



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, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)



**and
Report Thereon**



**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

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For the Year Ended June 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

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 26 and 27 is presented for purposes of additional analysis and 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.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
August 2, 2023

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022
(With Summarized Financial Information as of June 30, 2021)**

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,379,174	\$ 2,338,909
Pledges and contributions receivable, current portion	1,450,102	922,374
Employee advances and other receivables	73,933	94,393
Prepaid expenses and other	177,029	260,245
Total Current Assets	4,080,238	3,615,921
Investments	26,358,286	29,751,559
Pledges and contributions receivable, net of current portion	87,994	773,960
Beneficial interest in planned giving agreements	33,885	276,504
Deposits	10,962	69,152
Cash surrender value of life insurance	23,131	23,131
Property and equipment, net	8,420,352	7,922,025
TOTAL ASSETS	\$ 39,014,848	\$ 42,432,252
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 782,584	\$ 837,299
Planned giving agreement obligations, current portion	347,589	383,869
Loans payable, current portion	121,782	184,712
Total Current Liabilities	1,251,955	1,405,880
Planned giving agreement obligations, net of current portion	2,798,347	2,596,117
Deferred rent and lease incentive liability	81,889	73,674
Loans payable, net of current portion	-	38,938
TOTAL LIABILITIES	4,132,191	4,114,609
Net Assets		
Without donor restrictions	19,569,463	21,672,438
With donor restrictions	15,313,194	16,645,205
TOTAL NET ASSETS	34,882,657	38,317,643
TOTAL LIABILITIES AND NET ASSETS	\$ 39,014,848	\$ 42,432,252

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, 2022**

(With Summarized Financial Information for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 4,751,894	\$ 2,046,634	\$ 6,798,528	\$ 6,573,649
Forgiveness of debt – PPP	-	-	-	344,435
Bequests	1,386,658	-	1,386,658	310,600
Lodging	88,325	-	88,325	-
Rental income	75,187	-	75,187	75,438
Meeting registration	61,127	-	61,127	48,408
Other income	12,988	-	12,988	10,811
Net assets released from restrictions:				
Satisfaction of program restrictions	3,047,561	(3,047,561)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	9,423,740	(1,000,927)	8,422,813	7,363,341
EXPENSES				
Program Services:				
Advocacy and outreach	3,329,554	-	3,329,554	2,765,507
Legislative and educational activities	2,541,174	-	2,541,174	2,440,102
Young adult program	714,326	-	714,326	271,995
Friends place program	558,257	-	558,257	151,164
Total Program Services	7,143,311	-	7,143,311	5,628,768
Supporting Services:				
Management and general	480,524	-	480,524	484,188
Fundraising	2,089,063	-	2,089,063	1,950,421
Total Supporting Services	2,569,587	-	2,569,587	2,434,609
TOTAL EXPENSES	9,712,898	-	9,712,898	8,063,377
Change in net assets from operations	(289,158)	(1,000,927)	(1,290,085)	(700,036)
NONOPERATING ACTIVITIES				
Investment income (loss), net	(1,286,055)	(331,084)	(1,617,139)	8,047,904
Contributions to planned giving	117,765	-	117,765	439,528
Change in value of interest in planned giving agreements	(645,527)	-	(645,527)	315,529
CHANGE IN NET ASSETS	(2,102,975)	(1,332,011)	(3,434,986)	8,102,925
NET ASSETS, BEGINNING OF YEAR	21,672,438	16,645,205	38,317,643	30,214,718
NET ASSETS, END OF YEAR	\$ 19,569,463	\$ 15,313,194	\$ 34,882,657	\$ 38,317,643

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, 2022
(With Summarized Financial Information for the Year Ended June 30, 2021)**

