncertain.

Subsequent Events

Management has evaluated subsequent events through June 16, 2021, which is the date the financial statements were available to be issued. Except as disclosed in Note 8, the Foundation is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Recent Accounting Pronouncements

In February 2016, the FASB issued the new guidance, Accounting Standards Update ("ASU") 2016-02, *Leases*, which simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Under the new guidance, lessees will be required to recognize a lease liability, which is a lessor's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control use of, a specified asset for the lease term for all leases (with the exception of short-term leases) at the adoption date. The new guidance is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years after December 15, 2022 (i.e., fiscal year 2022). Early adoption is permitted for any interim or annual financial statements not yet issued. Management is currently evaluating the impact that ASU 2016-02 will have on the financial statements.

NOTE 2 - RESEARCH GRANTS

At December 31, 2020 and 2019, the accompanying statements of financial position include research grants payable of \$26,005,220 and \$25,547,248, respectively, which are payable within one year.

In 2020 and 2019, grants in the amount of \$550,001 and \$1,187,786, respectively, were refunded/rescinded and netted with grants expense in the accompanying statements of activities and functional expenses.

In addition, the Foundation has unpaid conditional grants outstanding of \$8,658,229 and \$15,421,406 at December 31, 2020 and 2019, respectively, which are payable upon satisfaction of the underlying conditions by the grantees and, therefore, such amounts have not been recorded in the accompanying financial statements.

NOTE 3 - PLEDGES RECEIVABLE, NET

At December 31, 2020 and 2019, pledges receivable, net, are due to be collected as follows:

	2020	2019
Within one year	\$ 6,700,573	\$ 8,661,763
One to five years	2,274,193	4,822,536
	8,974,765	13,484,299
Discounted to present value (at rates ranging from 0.32% to 5%)	(47,421)	(137,901)
Net present value	8,927,344	13,346,398
Allowance for uncollectible pledges	(299,320)	(345,063)
Pledges receivable, net	\$ 8,628,024	\$ 13,001,335

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 4 - INVESTMENTS

Investments as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Short-term investments:		
Cash and cash equivalents	\$ 62	\$ 42,405
Fixed income and mutual funds	6,173,671	-
	<u>6,173,733</u>	<u>42,405</u>
Long-term investments:		
Certificate of deposit	174,096	174,096
Mutual funds:		
Equities	10,333,467	8,516,830
Fixed income	14,564,345	11,002,172
Equities	51,861	33,805
Marketable alternative assets	530,666	458,931
Other	-	9,956
	<u>25,654,435</u>	<u>20,195,790</u>
 Total	 <u>\$ 31,828,168</u>	 <u>\$ 20,238,195</u>

The following table summarizes the valuation of the Foundation's short-term and long-term investments within the fair value hierarchy as of December 31, 2020:

	<u>2020</u>				
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Investments at NAV</u>	<u>Total</u>
Cash and cash equivalents	\$ 62	\$ -	\$ -	\$ -	\$ 62
Certificate of deposit	174,096	-	-	-	174,096
Mutual funds:					
Equities	10,333,467	-	-	-	10,333,467
Fixed income	20,738,016	-	-	-	20,738,016
Equities	51,861	-	-	-	51,861
Marketable alternative assets	-	-	76,092	454,574	530,666
	<u>-</u>	<u>-</u>	<u>76,092</u>	<u>454,574</u>	<u>530,666</u>
 Total	 <u>\$ 31,297,502</u>	 <u>\$ -</u>	 <u>\$ 76,092</u>	 <u>\$ 454,574</u>	 <u>\$ 31,828,168</u>

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The following table summarizes the valuation of the Foundation's short-term and long-term investments within the fair value hierarchy as of December 31, 2019:

	2019				Total
	Level I	Level II	Level III	Investments at NAV	
Cash and cash equivalents	\$ 42,405	\$ -	\$ -	\$ -	\$ 42,405
Certificate of deposit	174,096	-	-	-	174,096
Mutual funds:					
Equities	8,516,830	-	-	-	8,516,830
Fixed income	11,002,172	-	-	-	11,002,172
Equities	33,805	-	-	-	33,805
Marketable alternative assets	-	-	78,302	380,629	458,931
Other	-	9,956	-	-	9,956
Total	\$ 19,769,307	\$ 9,956	\$ 78,302	\$ 380,629	\$ 20,238,195

