Friends Committee on National Legislation
A Quaker Lobby in the Public Interest

FRIENDS COMMITTEE ON NATIONAL LEGISLATION AND FCNL EDUCATION FUND

Consolidated Financial Statements and Supplementary Information

For The Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

and
Report Thereon

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Executive Committee of the
Friends Committee on National Legislation
and FCNL Education Fund

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Friends Committee on National Legislation and FCNL Education (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Continued

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Friends Committee on National Legislation and FCNL Education Fund as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on the Summarized Comparative Financial Statements

We have previously audited the Friends Committee on National Legislation and FCNL Education Fund's 2019 consolidated financial statements, and in our report dated February 5, 2020, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 28 and 29 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
April 23, 2021

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With Summarized Financial Information as of June 30, 2019)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,962,550	$ 5,913,235
Pledges and contributions receivable, current portion	477,984	553,446
Employee advances and other receivables	39,059	47,081
Prepaid expenses	234,237	147,455
Total Current Assets	5,713,830	6,661,217
Investments	19,956,503	19,404,261
Pledges and contributions receivable, net of current portion	1,278,646	894,819
Beneficial interest in planned giving agreements	250,826	242,401
Deposits	78,542	81,264
Cash surrender value of life insurance	23,131	23,131
Property and equipment, net	7,493,154	7,665,552
TOTAL ASSETS	$ 34,794,632	$ 34,972,645
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 488,195	$ 358,844
Planned giving agreement obligations, current portion	353,012	339,694
Loans and notes payable, current portion	289,421	293,421
Total Current Liabilities	1,130,628	991,959
Planned giving agreement obligations, net of current portion	2,837,530	2,761,180
Deferred rent and lease incentive liability	139,087	136,806
Loans and notes payable, net of current portion	472,669	113,616
TOTAL LIABILITIES	4,579,914	4,003,561
Net Assets		
Without donor restrictions	18,107,271	19,593,689
With donor restrictions	12,107,447	11,375,395
TOTAL NET ASSETS	30,214,718	30,969,084
TOTAL LIABILITIES AND NET ASSETS	$ 34,794,632	$ 34,972,645

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

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
OPERATING REVENUE AND SUPPORT				
Contributions	$ 4,252,942	$ 3,371,999	$ 7,624,941	$ 5,905,330
Bequests	293,778	-	293,778	1,239,929
Meeting registration	97,707	-	97,707	162,234
Rental income	55,450	-	55,450	54,394
Other income	31,766	-	31,766	6,232
Net assets released from restrictions:				
Satisfaction of program restrictions	2,615,374	(2,615,374)	-	-
Satisfaction of time restrictions	93,750	(93,750)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	7,440,767	662,875	8,103,642	7,368,119
EXPENSES				
Program Services:				
Legislative and educational activities	2,702,238	-	2,702,238	2,725,680
Advocacy and outreach	2,292,128	-	2,292,128	2,111,204
Young adult program	411,285	-	411,285	643,059
Total Program Services	5,405,651	-	5,405,651	5,479,943
Supporting Services:				
Management and general	1,442,688	-	1,442,688	1,186,250
Fundraising	1,849,557	-	1,849,557	1,791,273
Total Supporting Services	3,292,245	-	3,292,245	2,977,523
TOTAL EXPENSES	8,697,896	-	8,697,896	8,457,466
Change in net assets from operations	(1,257,129)	662,875	(594,254)	(1,089,347)
NONOPERATING ACTIVITIES				
Investment income, net	(286,786)	69,177	(217,609)	1,198,069
Contributions to planned giving	186,784	-	186,784	172,113
Change in value of interest in planned giving agreements	(129,287)	-	(129,287)	(60,227)
CHANGE IN NET ASSETS	(1,486,418)	732,052	(754,366)	220,608
NET ASSETS, BEGINNING OF YEAR	19,593,689	11,375,395	30,969,084	30,748,476
NET ASSETS, END OF YEAR	$ 18,107,271	$ 12,107,447	$ 30,214,718	$ 30,969,084

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

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

	Program Services				Supporting Services				
	Legislative and Educational Activities	Advocacy and Outreach	Young Adult Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	2020 Total	2019 Total
Salaries	$ 1,400,987	$ 1,065,248	$ 141,248	$ 2,607,483	$ 486,029	$ 839,158	$ 1,325,187	$ 3,932,670	$ 3,415,212
Employee benefits	355,690	253,183	39,707	648,580	113,390	190,602	303,992	952,572	871,359
Occupancy	277,754	216,247	25,910	519,911	250,676	162,995	413,671	933,582	848,550
Professional fees	134,672	102,971	66,018	303,661	344,498	228,963	573,461	877,122	964,730
Meetings and travel	412,619	65,008	123,568	601,195	28,629	54,501	83,130	684,325	980,095
Printing	30,200	301,298	3,241	334,739	8,151	202,606	210,757	545,496	536,961
Postage	6,087	82,357	821	89,265	5,101	73,160	78,261	167,526	195,687
Advertising	696	37,011	953	38,660	90,269	2,403	92,672	131,332	123,584
Web design and maintenance	1,333	67,419	389	69,141	32,157	10,950	43,107	112,248	100,696
Supplies, licenses and other expenses	14,843	12,081	5,809	32,733	43,100	35,857	78,957	111,690	209,686
Telephone	32,627	36,143	3,040	71,810	16,486	17,610	34,096	105,906	75,472
Dues, memberships and subscriptions	34,730	53,162	581	88,473	6,338	5,972	12,310	100,783	86,810
List rental expense	-	-	-	-	-	24,780	24,780	24,780	31,607
Insurance	-	-	-	-	11,358	-	11,358	11,358	6,835
Interest	-	-	-	-	6,506	-	6,506	6,506	10,182
TOTAL EXPENSES	$ 2,702,238	$ 2,292,128	$ 411,285	$ 5,405,651	$ 1,442,688	$ 1,849,557	$ 3,292,245	$ 8,697,896	$ 8,457,466