	Program Services				Supporting Services			2022 Total	2021 Total	
	Advocacy and Outreach	Legislative and Educational Activities	Young Adult Program	Friends Place Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries and wages	\$ 1,415,838	\$ 1,544,124	\$ 157,895	\$ 238,314	\$ 3,356,171	\$ 194,850	\$ 980,116	\$ 1,174,966	\$ 4,531,137	\$ 3,966,498
Benefits	402,029	385,837	46,685	54,696	889,247	50,938	239,568	290,506	1,179,753	988,377
Occupancy	236,887	421,789	80,235	172,721	911,632	126,418	237,399	363,817	1,275,449	876,887
Consulting fees	96,322	67,995	47,982	-	212,299	472	13,874	14,346	226,645	584,886
Printing	366,053	-	-	-	366,053	1,474	225,530	227,004	593,057	437,485
Advertising, memberships and subscriptions	207,235	1,849	2,620	-	211,704	3,266	6,244	9,510	221,214	252,235
Postage and list rental	126,414	-	-	9	126,423	4,565	142,612	147,177	273,600	243,294
Professional fees	199,026	-	-	18,207	217,233	44,261	21,465	65,726	282,959	187,909
Travel and meetings	105,202	21,290	367,272	2,136	495,900	16,618	44,812	61,430	557,330	124,046
Software	71,295	62,767	24	711	134,797	12,331	65,066	77,397	212,194	111,440
Contract labor	9,487	2,880	4,272	47	16,686	3,682	56,877	60,559	77,245	90,498
Telephone and internet	37,402	32,515	5,503	13,157	88,577	11,628	7,748	19,376	107,953	89,274
Other	-	-	-	40,037	40,037	6,948	41,134	48,082	88,119	80,629
Supplies	35,926	128	1,838	18,222	56,114	3,073	4,723	7,796	63,910	14,623
Media	19,387	-	-	-	19,387	-	-	-	19,387	10,739
Data research	1,051	-	-	-	1,051	-	1,895	1,895	2,946	4,557
	<u>\$ 3,329,554</u>	<u>\$ 2,541,174</u>	<u>\$ 714,326</u>	<u>\$ 558,257</u>	<u>\$ 7,143,311</u>	<u>\$ 480,524</u>	<u>\$ 2,089,063</u>	<u>\$ 2,569,587</u>	<u>\$ 9,712,898</u>	<u>\$ 8,063,377</u>

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, 2022
(With Summarized Financial Information for the Year Ended June 30, 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,434,986)	\$ 8,102,925
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	549,970	494,570
Net realized and unrealized losses (gains) on investments	2,204,350	(7,911,790)
Contributions for long-term purposes	(1,650)	(18,760)
Change in fair value of beneficial interest in planned giving agreements	242,619	(25,678)
Change in fair value of planned giving agreement obligations	645,527	(289,851)
Donated stock	(212,848)	(121,346)
Forgiveness of debt – PPP	-	(344,435)
Loan conversion to contribution	(73,688)	(63,750)
Loss on disposal of property and equipment	969	1,616
Changes in assets and liabilities		
Pledges and contributions receivable	276,003	60,296
Employee advances and other receivables	20,460	(55,334)
Prepaid expenses and other	83,216	(26,008)
Deposits	58,190	9,390
Accounts payable and accrued expenses	(54,715)	349,104
Deferred rent and lease incentive liability	8,215	(65,413)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	311,632	95,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	25,192,291	6,332,600
Purchases of investments	(23,790,520)	(8,094,520)
Purchases of property and equipment	(1,049,266)	(925,057)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	352,505	(2,686,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	1,650	18,760
Proceeds from planned giving agreements	-	447,770
Principal payments on loans payable	(28,180)	(130,255)
Payments to planned giving agreement beneficiaries	(597,342)	(368,475)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(623,872)	(32,200)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,265	(2,623,641)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,338,909	4,962,550
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,379,174	\$ 2,338,909
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 1,457	\$ 4,194
NONCASH TRANSACTIONS		
Noncash investing activities:		
Donated stock	\$ 212,848	\$ 135,265
Noncash financing activities:		
Forgiveness of debt – PPP	\$ -	\$ 344,435

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

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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 this date WPH operated under the Friends Meeting of Washington, a non-profit organization incorporated in the District of Columbia. During the year ended June 30, 2021, the Executive Committee approved a plan to register WPH with the District of Columbia under the new trade name of Friend's Place on Capitol Hill (Friends Place). The purpose of Friends Place 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 effective control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All 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.

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.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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

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.

Investments

Investments are comprised of equities, fixed-income securities, real estate funds, a pooled life income fund, 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.

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, 2022.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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, 2022, 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 (ASC).

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.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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.

Lodging represents reservations and hospitality at Friend's Place and are recognized at the point of time the services are received by the customer.

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

Meeting registration consists of revenue from registration fees for meetings and conferences and is recognized at the point in time that 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, 2022, there were no such advances received.