The Foundation follows FASB guidance related to fair value measurements and disclosure of investments in certain entities that do not have a quoted market price but that calculate NAV per share or its equivalent. These underlying investments do not have a readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category:

2020					
Alternative Investment Strategy	Fair Value Determined Using NAV in Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
TIAA Access Account	<u>\$ 454,574</u>	N/A	None	Daily	\$1,000 minimum for transfers
2019					
Alternative Investment Strategy	Fair Value Determined Using NAV in Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
TIAA Access Account	<u>\$ 380,629</u>	N/A	None	Daily	\$1,000 minimum for transfers

The Foundation's Level III investment consists of a Teachers Insurance and Annuity Association of America ("TIAA") Traditional Annuity account, a fixed rate annuity contract that is fully and unconditionally guaranteed and backed by the claims-paying ability by TIAA. During the accumulation phase, the TIAA Traditional Annuity provides a guaranteed minimum rate of interest between 1% and 3% with the potential for additional interest, if declared by TIAA. The TIAA Traditional Annuity is reported at contract value.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The contract value of the TIAA Traditional Annuity equals the accumulated cash contributions, interest credited, and transfers, if any, less withdrawals and transfers, if any. The TIAA Traditional Annuity is not available for sale or transfer on any securities exchange. Accordingly, transactions in similar investment instruments are not observable. The crediting rate is supported by the investment performance of a large, diversified portfolio which is correlated with the highest quality debt security yields and is adjusted for contract liquidity. A 20-year analysis of crediting rates for TIAA Traditional Annuity contracts suggests a rate of return that is representative of a risk adjusted market rate for this type of product. While transactions involving the purchases and sales of individual TIAA Traditional Annuity contracts are not observable in a public marketplace, contract value provides an approximation of fair value.

The following table summarizes the activity within the Foundation's Level III investments for the years ended December 31, 2020 and 2019:

	2020	2019
Balance at January 1,	\$ 78,302	\$ 68,832
Purchases	-	26,752
Sales	(3,547)	(6,165)
Distributions and annuity settlement options	(3,033)	(16,445)
Appreciation in fair value	4,370	5,329
Balance at December 31,	\$ 76,092	\$ 78,302

NOTE 5 - CHARITABLE REMAINDER TRUSTS

At December 31, 2020 and 2019, the Foundation has a beneficial interest in irrevocable charitable remainder trusts. During the year end December 31, 2019, the Foundation received notification of two charitable remainder trusts totaling \$1,607,557, the proceeds of which were received in January 2020. The present value of the Foundation's future interests in these charitable remainder trusts, which amount to \$77,215 and \$1,664,654 at December 31, 2020 and 2019, respectively, has been recorded as charitable remainder trusts, in accordance with the terms of the trusts and are included in net assets with donor restrictions. The present value of these trusts is calculated using a discount rate of 5.8% at December 31, 2020 and 2019. Changes in the fair value of these charitable remainder trusts amounted to an increase of \$20,118 and \$6,653 for the years ended December 31, 2020 and 2019, respectively. While the underlying trusts' assets are marketable, the Foundation's beneficial interest is classified as Level III within the fair value hierarchy.

The following table summarizes the activity within the Foundation's Level III charitable remainder trust's assets for the years ended December 31, 2020 and 2019:

	2020	2019
Balance at January 1,	\$ 1,664,654	\$ 50,444
Contributions	-	1,607,557
Proceeds	(1,607,557)	-
Change in value of beneficial interests in trusts	20,118	6,653
Balance at December 31,	\$ 77,215	\$ 1,664,654

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 6 - REINSURANCE CONTRACTS

On October 21, 2011, the Foundation entered into an agreement with an insurance company to reinsure its charitable gift annuity program. Under the terms of the agreement, the insurance company agreed to assume the risk of changes in the present value of expected future cash flows payable to the annuitants in exchange for cash consideration. Additionally, the insurance company agreed to administer the monthly payments made to the beneficiaries over the duration of the annuity agreements. Subsequent changes in the actuarial present value of the Foundation's liability to annuitants do not impact the Foundation's statements of activities. As of December 31, 2020, and 2019, the actuarial present value of the Foundation's liability to the beneficiaries was \$235,315 and \$228,669, respectively. The discount rate was 3.25% and 4.00% for the years ended December 31, 2020 and 2019, respectively.