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

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (754,366)	$ 220,608
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	467,929	436,524
Net realized and unrealized loss (gains) on investments	401,337	(979,636)
Contributions for long-term purposes	(177,692)	(649,584)
Change in value of beneficial interest in planned giving agreements	(8,425)	(6,955)
Change in value of planned giving agreement obligations	262,302	244,193
Inherent contribution loss related to acquistion of WPH	68,012	-
Donated stock	(192,704)	(204,859)
Loan conversion to contribution	(5,000)	-
Changes in assets and liabilities		
Pledges and contributions receivable	(308,365)	(419,629)
Employee advances and other receivables	22,072	22,217
Prepaid expenses	(82,467)	22,868
Deposits	2,722	(70,302)
Accounts payable and accrued expenses	129,351	93,370
Deferred rent and lease incentive liability	2,281	37,156
NET CASH USED IN OPERATING ACTIVITIES	(173,013)	(1,254,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	7,727,715	8,434,184
Purchases of investments	(8,488,590)	(5,104,280)
Purchases of property and equipment	(247,013)	(552,076)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,007,888)	2,777,828
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	177,692	649,584
Proceeds from planned giving agreements	186,784	172,113
Proceeds from loan from SBA Payroll Protection Program	344,435	-
Principal payments on loans and notes payable	(119,277)	(85,983)
Payments to planned giving agreement beneficiaries	(359,418)	(358,384)
NET CASH PROVIDED BY FINANCING ACTIVITIES	230,216	377,330
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(950,685)	1,901,129
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,913,235	4,012,106
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,962,550	$ 5,913,235
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 6,506	$ 10,182
NONCASH TRANSACTIONS		
Noncash investing activities:		
Donated stock	$ 192,704	$ 204,859
Property and equipment transferred from WPH	$ 48,255	$ -
Leasehold improvement costs	$ -	$ 99,650
Deferred lease incentive	-	(99,650)
	$ -	$ -
Noncash financing activities:		
Loans transferred from WPH	$ 101,508	$ -

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

1. Organization and Summary of Significant Accounting Policies

Organization

The Friends Committee on National Legislation (FCNL) was incorporated on May 14, 1958, under the laws of the District of Columbia. It was formed to bring the concerns and values of the Religious Society of Friends (Friends) to bear on public policy in our nation's capital. These activities are funded primarily from contributions and bequests.

The FCNL Education Fund (the Education Fund) is a nonprofit entity organized under the laws of the District of Columbia on May 28, 1982. It is a 501(c)(3) organization that exists in parallel with FCNL to support the research, analysis and education for which FCNL is known and respected. It operates a broad outreach and education program with members of Friends and other citizens and conducts analysis and research on issues of concern to Friends, including peace, social justice, human rights and the environment. The Education Fund is governed by a separate board which is appointed by the Executive Committee of FCNL.

The Education Fund has two subsidiaries: 205 C Street NE LLC and the William Penn House. 205 C Street NE LLC (the Company) is a limited liability company incorporated under the laws of the District of Columbia. The Education Fund is its sole member. The purpose and nature of the Company is to own, manage and lease the real property located at 205 C Street, NE, Washington, D.C.

The William Penn House (WPH) was incorporated as a nonprofit corporation in the District of Columbia on November 12, 1993. Prior to that, WPH operated under the Friends Meeting of Washington, a non-profit organization incorporated in the District of Columbia. Effective August 30, 2019, WPH entered into a "change-of-control" agreement with the Education Fund, thereby giving the Education Fund control over WPH's financial assets and obligations as well as granting the Education Fund the right to appoint or terminate the governing Board of Directors of WPH. The purpose of WPH is to promote the Quaker vision of a peaceful and just society by providing educational seminars, opportunities for dialogue, and simple, inexpensive lodging for those who come to the area to learn or serve.

Principles of Consolidation

The consolidated financial statements of FCNL and the Education Fund (collectively known as the Organization) have been consolidated due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated during consolidation.

Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP. Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and money market accounts and all highly liquid investments with initial maturities of three months or less.

Investments

Investments are comprised of equities, fixed-income mutual funds, fixed-income securities, a pooled life income fund, real estate funds and equity mutual funds. Investments are recorded in the accompanying consolidated statement of financial position at fair value, with gains and losses included in the accompanying consolidated statement of activities. Fair value is the price that would be received to sell an asset or liability through an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the year.