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

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 statements of activities and functional expenses. 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 programmatic direct cost totals.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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 interest in planned giving 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, 2022, 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 Pronouncement

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires 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. The Organization adopted ASU 2020-07 retrospectively on July 1, 2021. The adoption of the standard did not impact the consolidated financial statements as there were no contributed nonfinancial assets received during the year.

New Accounting Pronouncements to be Adopted

In February 2016, FASB issued ASC 842, *Leases (ASC 842)*, which requires lessees to put most leases on their statement of financial position. ASC 842 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 is currently evaluating the impact this ASU will have on its consolidated financial statements.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

2. Pledges and Contributions Receivable

As of June 30, 2022, the Organization's pledges and contributions receivable were due as follows:

Due in less than one year	\$ 1,459,397
Due in one to five years	<u>90,000</u>
Total Pledges and Contributions Receivable	1,549,397
Less: Allowance on Doubtful Pledges and Contributions	(9,295)
Less: Discount to Present Value (average rate of 3%)	<u>(2,006)</u>
Pledges and Contributions Receivable, Net	<u><u>\$ 1,538,096</u></u>

3. Investments

Investments, at fair value, consisted of the following as of June 30, 2022:

Equities	\$ 19,750,692
Fixed-income securities	3,074,906
Real estate funds	2,632,306
Pooled life income fund	787,119
Equity mutual funds	<u>113,263</u>
Total Investments	<u><u>\$ 26,358,286</u></u>

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 \$33,885.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of June 30, 2022, aggregated by the fair value hierarchy level within which these measurements were made:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Equities:				
Large cap	\$ 18,565,338	\$ 18,565,338	\$ -	\$ -
Mid-cap	421,352	421,352	-	-
Small-cap	411,157	411,157	-	-
Foreign stocks	<u>352,845</u>	<u>352,845</u>	<u>-</u>	<u>-</u>
Total Equities	<u>19,750,692</u>	<u>19,750,692</u>	<u>-</u>	<u>-</u>
Fixed-income securities:				
U.S. government agency bonds	2,002,105	-	2,002,105	-
Corporate bonds	669,796	-	669,796	-
Foreign bonds	271,698	-	271,698	-
Municipal bonds	<u>131,308</u>	<u>-</u>	<u>131,308</u>	<u>-</u>
Total Fixed-Income Securities	<u>3,074,906</u>	<u>-</u>	<u>3,074,906</u>	<u>-</u>
Real estate funds:				
FFC Quaker bond funds	1,286,523	1,286,523	-	-
FFC Short term funds	1,250,507	1,250,507	-	-
Real estate investment trust	<u>95,275</u>	<u>95,275</u>	<u>-</u>	<u>-</u>
Total Real Estate Funds	2,632,305	2,632,305	-	-
Pooled life income fund	787,120	-	787,120	-
Equity mutual funds:				
Large value	<u>113,263</u>	<u>113,263</u>	<u>-</u>	<u>-</u>
Total Investments	26,358,286	22,496,260	3,862,026	-
Beneficial interest in planned giving agreements				
	<u>33,885</u>	<u>-</u>	<u>-</u>	<u>33,885</u>
Total Assets	<u>\$ 26,392,171</u>	<u>\$ 22,496,260</u>	<u>\$ 3,862,026</u>	<u>\$ 33,885</u>

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
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5. Fair Value Measurement (continued)

For the year ended June 30, 2022, the Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Equities, 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 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, 2022:

	<u>Beneficial Interest in Charitable Gift Annuities</u>
Balance, June 30, 2021	\$ 276,504
Change in value of existing planned giving agreements	<u>(242,619)</u>
Balance, June 30, 2022	<u>\$ 33,885</u>

The change in value of planned giving agreements (unrealized gain, net) 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.

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6. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of June 30, 2022:

Building and improvements	\$ 12,007,337
Furniture and fixtures	1,085,456
Land	600,466
Computer equipment and software	<u>121,108</u>
Total Property and Equipment	13,814,367
Less: Accumulated Depreciation and Amortization	<u>(5,394,015)</u>
Property and Equipment, Net	<u>\$ 8,420,352</u>

Depreciation and amortization expense totaled \$549,970 for the year ended June 30, 2022, and is included in occupancy in the accompanying consolidated statement of functional expenses.

