

IOCC Foundation, Incorporated

Financial Report
December 31, 2020

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RSM US LLP

Independent Auditor's Report

Board of Directors
IOCC Foundation, Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of IOCC Foundation, Incorporated, which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Other Matter

Report on Summarized Comparative Information

We have previously audited IOCC Foundation, Incorporated's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Baltimore, Maryland
April 14, 2021

IOCC Foundation, Incorporated

Statement of Financial Position

December 31, 2020

(With Comparative Totals for 2019)

	2020	2019
Assets		
Cash	\$ 34,896	\$ 33,198
Investments	<u>3,320,621</u>	<u>2,900,514</u>
	<u><u>\$ 3,355,517</u></u>	<u><u>\$ 2,933,712</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 3,230	\$ 1,000
Due to IOCC	<u>8,389</u>	<u>4,409</u>
	<u>11,619</u>	<u>5,409</u>
Net assets:		
Without donor restrictions	23,277	24,789
With donor restrictions	<u>3,320,621</u>	<u>2,903,514</u>
	<u><u>3,343,898</u></u>	<u><u>2,928,303</u></u>
	<u><u>\$ 3,355,517</u></u>	<u><u>\$ 2,933,712</u></u>

See notes to financial statements.

IOCC Foundation, Incorporated

**Statement of Activities
Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Individual contributions	\$ 12,608	\$ 156,000	\$ 168,608	\$ 65,704
Investment income, net	-	332,061	332,061	517,219
Contribution from International Orthodox Christian Charities	29,773	-	29,773	26,785
Net assets released from restrictions	70,954	(70,954)	-	-
Total support and revenue	113,335	417,107	530,442	609,708
Expenses:				
Program services	70,954	-	70,954	55,000
Support services – management and general	43,893	-	43,893	32,928
Total expenses	114,847	-	114,847	87,928
Change in net assets	(1,512)	417,107	415,595	521,780
Net assets:				
Beginning	24,789	2,903,514	2,928,303	2,406,523
Ending	\$ 23,277	\$ 3,320,621	\$ 3,343,898	\$ 2,928,303

See notes to financial statements.

IOCC Foundation, Incorporated

**Statement of Functional Expenses
Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	Program Services	Support Services – Management and General	2020 Total	2019 Total
Professional fees	\$ -	\$ 39,250	\$ 39,250	\$ 28,488
Grants to other agencies	70,954	-	70,954	55,000
Publications and advertising	-	474	474	552
Bank charges	-	25	25	15
Telecommunication fees	-	-	-	19
Registration fees	-	4,144	4,144	3,854
Total expenses	\$ 70,954	\$ 43,893	\$ 114,847	\$ 87,928

See notes to financial statements.

IOCC Foundation, Incorporated

**Statement of Cash Flows
Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 415,595	\$ 521,780
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments, net	(258,132)	(440,514)
Contributions restricted for permanent endowment	(155,000)	(53,000)
Changes in liabilities:		
Increase (decrease) in:		
Accounts payable	2,230	1,000
Due to IOCC	3,980	(1,622)
Net cash provided by operating activities	8,673	27,644
Cash flows from investing activities:		
Purchases of investments	(462,906)	(170,055)
Proceeds from sale of investments	300,931	94,324
Net cash used in investing activities	(161,975)	(75,731)
Cash flows from financing activities:		
Contributions restricted to permanent endowment	155,000	53,000
Net cash provided by financing activities	155,000	53,000
Net increase in cash	1,698	4,913
Cash:		
Beginning	33,198	28,285
Ending	\$ 34,896	\$ 33,198

See notes to financial statements.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: IOCC Foundation, Incorporated (the Foundation) is a nonprofit organization, which was incorporated in Delaware on October 7, 2004. The Foundation is organized exclusively for charitable and educational purposes for the benefit of International Orthodox Christian Charities, Inc. (IOCC).

The Foundation is dependent on IOCC for its support and IOCC intends to continue to support the organization.

IOCC was incorporated on March 10, 1992, as the international humanitarian agency of the Standing Conference of Canonical Orthodox Bishops in the Americas (SCOBA). During 2012, SCOBA transitioned to the Assembly of Canonical Orthodox Bishops of the United States of America. IOCC is an independent nonprofit corporation governed by a volunteer Board of Directors comprised of clergy and lay persons representing the various Eastern Orthodox jurisdictions in the United States.

IOCC, in the spirit of Christ's love, offers emergency relief and development programs to those in need worldwide without discrimination and strengthens the capacity of the Orthodox Church to so respond. In carrying out this mission, IOCC assumes the highest professional standards and renders itself fully accountable to the public and its donors. Assistance is provided solely on the basis of need. Support is derived primarily from grants and donations of various private and government agencies worldwide, as well as monies contributed by organizations affiliated with the Orthodox Church.

A summary of the significant accounting policies of the Foundation follows:

Basis of accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities topic of the Accounting Standards Codification (Codification). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Represents resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations and is available for the support of general operating activities.

Net assets with donor restrictions: Represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time, are invested in perpetuity or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified parties. Earnings on endowment funds are either net assets with donor restrictions for program purposes or are available for operations as specified by the donor.

Financial risk: The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant financial risk on cash.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Foundation invests in professionally managed portfolios that primarily contain exchange traded funds and mutual funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Investments: Investments are reflected at fair value. To adjust the carrying values of these securities, the change in fair value is recorded as a component of investment income in the statement of activities. Investments include any cash held within the investment portfolio.