Pledges and Contributions Receivable

Promises to give are recognized as revenue when the donor has made an unconditional promise to contribute funds to the Organization in future periods. Promises to give are recorded at their net realizable value if expected to be collected within one year, or at their present value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Balances that are still outstanding after management has made reasonable collection efforts are written off.

Property and Equipment and Related Depreciation and Amortization

The Organization capitalizes all expenditures for property and equipment in excess of $2,500. Purchased property and equipment are recorded at cost. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

Building and improvements	30 years
Furniture and fixtures	5-10 years
Computer equipment and software	5 years

The cost of property and equipment retired or disposed of is removed from the accounts, along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying statement of activities. Major additions are capitalized and replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended June 30, 2020.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Values that are based on unadjusted quoted prices for identical assets or liabilities in active markets that are accessible.

Level 2 – Values that are based on quoted prices in the market that are not active or that are not based on information that is observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Values that are based on unobservable information for the asset or liability, including the reporting entity's own assumptions, in determining the fair value measurement.

As of June 30, 2020, the Organization's investments and certain split-interest agreements, as described in Note 5 to these consolidated financial statements, were measured at fair value on a recurring basis and subject to the disclosure requirements of the *Fair Value Measurement* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Executive Committee. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. The Organization reports contributions of cash and other assets as revenue and support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

The Organization recognizes bequests as contributions in the year in which the promise to give becomes unconditional, which is the year in which the probate court declares the will valid and the proceeds are measurable in amount. Irrevocable split-interest agreements, including charitable remainder trusts and pooled income funds, are recorded as revenue and support when the trust agreements are executed. Revenue from split-interest agreements is based on the present value of the expected cash flows to be received by the Organization.

Meeting registration consist of revenue from registration fees for meetings and conferences and is recognized in the year in which the meetings or conferences takes place. Revenue from these activities received in advance of the meetings or conferences is reported as contract liabilities in the accompanying consolidated statement of financial position. As of June 30, 2020, there were no such advances received.

Rental income includes office space rental and is recognized over the period of time as the services are provided and consumed by customer.

Other income consists of fees relating to educational programs, lodging and hospitality at WPH and honoraria and are recognized when the program event takes place.

Donated investments are recorded at the estimated fair value on the date received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Accordingly, certain costs, such as salaries, benefits have been allocated proportionately among the programs and supporting services to which they relate on the basis of direct labor costs. General and administrative expenses are allocated based on proportionate occupancy allocations.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Definition of Operations

Operating revenue and expenses generally reflect those revenues and expenses that arise from the Organization's activities and exclude changes in present value of split-interest agreements; contributions to planned giving; investment income, which the Organization defines as all interest, dividends, realized and unrealized gains and losses; and investment fees from long-term investments.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Securities

The Organization recognizes donated securities that have no donor-imposed limitation for sale or restriction on the use for long-term purposes, and that are nearly immediately converted into cash, as cash and cash equivalents. As of June 30, 2020, all donated investments received in the fiscal year either had been sold during the year or were included as part of the Organization's long-term portfolio.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. The Organization adopted ASU 2018-08 as of January 1, 2019, and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the Organization's grants and contributions.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements to be Adopted

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to put most leases on their statement of financial position. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The new standard is effective for the fiscal years beginning after December 15, 2021, and early adoption is permitted. The Organization expects the impact of this new guidance to be material to its consolidated financial statements, which will be assessed prior to the adoption of the standard.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities and beneficial interests in securitized financial assets, but the effect on the Organization is projected to be limited to accounts receivable. The guidance will be effective for the fiscal year beginning after December 15, 2022, including interim periods within that year. The Organization will evaluate the impact this ASU will have on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU will now require a separate line items for contributed nonfinancial assets on the statement of activities and a disaggregation by type, if there are many different kinds of nonfinancial assets that are received in the notes. The guidance also requires qualitative information about whether gifts-in-kind were either monetized or held and used, policy requirements for monetizing gifts-in-kind rather than utilizing them, descriptions of donor-imposed restrictions, description of valuation techniques used to estimate fair value at initial recognition, and principal or most advantageous market used to arrive at a fair value only if the donor restricts the sale or use of the assets in that market. The guidance will be effective for the fiscal year beginning after June 15, 2021, and early adoption is permitted. The Organization will evaluate the impact this ASU will have on its consolidated financial statements.

2. Pledges and Contributions Receivable

As of June 30, 2020, the Organization's pledges and contributions receivable were due as follows:

Due in less than one year	$ 477,984
Due in one to five years	1,330,914
Total Pledges and Contributions Receivable	1,808,898
Less: Allowance on Doubtful Pledges	(5,237)
Less: Discount to Present Value (average rate of 3%)	(47,031)
Pledges and Contributions Receivable, Net	$ 1,756,630

3. Investments

Investments, at fair value, consisted of the following as of June 30, 2020:

Equities	$ 11,578,110
Fixed-income mutual funds	4,232,382
Fixed-income securities	2,867,904
Pooled life income fund	878,299
Real estate funds	249,606
Equity mutual funds	150,202
Total Investments	$ 19,956,503

4. Beneficial Interest in Planned Giving Agreements

The Education Fund receives charitable gift annuities that are initiated and issued by donors through the Friends Fiduciary Corporation and Lincoln National Financial. These donors listed the Organization as one of the charitable beneficiaries. The assets contributed by these donors are held by and are under the control of the Friends Fiduciary Corporation and Lincoln National Financial. Accordingly, the Organization has recognized this beneficial interest in charitable gift annuities at its present value of $250,826.

5. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of June 30, 2020, aggregated by the fair value hierarchy level within which these measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Equities:				
Large cap	$ 7,357,394	$ 7,357,394	$ -	$ -
Small cap	1,770,489	1,770,489	-	-
Mid-cap	1,435,206	1,435,206	-	-
Foreign stocks	1,015,021	1,015,021	-	-
Total Equities	11,578,110	11,578,110	-	-
Fixed-income mutual funds:				
Bond funds	4,232,382	4,232,382	-	-

Continued

5. Fair Value Measurement (continued)

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (continued):				
Investments (continued):				
Fixed-income securities:				
U.S. government agency bonds	$ 1,396,619	$ -	$ 1,396,619	$ -
Corporate bonds	933,445	-	933,445	-
Foreign bonds	378,906	-	378,906	-
Municipal bonds	158,934	-	158,934	-
Total Fixed-Income Securities	2,867,904	-	2,867,904	-
Pooled life income fund	878,299	-	878,299	-
Real estate funds:				
Real estate investment trust	249,607	249,607	-	-
Equity mutual funds:				
Large value	150,202	150,202	-	-
Total Investments	19,956,503	16,210,300	3,746,203	-
Beneficial interest in planned giving agreements	250,826	-	-	250,826
Total Assets	$ 20,207,329	$ 16,210,300	$ 3,746,203	$ 250,826

For the year ended June 30, 2020, the Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Equities, fixed-income mutual funds, real estate funds and equity mutual funds – Value is derived from the net asset value (NAV) of shares held at year-end and based on quoted market prices in active markets.

Fixed-income securities – These are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

Pooled life income fund – The pooled life income fund consists primarily of fixed-income and equity mutual funds that are valued at the NAV of shares held by the Organization at year-end and are based on quoted market prices in active markets.

Beneficial interest in planned giving agreements – The expected future cash inflows from the interest in charitable gift annuities (CGA's) are based on the fair value of the investments, the future expected investment returns and the donor's life expectancy, and

5. Fair Value Measurement (continued)

have been recorded at present value based on a discount rate of 2.2% and applicable mortality tables. CGA is recorded at the present value of the future distributions expected to be received over the term of the agreements. The investments of the CGA's include variable annuities, equities and options, and cash equivalents.

A roll forward of the fair value measurement using unobservable inputs (Level 3) is as follows for the year ended June 30, 2020:

	Beneficial Interest in Charitable Gift Annuities
Balance, June 30, 2019	$ 242,401
Payment from charitable remainder trust	-
Change in value of existing planned giving agreements	8,425
Balance, June 30, 2020	$ 250,826

The change in value of planned giving agreements (unrealized gain, net), and the new split-interest agreements, is included in nonoperating activities in change in value of interest in planned giving agreements in the accompanying consolidated statement of activities and pertains to planned giving agreements held at year-end.

6. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of June 30, 2020:

Building and improvements	$ 10,271,472
Land	600,466
Furniture and fixtures	991,576
Computer equipment and software	73,526
Total Property and Equipment	11,937,040
Less: Accumulated Depreciation and Amortization	(4,443,886)
Property and Equipment, Net	$ 7,493,154

Depreciation and amortization expense totaled $467,929 for the year ended June 30, 2020, and is reported in occupancy in the accompanying consolidated statement of functional expenses.

Continued

7. Loans and Notes Payable

Loans

The Organization receives financial support from individual donors in the form of interest-free loans, which range from $500 to $20,000 and are due upon demand by the donor. For each loan, the outstanding balance or any portion thereof is returned to the donor or converted to a gift upon request by the donor. In case of death of a donor, the balance is either returned to the donor's estate or converted to a gift according to the terms of the loan. During the year ended June 30, 2020, the Organization received no new loans, paid principal payments totaling $32,887 and converted $5,000 of existing loans to gifts which is reported as contributions in the accompanying consolidated statement of activities. The balance outstanding for all loans at June 30, 2020, totaled $304,039.

Notes Payable

On June 1, 2020, the Organization entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of $344,435. The loan will mature on June 1, 2022, and has a fixed interest rate of 1% per annum. In the event the loan is not forgiven, consecutive monthly principal payments and interest will commence one month after the earlier of the following dates: (1) the date the financial institution receives the applicable forgiveness amount from the SBA; or (2) the date that is 10 months after the end of the forgiveness covered period, through the maturity date. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for mortgage interest, rent and utility costs over a specified period of time after the loan was made, assuming the number of employees and compensation levels are maintained. The Organization believes it will meet these requirements for forgiveness at which point the forgiveness will be recognized in the consolidated financial statements.