7. Loans Payable

The Organization receives financial support from individual donors in the form of both of interest and 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, 2022, the Organization received no new loans, paid principal payments totaling \$5,000 and converted \$73,688 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, 2022 was \$121,782. Interest expense related to certain loans totaled \$1,302 for the year ended June 30, 2022, and is included in occupancy in the accompanying consolidated statement of activities.

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 bore a fixed interest rate of 3.95% and was due in monthly payments of \$7,778, with a final payment due on September 22, 2021. On the September 22, 2021, this note matured and remaining principal outstanding balance of \$7,307 was fully paid.

Interest expense related to this note totaled \$155 for the year ended June 30, 2022, and is included in occupancy in the accompanying consolidated statement of activities.

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.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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8. Planned Giving Agreements (continued)

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, 2022, was calculated using a discount rate of 2.2% based on Internal Revenue Service Publication 1457 and the Annuity 2010 mortality table. There was \$117,765 in contribution revenue for the year ended June 30, 2022, from charitable gift annuities. As of June 30, 2022, the Organization's obligations to donors or individuals designated by donors under these charitable gift annuity arrangements totaled \$2,341,752 and is included in planned giving agreement obligations in the accompanying consolidated statement of financial position. As of June 30, 2022, the assets of the gift annuities totaled \$7,200,402 and 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, 2022, was calculated using a discount rate of 2.2% and applicable mortality tables. As of June 30, 2022, the present value of the estimated future payments of the trusts totaled \$426,408 and is included in planned giving agreement obligations in the accompanying consolidated statement of financial position. As of June 30, 2022, the assets of the charitable remainder trusts totaled \$1,227,209, 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 fair value using a discount rate of 3.377% and applicable mortality tables. As of June 30, 2022, the fair value of the pooled life income fund totaled \$787,120 and it is included in investments in the accompanying consolidated statement of financial position. As of June 30, 2022, the present value of the estimated future payments of the pooled life income fund totaled was \$377,776. and is included in planned giving agreement obligations in the accompanying consolidated statement of financial position. As of June 30, 2022, \$89,140 of income earned in the last quarter of the year ending June 30, 2022, was owed to the donors to the fund.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. Net Assets

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, 2022, the Organization's net assets without donor restrictions were as follows:

Undesignated	<u>\$ 5,073,893</u>
Board-designated:	
Annuities	4,774,770
Plant and equipment	8,420,352
Building maintenance reserve	996,788
Capital campaign initiatives	280,529
Life insurance policies	<u>23,131</u>
Total Board-Designated	<u>14,495,570</u>
Total Net Assets Without Donor Restrictions	<u>\$ 19,569,463</u>

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

- Annuities – represents the excess of assets (investments) of charitable gift annuities agreements and the related obligations to donor or donor-specified beneficiaries.
- Plant and equipment – represents the total book value (carrying value) of all property and equipment of the Organization.
- 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.
- Life insurance policies – represents the value of life insurance policies donated to the FCNL Education Fund, which is the policy beneficiary and owner.

Net Assets With Donor Restrictions

As of June 30, 2022, net assets with donor restrictions were restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Donor-restricted endowment income	\$ 6,774,775
Capital Campaign	1,395,317
Youth Adult leadership	609,961
Strategic Advocacy	537,500

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

Subject to expenditure for specified purpose:
(continued)

Pooled income fund	\$ 395,808
Trust fund	399,466
Renovation costs	365,153
Other	75,482
Nuclear Disarmament and Calendar	70,000
Peaceful Prevention of Conflict	60,000
Immigration	20,000
Mass incarceration	50,000
Middle east	10,000
Election	<u>10,000</u>
Total Net Assets Restricted for Specified Purpose	10,773,462

Subject to occurrence of passage of time:

General operating support for future periods	<u>40,000</u>
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Total Subject to Occurrence of Specified Purpose
and Passage of Time

10,813,462

Subject to held in perpetuity:

Capital Campaign:

Youth Involvement	1,386,400
Laura Wilcox Fund	564,822
Young Adult Leadership	102,285
Friend in Washington	97,587
Sustain Lobbying	<u>61,968</u>

Total Capital Campaign

2,213,062

Native American	470,422
D Intern Endowment	463,006
General Endowment	441,069
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
Youth Involvement	46,668
Levering Fund	<u>41,855</u>

Total Net Assets to Subject to be Held in Perpetuity

4,499,732

Total Net Assets With Donor Restrictions

\$ 15,313,194

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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 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 donor restricted assets in perpetuity 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.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. Endowment Funds (continued)

Endowment Spending Harvesting Policy

Investment earnings on the 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 3, 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 30, but instead at December 31. Therefore, 5% of the average value of the endowment for the prior three years, ending December 31, 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 no funds with such deficiency as of June 30, 2022.