Support and revenue: Unconditional contributions are recognized as revenue upon receipt or when unconditional promises to give are received. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. There are no conditional revenues for the year ended December 31, 2020, and no additional revenues to be earned on various conditional grants.

Functional allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited. The Foundation's program function consists of any grant amounts appropriated from the endowment and provided to IOCC. All other expenses are supporting functions categorized as management and general expenses that help to manage the assets of the Foundation.

Income taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no unrelated business income for the year ended December 31, 2020.

The Foundation has adopted the accounting standard for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Generally, the Foundation is no longer subject to income tax examinations for the U.S federal, state or local tax authorities before 2017.

Prior year information: The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a “Public Health Emergency of International Concern” and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantine in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. It is unknown how long these conditions will last and what the complete financial effect will be on the Foundation. The extent of the impact of COVID-19 on the Foundation’s operations and financial performance are uncertain and cannot be predicted. Management is continually monitoring the impact of COVID-19.

Subsequent events: The Foundation has evaluated subsequent events through April 14, 2021, which is the date the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

Investments at December 31, 2020, consist of the following:

Exchange-traded funds (ETFs)	\$ 2,309,665
Mutual funds	970,098
Cash	40,858
	<u>\$ 3,320,621</u>

Investment income for the year ended December 31, 2020, consists of the following:

Realized and unrealized gains, net	\$ 258,132
Interest and dividends	85,061
	<u>343,193</u>
Investment fees	(11,132)
	<u>\$ 332,061</u>

The Foundation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a 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). Inputs are broadly defined under the guidance as assumptions that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the guidance are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. Listed equities and holdings in mutual funds and EFTs are types of investments included in Level 1.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives. There were no Level 2 investments at December 31, 2020.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. There were no Level 3 investments at December 31, 2020.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2020:

Description	Assets at Fair Value as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Exchange-traded funds (ETFs):				
Domestic equity	\$ 1,193,092	\$ 1,193,092	\$ -	\$ -
Foreign equity	814,973	814,973	-	-
Foreign real estate	113,312	113,312	-	-
Commodities	99,368	99,368	-	-
Domestic real estate	88,920	88,920	-	-
	<u>2,309,665</u>	<u>2,309,665</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Domestic bond	541,794	541,794	-	-
Foreign bond	239,237	239,237	-	-
Domestic equity and bond	107,225	107,225	-	-
Global bond	81,842	81,842	-	-
	<u>970,098</u>	<u>970,098</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,279,763</u>	<u>\$ 3,279,763</u>	<u>\$ -</u>	<u>\$ -</u>

Cash is excluded from the fair value hierarchy as cash is generally measured at cost. As such, \$40,858 of cash held in investments at December 31, 2020, has been excluded from this table.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 3. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods for the year ended December 31, 2020

	Balance December 31, 2019	Additions/ Income	Releases	Balance December 31, 2020
Subject to expenditure for specific purpose or period:				
Kosovo	\$ -	\$ 1,000	\$ (1,000)	\$ -
	-	1,000	(1,000)	-
Subject to spending policy and appropriation:				
Styliades Fund	1,644,396	346,802	(35,558)	1,955,640
Anthony Fund	570,353	61,238	(15,658)	615,933
Spiris Fund	475,024	51,003	(13,041)	512,986
Tsakalos Fund	161,233	22,380	(4,255)	179,358
Panos Fund	52,508	5,638	(1,442)	56,704
	2,903,514	487,061	(69,954)	3,320,621
Total net assets with donor restrictions	\$ 2,903,514	\$ 488,061	\$ (70,954)	\$ 3,320,621

Net assets of \$70,954 were released from restrictions for the year ending December 31, 2020.

Note 4. Endowment

The Board of Directors of the Foundation has interpreted the Delaware-enacted version of the 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 Foundation classifies as net assets with donor restrictions subject to spending policy and appropriation: (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment and (c) accumulations to the restricted endowment made in accordance with the direction of 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 net assets with donor restrictions subject to spending policy and appropriation is classified as net assets with donor restrictions subject to expenditure for a specific purpose or period, until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the Foundation and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effects of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of the Foundation
- g) The investment policies of the Foundation

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 4. Endowment (Continued)

The Foundation adopted an investment and spending policy to achieve security of principal and maximum compatible return, including income and appreciation for the long-term. Safety of principal is of primary importance with a policy that targets a diversified asset allocation that places a greater emphasis to achieve its long-term objectives within prudent risk constraints. The Foundation has a preference for lower costs and appropriate oversight.

The Foundation has adopted investment and spending policies for restricted cash contributions related to contributions to be invested in perpetuity that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. All earnings from these funds are reflected as net assets with donor restrictions until appropriated by the Board of Directors for program expenditures.

Endowment fund activity for the year ended December 31, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 2,903,514	\$ 2,903,514
Investment return:			
Interest and dividends	-	85,061	85,061
Realized and unrealized gains, net	-	258,132	258,132
Investment fees	-	(11,132)	(11,132)
Contributions	-	155,000	155,000
Appropriations	-	(69,954)	(69,954)
Endowment net assets, end of the year	<u>\$ -</u>	<u>\$ 3,320,621</u>	<u>\$ 3,320,621</u>

Note 5. Availability of Assets

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure in one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following represents the Foundation's financial assets at December 31, 2020:

Cash	\$ 34,896
Investments	<u>3,320,621</u>
Total financial assets	3,355,517
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions, net of 2021 appropriations (\$78,000)	<u>(3,242,621)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 112,896</u>