The Organization entered into a $768,000 note payable agreement with a financial institution in connection with its purchase of a property at 205 C Street, NE. The note bears a fixed interest rate of 3.95% and is due in monthly payments at $7,778, with a final payment due on September 22, 2021. The Organization was in compliance with all financial covenants. The balance outstanding as of June 30, 2020, totaled $113,616.

Interest expense related to this note totaled $6,451 for the year ended June 30, 2020, and is included in management and general in the accompanying consolidated statement of activities.

As of June 30, 2020, future principal payments on this note payable were as follows:

For the Year Ending June 30,	
2021	$ 86,889
2022	26,727
Total	$ 113,616

8. Planned Giving Agreements

The Organization's planned giving agreements include a charitable gift annuity program, several charitable remainder trusts and a pooled life income fund.

Charitable gift annuities are arrangements between donors and the Organization in which the donors contribute assets to the Organization in exchange for promises by the Organization to pay a fixed amount for a specified period of time to the donors or individuals designated by the donors. The present value of the estimated future payments for the year ended June 30, 2020, was calculated using a discount rate of 2.2% based on Internal Revenue Service Publication 1457 and the Annuity 2000 mortality table. Contribution revenue for the year ended June 30, 2020, from charitable gift annuities totaled $186,784. As of June 30, 2020, the Organization's obligations to donors or individuals designated by donors under these charitable gift annuity arrangements totaled $2,406,981. As of June 30, 2020, the assets of the gift annuities totaled $6,796,493 and they are included in investments in the accompanying consolidated statement of financial position.

Charitable remainder trusts are arrangements in which donors establish and fund trusts with specified distributions to be made to designated beneficiaries over the trust's term. Upon termination of each trust, the Organization receives the assets remaining in the trust. The Organization may ultimately have unrestricted use of these assets, or the donors may place permanent or temporary restrictions on their use. The present value of the estimated future payments for the year ended June 30, 2020, was calculated using a discount rate of 2.2% and applicable mortality tables. As of June 30, 2020, the present value of the estimated future payments of the trusts totaled $379,754. As of June 30, 2020, the assets of the charitable remainder trusts totaled $1,088,138, and they are included in investments in the accompanying consolidated statement of financial position.

The Organization has established a pooled life income fund. This fund is divided into units, and donors are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the pooled income fund on the date of the donor's entry to the pooled fund. Until a donor's death, the donor is paid the actual income earned on the donor's assigned units. Upon the donor's death, the value of the units is available to the Organization for its unrestricted use. The present value of these units is calculated by discounting the market value using a discount rate of 3.377% and applicable mortality tables. As of June 30, 2020, the market value of the pooled life income fund totaled $878,299 and it is included in investments in the accompanying consolidated statement of financial position. As of June 30, 2020, the present value discount on this total was $403,807. As of June 30, 2020, $75,051 of income earned in the last quarter of the year ending June 30, 2020, was owed to the donors to the fund.

Continued

9. Net Assets

Net assets consisted of the following as of June 30, 2020:

Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a working capital reserve. As of June 30, 2020, the Organization's net assets without donor restrictions were as follows:

Undesignated	$ 3,995,993
Board-designated:	
Plant and equipment	7,255,448
Annuities	3,453,120
Building maintenance reserve	1,871,050
Capital campaign initiatives	1,008,529
Forward planning initiatives	500,000
Life insurance policies	23,131
Total Board-Designated	14,111,278
Total Net Assets Without Donor Restrictions	$ 18,107,271

The purposes of the board-designated net assets are as follows:

- Plant and equipment – represents the total book value (carrying value) of all property and equipment of the Organization.
- Annuities – represents the excess of assets (investments) of charitable gift annuities agreements and the related obligations to donor or donor-specified beneficiaries.
- Building maintenance reserve – represents the accumulated investment income on unrestricted funds for the purpose of providing a source of funds for capital and major repairs to the Organization's buildings.
- Capital campaign initiatives – represents the accumulated investment income on capital campaign funds for the purpose of funding the Young Adult and Friend in Washington programs, sustaining lobbying and renovating the 205 C Street, NE, building.
- Forward planning initiatives – represents funds from bequests to support strategic initiatives regarding the Organization's sustainability.
- Life insurance policies – represents the value of life insurance policies donated to the FCNL Education Fund, which is the policy beneficiary and owner.

Continued

9. Net Assets (continued)

Net Assets With Donor Restrictions

As of June 30, 2020, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:	
Donor-restricted endowment income	$ 3,114,164
Capital Campaign	1,395,317
Renovation costs	800,000
Youth Adult leadership	750,000
Pooled income fund	474,492
Trust fund	400,050
Strategic Advocacy	215,028
Nuclear Disarmament and Calendar	86,250
Other	38,103
Foreign policy	26,596
Peaceful Prevention of Conflict	9,375
Total Net Assets Restricted For Specified Purpose	7,309,375
Subject to occurrence of passage of time:	
General operating support for future periods	318,750
Total Subject to Occurrence of Specified Purpose and Passage of Time	318,750
Subject to held in perpetuity:	
Capital Campaign:	
Youth Involvement	1,371,691
Laura Wilcox Fund	560,697
Young Adult Leadership	102,285
Friend in Washington	97,137
Sustain Lobbying	61,968
Total Capital Campaign	2,193,778
Native American	470,422
D Intern Endowment	463,006
General Endowment	441,068
Freeman Intern	280,431
Pickett Endowment for Quaker Leadership	159,950
Lepke Intern Endowment	104,784
Elder Endowment	100,000
Paxton Endowment	100,000
Builders of a Better World	78,485