Since the inputs in determining the fair value of the reinsurance agreement are not observable, the Foundation's beneficial interest is classified as Level III within the fair value hierarchy. The following table summarizes the activity within the Foundation's Level III charitable gift annuities for the years ended December 31, 2020 and 2019:

	2020	2019
Balance at January 1,	\$ 228,669	\$ 240,848
Change in value of reinsurance contracts	6,646	(12,179)
Balance at December 31,	\$ 235,315	\$ 228,669

NOTE 7 - FIXED ASSETS, NET

Furniture, equipment, website development costs, leasehold improvements, and projects in progress, net, consist of the following at December 31, 2020 and 2019:

	2020	2019
Furniture and fixtures	\$ 353,739	\$ 353,739
Office equipment	443,658	443,658
Computer equipment	1,687,165	2,297,133
Software license	302,549	302,549
Website development costs	3,559,458	3,568,458
Leasehold improvements	486,754	486,754
Projects in progress	220,000	-
	7,053,323	7,452,291
Accumulated depreciation and amortization	(5,293,582)	(5,277,288)
Fixed assets, net	\$ 1,759,741	\$ 2,175,003

Projects and progress consist of costs associated with the development of the gut gallery museum which is expected to be fully operational in 2021. Depreciation and amortization expense of fixed assets and software licensing fees for the years ended December 31, 2020 and 2019 totaled \$698,436 and \$661,530, respectively.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 8 - LOAN PAYABLE

On April 22, 2020, the Foundation was granted a loan in the aggregate amount of \$5,721,600, pursuant to the Small Business Administration Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures on April 22, 2022 and bears interest at a rate of one percent per annum. Principal payments of \$322,157 were expected to commence on November 22, 2020. Under the terms of the PPP, the loan may be forgiven if the funds are used for qualifying expenses, consisting of payroll costs, rent, and utilities. On December 21, 2020, the Foundation applied for loan forgiveness. Until a decision is made by the Small Business Administration, no payments of principal or interest are due. Should the Foundation be legally released from the debt, or forgiveness is granted, the extinguishment will be recognized into income at that time.

On February 6, 2021, the Foundation was granted a second PPP loan in the aggregate amount of \$2,000,000. The loan matures on February 6, 2026 and bears interest at a rate of one percent per annum. Principal payments of \$43,478 are expected to commence on May 24, 2022. Under the terms of the PPP, the loan may be forgiven if the funds are used for qualifying expenses, consisting of payroll costs, rent, and utilities. Management anticipates that the full amount of the loan will be forgiven.

NOTE 9 - COMMITMENTS

Operating Leases

On April 11, 2013, the Foundation entered into a lease agreement for its national headquarters which commenced on September 20, 2013 and expires on October 31, 2023. Monthly rental payments of \$43,524 began on November 1, 2013 until September 2018, at which time monthly payments increased to \$49,569 until the lease expiration date. For each year of the lease agreement, the lessor will contribute \$25,000 to the Foundation, which is recognized as a reduction in rent expense. The Foundation has the option to extend the term of the lease for an additional two-and-a-half-year period with respect to the entire premises. In connection with this new lease, the Foundation entered into an irrevocable letter of credit for \$174,096 as security for performance of the Foundation's obligations under the lease. The bank required the Foundation to purchase a certificate of deposit for the same amount to collateralize the letter of credit over the entire lease term, which is included in investments on the accompanying statements of financial position.

The Foundation leases office space for its chapter offices in various cities throughout the country. These leases expire at various dates and have renewal options ranging from three to five years. The leases provide for increases in future lease payments.

The Foundation also entered into equipment leases for its offices in various cities throughout the country. These leases expire at various dates and last for a period between three to four years.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The minimum annual rental commitments due under all operating leases were as follows:

Year Ending December 31:

2021	\$	1,429,458
2022		1,250,803
2023		910,138
2024		203,366
2025		77,596
Thereafter		<u>23,078</u>
Total	\$	<u>3,894,439</u>

Rent expense totaled \$1,607,003 and \$1,635,893 for years ended December 31, 2020 and 2019, respectively.