Endowment Net Asset Composition

Endowment net asset composition by type of fund was as follows as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ -	\$ 4,499,732	\$ 4,499,732
Appreciation	-	<u>6,774,775</u>	<u>6,774,775</u>
	<u>\$ -</u>	<u>\$ 11,274,507</u>	<u>\$ 11,274,507</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. Endowment Funds (continued)

Endowment Net Asset Composition (continued)

For the year ended June 30, 2022, the endowment funds had the following activity:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$ 12,002,253	\$ 12,002,253
Contributions	-	1,650	1,650
Investment income, net	-	(331,084)	(331,084)
Amounts appropriated for expenditure	<u>-</u>	<u>(398,312)</u>	<u>(398,312)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$ 11,274,507</u>	<u>\$ 11,274,507</u>

Net Assets With Donor Restrictions

Original donor-restricted endowment gift and amounts required to retained by donor	<u>\$ 4,499,732</u>
Accumulated investment gains on endowment funds:	
With purpose restriction	\$ 6,603,283
Without purpose restriction	<u>171,492</u>
Total	<u>\$ 6,774,775</u>

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 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

11. Commitments and Risks (continued)

Operating Lease (continued)

Future minimum lease payments under this lease are as follows:

For the Year Ending <u>June 30,</u>	
2023	\$ 150,169
2024	155,414
2025	<u>79,966</u>
Total	<u>\$ 385,549</u>

Rent expense for the year ended June 30, 2022 totaled \$153,279 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 2023. 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, 2022, the estimated potential liability should the Organization cancel all future hotel contracts totaled approximately \$197,000. The Organization does not anticipate any cancellations; therefore, no loss has been provided in these consolidated financial statements.

Line of Credit

On June 9, 2020, the Organization entered into a revolving line of credit agreement with a financial institution. The line of credit has a borrowing limit of \$500,000 and will mature on June 9, 2024. Funds drawn against the line of credit accrue interest at the bank's prime rate plus 1% with a minimum rate of 4% and were secured by all of Organizations cash accounts held with the financial institution and all business assets. The interest rate as of June 30, 2022 was 5.75%. There were no borrowings and repayments during the year ended June 30, 2022.

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, 2022, were as follows:

Cash and cash equivalents	\$ 2,379,174
Pledges and contributions receivable to be collected in less than one year	1,450,102

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

12. Availability and Liquidity (continued)

(continued)

Employee advances and other receivables	\$ 73,933
Investments	<u>26,358,286</u>
Total Financial Assets Available Within One Year	30,261,495
Less:	
Amounts unavailable for general expenditures within one year due to donor restrictions with purpose restriction	(9,712,866)
Amounts unavailable for general expenditures within one year due to donor restrictions in perpetuity	(4,499,732)
Amounts unavailable to management without Board approval	(14,495,570)
Add:	
Endowment earnings that are appropriated for the following year	513,944
Board designated amounts to be spent in the following year	1,000,000
Investment earnings from split interest agreements to be spent in the following year	<u>516,000</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,583,271</u>

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.

13. 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.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. Pension Plan (continued)

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 its 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, 2022, the Organization's contributions totaled \$356,209.

14. Summarized Comparative Information

The 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 Organization consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

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, 2022, 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, 2022, 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, 2022, 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, 2022, the Organization had no accruals for interest and/or penalties.

16. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, events and transactions through August 2, 2023, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION
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**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2022**