Continued

9. Net Assets (continued)

Net Assets With Donor Restrictions (continued

Subject to held in perpetuity (continued):	
Youth Involvement	$ 45,543
Levering Fund	41,855
Total Net Assets to Subject to be Held in Perpetuity	4,479,322
Total Net Assets With Donor Restrictions	$ 12,107,447

10. Endowment Funds

Interpretation of Relevant Law

The Organization's Board has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the

10. Endowment Funds (continued)

Return Objectives and Risk Parameters (continued)

Executive Committee of the Board, the endowment assets are invested in funds to achieve steady income growth without exposing the principal of the funds to significant fair value fluctuations. Actual returns in any given year may vary. The Organization has invested the permanently restricted assets in investment vehicles with a preferred asset allocation of 70% to 80% equity, with the remainder in fixed income. The portfolio should be consistent with the Organization's risk tolerance, cash flow needs and Guidelines for Socially Responsible Investing.

The primary investment objective, over the long term, is to earn an average annual return net of investment manager fees and transaction costs of at least 4% plus the inflation rate (as measured by the national Consumer Price Index). This goal allows the investment portfolio to generate income needed for various purposes and protect the purchasing power of the principal.

Endowment Spending Harvesting Policy

Investment earnings on the permanent endowment are available to fund the operations of the Organization. The investment earnings on the fund are considered to be appropriated for expenditure upon the approval of expenditures made in accordance with the Executive Committee's approval of the annual budget. All interest, dividends, and realized and unrealized capital gains on the endowment account will be retained in this account until expended. This account will be valued as of June 30 each year, and 5% of the average value of the endowment for the prior three years will be placed in the annual operating budget for the fiscal year that begins July 1 of that year. On October 3rd, 2020 the Executive Committee approved a change in the Harvesting Policy for endowment spending to the date of endowment valuation. Effective December 31, 2020, endowment accounts will no longer be valued at June 30th, but instead at December 31st. Therefore, 5% of the average value of the endowment for the prior three years, ending December 31st, will be placed in the annual operating budget for the fiscal year that begins July 1 of that year. The aim is to provide steady yield from the endowment for programs while allowing the endowment to keep pace with inflation. In no year will payment be made that would reduce the value of the account below the aggregate value of all donations to the endowment account. If these aims are not realized over time, then the 5% figure will be reconsidered.

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 requires the Organization to retain as a fund of perpetual duration. The Organization's policy is based on its interpretation of UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were three funds with such deficiencies as of June 30, 2020 with a total fair value of $347,092, total historical gift value of $362,235 and a total deficiency of $15,143. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor-restricted endowment funds and continued appropriation for certain programs deemed prudent by the Executive Committee.

Continued

10. Endowment Funds (continued)

Endowment Net Asset Composition

Endowment net asset composition by type of fund was as follows as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Historical gift value	$ -	$ 4,479,322	$ 4,479,322
Appreciation	-	3,114,164	3,114,164
	$ -	$ 7,593,486	$ 7,593,486

For the year ended June 30, 2020, the endowment funds had the following activity:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, beginning of year	$ -	$ 7,707,238	$ 7,707,238
Contributions	-	177,692	177,692
Investment income, net	-	69,177	69,177
Amounts appropriated for expenditure	-	(360,621)	(360,621)
Endowment Funds, End of Year	$ -	$ 7,593,486	$ 7,593,486

Net Assets With Donor Restrictions

The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA	$ 7,593,486
The portion of perpetual endowment funds subject to a purpose restriction under UPMIFA:	
With purpose restriction	$ 2,481,160
Without purpose restriction	633,004
Total	$ 3,114,164

11. Commitments and Risks

Operating Lease

The Organization entered into a noncancelable operating office space lease to lease 3,986 square foot of office space at 518 C Street, NE, Washington, D.C. The lease term is for 76 months and expires on December 15, 2024. The terms of the lease require monthly base rent

11. Commitments and Risks (continued)

Operating Lease (continued)

of $10,962, with a security deposit in the same amount. The lease also provides a rent abatement totaling $43,846 and a construction allowance up to $99,650. The lease is subject to a 4% annual rent escalation during the first four lease years and 3% during last three lease years, and also requires the Organization to pay as additional rent its proportionate share of increases in building operating expenses and real estate taxes.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reported as deferred rent and lease incentive in the consolidated statement of financial position.

Future minimum lease payments under this lease are as follows:

For the Year Ending June 30,	
2021	$ 140,147
2022	145,064
2023	150,169
2024	155,414
2025	79,966
Total	$ 670,760

Rent expense for the year ended June 30, 2020 totaled $102,926 which is included occupancy expenses in the accompanying consolidated statement of functional expenses.