NOTE 10 - EMPLOYEE BENEFIT PLANS

The Foundation has a defined contribution pension plan. Employees are eligible to participate in the plan upon hire. New participants to the plan become 100% vested in the portion of Foundation contributions upon reaching three years of service and having worked at least 1,000 hours of service during the plan year. Employer contributions are made each year at the discretion of management. The Foundation's contribution to the plan was approximately \$981,000 and \$871,000 for the years ended December 31, 2020 and 2019, respectively.

The Foundation has a 457(b) deferred compensation plan for a select group of its executive staff. The 457(b) Plan is a nonqualified deferred compensation plan subject to the provisions of the Code Section 457. Until paid or made available to the participant, all deferred amounts and investment earnings related to deferral amounts are solely the property and rights of the Foundation and are subject to the claims of the Foundation's creditors. Participants' rights under the 457(b) Plan are equal to those of a general creditor of the Foundation. The Foundation's plan assets were approximately \$1,048,000 and \$903,000 for the years ended December 31, 2020 and 2019, respectively, and are included in investments and accounts and accrued expenses in the accompanying statements of financial position.

NOTE 11 - NET ASSETS

As of December 31, 2020, and 2019, net assets with donor restrictions consist of the following restrictions:

	2020	2019
Purpose restricted:		
Research programs	\$ 8,163,077	\$ 10,909,678
Education programs	2,068,115	2,173,180
Time restricted	<u>426,654</u>	<u>1,042,560</u>
	<u>\$ 10,657,846</u>	<u>\$ 14,125,418</u>

Net assets with donor restrictions, with time restrictions, totaling \$2,019,774 are expected to be received within the next 12 months, and upon receipt, will be classified as part of net assets without donor restrictions and utilized to provide funding for outstanding grant commitments or to provide working capital.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 12 - NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended December 31, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or the passage of time as follows:

	2020	2019
Purpose restricted:		
Research programs	\$ 11,982,737	\$ 11,219,767
Education programs	3,779,114	4,603,731
Time restricted	634,440	1,152,010
	\$ 16,396,291	\$ 16,975,508

NOTE 13 - AVAILABILITY OF FINANCIAL RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also maintaining sufficient funds to provide reasonable assurance that commitments and obligations supporting mission fulfillment will continue to be met. The Foundation has various sources of liquidity at its disposal, including approximately \$41 million of cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing operating activities to support those activities to be general expenditures. The Foundation anticipates utilizing all net assets with donor restrictions in the subsequent fiscal year, with the exception of those that are not available within the next 12-months which total \$2,111,344 and \$4,516,582 as of December 31, 2020 and 2019, respectively. As of December 31, 2020, and 2019, the following table shows the total financial assets held by the Foundation that could readily be made available within one year of the statements of financial position date to meet general expenditures:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 9,313,797	\$ 3,100,451
Pledges receivable, net	8,628,024	13,001,335
Bequests receivable	183,843	521,377
Other receivables*	1,121,707	1,875,475
Investments	31,828,168	20,238,195
Total financial assets at year end	51,075,539	38,736,833
Less amounts not available to be used within one year:		
Pledges receivable, net	(1,927,501)	(4,339,572)
Bequests receivable	(183,843)	(177,010)
Financial assets not available to be used within one year	(2,111,344)	(4,516,582)
Financial assets available to meet general expenditures within one year	\$ 48,964,195	\$ 34,220,251

Other receivables primarily represent amounts due from the federal government and are included in the prepaid expenses and other assets on the accompanying statements of financial position.

Crohn's & Colitis Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

As part of the Foundation's liquidity management, the National Board of Trustees has established strict guidelines for maintaining adequate liquidity levels required for the Foundation to meet both expected and unexpected cash flow needs without adversely affecting either daily operations or compromising the financial condition of the organization. Should the need arise, the Foundation has various sources of liquidity at its disposal, including approximately \$32 million of investments that can be made available for expenditure upon approval by the National Board of Trustees. In addition, the Foundation has committed line of credits in the amount of \$6 million, which it could draw upon.

NOTE 14 - RELATED-PARTY TRANSACTIONS

The Foundation receives contributions from members of its Board of Trustees. For the years ended December 31, 2020 and 2019, members of the Board of Trustees contributed financial gifts of \$318,157 and \$492,807, respectively.

Included in pledges receivable are \$225,067 and \$386,545 due from related parties as of December 31, 2020 and 2019, respectively.