	FCNL Education Fund					Total
	FCNL	FCNL Education Fund	205 C Street NE LLC	Friends Place	Eliminations	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 550,372	\$ 1,605,502	\$ 12,071	\$ 211,229	\$ -	\$ 2,379,174
Pledges and contributions receivable, current portion	906,858	543,244	-	-	-	1,450,102
Employee advances and other receivables	5,994	32,139	-	35,800	-	73,933
Due from affiliate	-	3,535,781	-	-	(3,535,781)	-
Prepaid expenses and other	58,812	106,316	-	11,901	-	177,029
Total Current Assets	1,522,036	5,822,982	12,071	258,930	(3,535,781)	4,080,238
Investments	4,561,752	21,796,432	-	102	-	26,358,286
Investment in subsidiary	-	(68,012)	-	-	68,012	-
Pledges and contributions receivable, net of current portion	19,708	68,286	-	-	-	87,994
Beneficial interest in planned giving agreements	-	33,885	-	-	-	33,885
Deposits	-	10,962	-	-	-	10,962
Cash surrender value of life insurance	-	23,131	-	-	-	23,131
Property and equipment, net	-	3,111,766	3,380,734	1,927,852	-	8,420,352
TOTAL ASSETS	\$ 6,103,496	\$ 30,799,432	\$ 3,392,805	\$ 2,186,884	\$ (3,467,769)	\$ 39,014,848
LIABILITIES AND NET ASSETS						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 495,040	\$ 188,137	\$ -	\$ 99,407	\$ -	\$ 782,584
Planned giving agreement obligations, current portion	-	347,589	-	-	-	347,589
Due to affiliate	1,977,749	-	-	1,558,032	(3,535,781)	-
Loans payable, current portion	2,000	119,782	-	-	-	121,782
Total Current Liabilities	2,474,789	655,508	-	1,657,439	(3,535,781)	1,251,955
Planned giving agreement obligations, net of current portion	-	2,798,347	-	-	-	2,798,347
Deferred rent and lease incentive liability	-	81,889	-	-	-	81,889
TOTAL LIABILITIES	2,474,789	3,535,744	-	1,657,439	(3,535,781)	4,132,191
Net Assets						
Without donor restrictions	2,038,600	13,905,754	3,392,805	164,292	68,012	19,569,463
With donor restrictions	1,590,107	13,357,934	-	365,153	-	15,313,194
TOTAL NET ASSETS	3,628,707	27,263,688	3,392,805	529,445	68,012	34,882,657
TOTAL LIABILITIES AND NET ASSETS	\$ 6,103,496	\$ 30,799,432	\$ 3,392,805	\$ 2,186,884	\$ (3,467,769)	\$ 39,014,848

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, 2022**

	FCNL Education Fund					Total
	FCNL	FCNL Education Fund	205 C Street NE LLC	Friends Place	Eliminations	
OPERATING REVENUE AND SUPPORT						
Contributions	\$ 2,429,486	\$ 3,985,189	\$ -	\$ 383,853	\$ -	\$ 6,798,528
Bequests	991,133	395,525	-	-	-	1,386,658
Lodging	-	-	-	88,325	-	88,325
Rental income	-	-	75,187	-	-	75,187
Meeting registration	61,127	-	-	-	-	61,127
Other income	388	2,867	-	9,733	-	12,988
TOTAL OPERATING REVENUE AND SUPPORT	3,482,134	4,383,581	75,187	481,911	-	8,422,813
EXPENSES						
Program Services:						
Advocacy and outreach	600,511	2,729,043	-	-	-	3,329,554
Legislative and educational activities	1,447,478	1,093,696	-	-	-	2,541,174
Young adult program	237,258	477,068	-	-	-	714,326
Friends place program	-	3,505	-	554,752	-	558,257
Total Program Services	2,285,247	4,303,312	-	554,752	-	7,143,311
Supporting Services:						
Management and general	-	110,543	248,517	121,464	-	480,524
Fundraising	1,132,938	956,125	-	-	-	2,089,063
Total Supporting Services	1,132,938	1,066,668	248,517	121,464	-	2,569,587
TOTAL EXPENSES	3,418,185	5,369,980	248,517	676,216	-	9,712,898
Change in net assets from operations	63,949	(986,399)	(173,330)	(194,305)	-	(1,290,085)
NONOPERATING ACTIVITIES						
Investment loss, net	(534,643)	(1,082,496)	-	-	-	(1,617,139)
Contributions to planned giving	-	117,765	-	-	-	117,765
Change in value of interest in planned giving agreements	-	(645,527)	-	-	-	(645,527)
CHANGE IN NET ASSETS	(470,694)	(2,596,657)	(173,330)	(194,305)	-	(3,434,986)
NET ASSETS, BEGINNING OF YEAR	4,099,401	29,860,345	3,566,135	723,750	68,012	38,317,643
NET ASSETS, END OF YEAR	\$ 3,628,707	\$ 27,263,688	\$ 3,392,805	\$ 529,445	\$ 68,012	\$ 34,882,657

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