Hotel Contracts

The Organization has entered into contracts for hotel rooms and event spaces for events occurring through March 2022. In the event of cancellation, the Organization is required to pay various cancellation fees as stipulated in the contracts; the amount of which is dependent on the date of cancellation. As of June 30, 2020, the estimated potential liability should the Organization cancel all future hotel contracts totaled approximately $136,000. The Organization does not anticipate any cancellations; therefore, no loss has been provided for in these consolidated financial statements.

Due to the COVID-19 pandemic, the Organization has modified and renegotiated existing hotel contracts for the March 2021 Spring and Lobby Week and deferred the use of the hotel rooms and events spaces to the following year. No cancellation fees were incurred as a result of these changes. However, in January 2021, the Organization received notice that one of the hotels was going out of business and will be unable issue a refund of its deposit of $25,312. The Organization plans to host and provide a virtual format of the March 2021 Spring and Lobby Week.

Continued

11. Commitments and Risks (continued)

Risks and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Organization has been able to continue most of its operations in a remote environment, however, at this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

12. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at June 30, 2020, were as follows:

Cash and cash equivalents	$ 4,962,550
Pledges and contributions receivable, net, collected in less than one year	477,984
Employee advances and other receivables	39,059
Investments	19,956,503
Total Financial Assets Available Within One Year	25,436,096
Less:	
Amounts unavailable for general expenditures within one year due to donor's restriction with purpose restriction	(7,628,125)
Amounts unavailable for general expenditures within one year due to donor's restriction in perpetuity	(4,479,322)
Amounts unavailable to management without Board approval	(14,111,278)
Add:	
Amounts available for donor-specified expenditures in the following year	623,260
Endowment earnings that is appropriated for the following year	360,306
Board designated assets for the following year	828,000
Investment earnings from investment of split interest agreements for the following year	350,000
Financial Assets Available to Meet General Expenditures Within One Year	$ 1,378,937

Continued

12. Availability and Liquidity (continued)

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds, fixed income securities, real estate funds and equity securities. The Organization can liquidate its investments anytime, other than the amounts restricted by donors above, and therefore the investments are available to meet current cash flow needs. Additionally, the Organization has board-designated net assets that could be available for current operations with Board approval, if necessary and lines of credit totaling $1,500,000 which were entered into in July 2020 (see Note 17).

13. Net Asset Transfer – Change of Control

Effective August 30, 2019, FCNL Education Fund signed a Change of Control Agreement with WPH, nonprofit organization, becoming the sole member of the organization, acquiring the right to appoint WPH's governing board and the right to all its assets and obligations in exchange for providing support to WPH to continue its mission and legacy. Both organizations share the same mission of promoting the Quaker vision of peaceful and just society.

The following table summarizes the values of the assets acquired and liabilities assumed as of the change of control date:

Cash and cash equivalents	$ 22,984
Accounts receivable	14,050
Prepaid expenses	4,315
Property, plant and equipment, net	48,259
Accounts payable and accrued expenses	(20,036)
Deferred revenue	(2,688)
Loans payable	(134,895)
Total Deficiency in Net Assets	$ (68,012)

The Education Fund followed FASB 958-805, *Nonprofit Entities: Business Combinations,* to account for the assumption of control over WPH. According to the standard, the inherent contribution (loss) should be measured based on the excess of assets acquired over liabilities assumed. Accordingly, for the year ended June 30, 2020, the Education Fund recognized and reported an inherent loss (deficit) totaling $68,012, which was included in contributions in the accompanying consolidated statement of activities.

14. Pension Plan

The Organization maintains a defined contribution plan pursuant to Section 401k of the Internal Revenue Code (the IRC) for its employees. Participation by employees in the Plan is voluntary. The Organization contributes 10% of the salary of each participant who has completed one year of service. Employees are fully vested after two years of service. Effective January 1, 2019, the Organization amended their plan so that the Organization makes a 3% safe harbor, non-elective contribution, which is fully vested at all times. During the year ended June 30, 2020, the Organization's contributions totaled $251,195.

15. Income Taxes

FCNL is a not-for-profit organization defined under Section 501(c)(4) of the IRC as determined in an exemption letter dated September 10, 1946. The Education Fund and WPH qualifies as a tax-exempt organizations under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended June 30, 2020, as the Education Fund and WPH had no net unrelated business income.

205 C Street NE LLC is treated as a disregarded entity for tax purposes, and its financial activities are therefore included in the tax return of the Education Fund.

The Organization performed an evaluation of uncertainty in income taxes for the year ended June 30, 2020, and determined that there are no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of June 30, 2020, there are no audits for any tax periods pending or in progress. It is the Organization's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of June 30, 2020, the Organization had no accruals for interest and/or penalties.

16. Prior Year Summarized Financial Information

The accompanying consolidated 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived.

17. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, events and transactions through April 23, 2021, the date the consolidated financial statements were available to be issued. Except as for the changes in the harvesting policy of the endowment described in Note 10 and the two new revolving lines of credit agreement described below, there were no other subsequent events that require recognition or disclosure in these consolidated financial statements.

Continued

17. Subsequent Events (continued)

On July 22, 2020, the Organization entered into two revolving lines of credit agreement with a financial institution. The lines of credit have a combined borrowing limit of $1,500,000 and are scheduled to expire on July 22, 2021. Funds drawn against these lines of credit accrue interest at the bank's prime rate plus 1% with a minimum rate of 4% and are secured by all of Organizations cash accounts held with the financial institution and all business assets.

SUPPLEMENTARY INFORMATION

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2020

		FCNL Education Fund				
	FCNL	FCNL Education Fund	205 C Street NE LLC	William Penn House	Eliminations	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 1,024,180	$ 3,258,282	$ 13,245	$ 666,843	$ -	$ 4,962,550
Pledges and contributions receivable, current portion	16,256	461,728	-	-	-	477,984
Employee advances and other receivables	5,237	22,237	-	11,585	-	39,059
Due from affiliate	-	1,946,244	-	-	(1,946,244)	-
Prepaid expenses	127,804	104,096	-	2,337	-	234,237
Total Current Assets	1,173,477	5,792,587	13,245	680,765	(1,946,244)	5,713,830
Investments	3,569,566	16,386,937	-	-	-	19,956,503
Investment in subsidiary	-	(68,012)	-	-	68,012	-
Pledges and contributions receivable, net of current portion	469,508	809,138	-	-	-	1,278,646
Beneficial interest in planned giving agreements	-	250,826	-	-	-	250,826
Deposits	41,834	36,708	-	-	-	78,542
Cash surrender value of life insurance	-	23,131	-	-	-	23,131
Property and equipment, net	-	3,432,526	3,822,920	237,708	-	7,493,154
TOTAL ASSETS	$ 5,254,385	$ 26,663,841	$ 3,836,165	$ 918,473	$ (1,878,232)	$ 34,794,632
LIABILITIES AND NET ASSETS						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	$ 336,035	$ 100,120	$ -	$ 52,040	$ -	$ 488,195
Planned giving agreement obligations, current portion	-	353,012	-		-	353,012
Due to affiliate	1,711,082	-	-	235,162	(1,946,244)	-
Loans and notes payable, current portion	2,000	287,421	-	-	-	289,421
Total Current Liabilities	2,049,117	740,553	-	287,202	(1,946,244)	1,130,628
Planned giving agreement obligations, net of current portion	-	2,837,530	-	-	-	2,837,530
Deferred rent and lease incentive liability	-	139,087	-	-	-	139,087
Loans and notes payable, net of current portion	-	371,162	-	101,507	-	472,669
TOTAL LIABILITIES	2,049,117	4,088,332	-	388,709	(1,946,244)	4,579,914
Net Assets						
Without donor restrictions	1,976,998	12,496,332	3,836,165	(270,236)	68,012	18,107,271
With donor restrictions	1,228,270	10,079,177	-	800,000	-	12,107,447
TOTAL NET ASSETS	3,205,268	22,575,509	3,836,165	529,764	68,012	30,214,718
TOTAL LIABILITIES AND NET ASSETS	$ 5,254,385	$ 26,663,841	$ 3,836,165	$ 918,473	$ (1,878,232)	$ 34,794,632

See independent auditors' report on supplementary information.

FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2020

	FCNL	FCNL Education Fund: FCNL Education Fund	FCNL Education Fund: 205 C Street NE LLC	FCNL Education Fund: William Penn House	Eliminations	Total
OPERATING REVENUE AND SUPPORT						
Contributions	$ 2,033,408	$ 4,742,845	$ -	$ 848,688	$ -	$ 7,624,941
Bequests	283,218	10,560	-	-	-	293,778
Meeting registration	97,707	-	-	-	-	97,707
Rental income	-	-	55,450	-	-	55,450
Other income	8,420	5,110	-	18,236	-	31,766
TOTAL OPERATING REVENUE AND SUPPORT	2,422,753	4,758,515	55,450	866,924	-	8,103,642
EXPENSES						
Program Services:						
Legislative and educational activities	1,399,822	1,302,416	-	-	-	2,702,238
Advocacy and outreach	1,214,136	1,077,992	-	-	-	2,292,128
Young adult program	202,842	208,443	-	-	-	411,285
Total Program Services	2,816,800	2,588,851	-	-	-	5,405,651
Supporting Services:						
Management and general	520,273	494,853	158,414	269,148	-	1,442,688
Fundraising	964,807	884,750	-	-	-	1,849,557
Total Supporting Services	1,485,080	1,379,603	158,414	269,148	-	3,292,245
TOTAL EXPENSES	4,301,880	3,968,454	158,414	269,148	-	8,697,896
Change in net assets from operations	(1,879,127)	790,061	(102,964)	597,776	-	(594,254)
NONOPERATING ACTIVITIES						
Investment income, net	91,431	(309,040)		-	-	(217,609)
Contributions to planned giving	-	186,784		-	-	186,784
Change in value of interest in planned giving agreements	-	(129,287)		-	-	(129,287)
CHANGE IN NET ASSETS	(1,787,696)	538,518	(102,964)	597,776	-	(754,366)
NET ASSETS, BEGINNING OF YEAR	4,992,964	22,036,991	3,939,129	(68,012)	68,012	30,969,084
NET ASSETS, END OF YEAR	$ 3,205,268	$ 22,575,509	$ 3,836,165	$ 529,764	$ 68,012	$ 30,214,718

See independent auditors' report on supplementary information.