

**CONCORDIA SUMMIT, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Concordia Summit, Inc.

We have audited the accompanying financial statements of Concordia Summit, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Concordia Summit, Inc. as of December 31, 2018 and 2017, and the changes in its net asset and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 9 to the financial statements, in March 2020 the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Concordia Summit, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
May 7, 2020

**CONCORDIA SUMMIT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents (Notes 1c and 7)	\$ 15,137	\$ 98,296
Contributions receivable (Notes 1e and 4)		
Without donor restrictions	300,000	-
With donor restrictions	1,325,000	1,650,000
Accounts receivable	61,500	17,000
Prepaid expenses and other current assets	5,644	5,755
Security deposit	29,600	22,100
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5)	34,818	42,455
<b>Total Assets</b>	<b>\$1,771,699</b>	<b>\$1,835,606</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 824,479	\$1,081,266
Deferred revenue (Note 1g)	168,749	215,053
Total Liabilities	993,228	1,296,319
Commitment (Note 6)		
Net Assets (Deficit)		
Without donor restrictions (Note 1a)	(546,529)	(1,110,713)
With donor restrictions (Note 3)	1,325,000	1,650,000
Total Net Assets	778,471	539,287
<b>Total Liabilities and Net Assets</b>	<b>\$1,771,699</b>	<b>\$1,835,606</b>

See notes to financial statements.

## CONCORDIA SUMMIT, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Support		
Contributions (Note 1a)	\$1,856,301	\$3,677,784
In-kind speaker fees (Note 1f)	2,567,000	2,486,500
Donated services and materials (Notes 1f and 8)	40,193	108,593
Membership (Note 1g)	583,822	406,922
Summit ticket sales	103,347	38,700
Program participant fees	434,671	186,105
Other income	2,008	50
	<u>5,587,342</u>	<u>6,904,654</u>
Net assets released from restrictions		
Satisfaction of time restrictions	1,650,000	-
	<u>1,650,000</u>	<u>-</u>
Total Revenue and Support	<u>7,237,342</u>	<u>6,904,654</u>
Expenses		
Program Services	<u>6,074,471</u>	<u>7,325,327</u>
Supporting Services		
Management and general	438,111	627,609
Fundraising	160,576	234,780
Total Supporting Services	<u>598,687</u>	<u>862,389</u>
Total Expenses	<u>6,673,158</u>	<u>8,187,716</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>564,184</u>	<u>(1,283,062)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions (Note 1a)	1,325,000	1,650,000
Net assets released from restrictions	<u>(1,650,000)</u>	<u>-</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(325,000)</u>	<u>1,650,000</u>
Increase in net assets	239,184	366,938
Net assets, beginning of year	<u>539,287</u>	<u>172,349</u>
<b>Net Assets End of Year</b>	<u><u>\$ 778,471</u></u>	<u><u>\$ 539,287</u></u>

See notes to financial statements.

## CONCORDIA SUMMIT, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017			Total Expenses
	Program Services	Supporting Services Management and General	Fundraising	Program Services	Supporting Services Management and General	Fundraising	
Salaries	\$ 428,316	\$ 205,722	\$ 90,080	\$ 580,862	\$ 278,991	\$ 122,163	\$ 982,016
Payroll taxes and employee benefits	104,723	50,299	22,025	128,643	61,788	27,055	217,486
Professional fees	1,578,610	22,273	779	1,580,421	29,611	2,124	1,612,156
Donated speaker fees	2,567,000	-	-	2,486,500	-	-	2,486,500
Advertising	10,488	5,038	2,206	120,427	57,842	25,327	203,596
Audio visual	45,251	-	-	517,541	-	-	517,541
Photography	35,108	-	-	39,900	-	-	39,900
Catering	644,504	24,255	-	884,764	25,905	-	910,669
Research	-	-	-	1,776	-	-	1,776
Internships	32,495	-	-	38,323	-	-	38,323
Office expense	22,310	7,025	3,076	79,792	7,213	3,158	90,163
Information technology	59,996	28,817	12,618	132,912	63,838	27,954	224,704
Travel	253,482	-	-	284,558	-	-	284,558
Meetings	942	-	-	1,279	-	-	1,279
Insurance	6,105	2,933	1,284	2,749	1,321	578	4,648
Occupancy	113,136	54,340	23,793	110,755	53,196	23,293	187,244
Venue rental	141,613	-	-	252,227	-	-	252,227
Printed materials	7,965	-	-	67,026	-	-	67,026
Bank charges and credit card fees	-	10,194	-	-	24,774	-	24,774
Miscellaneous	22,427	10,776	4,715	14,872	6,789	3,128	24,789
Total expenses before depreciation	6,074,471	421,672	160,576	7,325,327	611,268	234,780	8,171,375
Depreciation	-	16,439	-	-	16,341	-	16,341
Total Expenses	<u>\$6,074,471</u>	<u>\$ 438,111</u>	<u>\$ 160,576</u>	<u>\$7,325,327</u>	<u>\$ 627,609</u>	<u>\$ 234,780</u>	<u>\$8,187,716</u>

See notes to financial statements.

## CONCORDIA SUMMIT, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$239,184	\$366,938
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	16,439	16,341
(Increase) decrease in:		
Contributions receivable	25,000	(841,000)
Accounts receivable	(44,500)	(17,000)
Prepaid expenses and other current assets	111	(1,704)
Security deposit	(7,500)	6,700
Increase (decrease) in:		
Accounts payable and accrued expenses	(256,787)	214,365
Deferred revenue	(46,304)	163,753
Net Cash Used By Operating Activities	<u>(74,357)</u>	<u>(91,607)</u>
 <b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	<u>(8,802)</u>	<u>(1,633)</u>
 <b>Cash Flows From Financing Activities</b>		
Proceeds from loan from related party	-	-
Repayment of loan from related party	<u>-</u>	<u>(250,000)</u>
Net Cash Used By Financing Activities	<u>-</u>	<u>(250,000)</u>
 Net decrease in cash and cash equivalents	(83,159)	(343,240)
Cash and cash equivalents, beginning of year	<u>98,296</u>	<u>441,536</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 15,137</u>	<u>\$ 98,296</u>

See notes to financial statements.

**CONCORDIA SUMMIT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Concordia Summit, Inc. (the "Organization") is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to build public-private partnerships to ensure the security and sustainability of communities around the world. Each year the Organization convenes an annual meeting of executives, current and former heads of state, and non-governmental organization ("NGO") leaders to facilitate the building of partnerships that address the most pressing issues of our time.

During 2018, the Organization received approximately 46% of total contributions from the company of one Board member. During 2017, the Organization received approximately 89% of total contributions from the company of one Board member, one corporation and one foundation. Since December 31, 2018, the Organization continues to receive a substantial portion of its support from the Board member's company, pursuant to a memorandum of understanding, to provide the funding to meet its obligations.

b - Financial Statement Presentation

The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with an initial maturity of three months or less, to be cash equivalents.



**CONCORDIA SUMMIT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful life of the related asset.

e - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. Such allowance, if any, is based on prior years' experience and management's analysis of specific promises made.

f - Donated Services

The Organization's donated services consist primarily of speaker fees in connection with its meetings and events. The value of these services is estimated by the Organization based on the market value of the similar services provided by the donor. Donated services are recognized as in-kind donations if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

g - Deferred Revenue

The portion of membership revenue which relates to benefits provided to members is deferred upon receipt and is then recognized in the period that those membership benefits are provided by the Organization.

h - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs, fundraising and supporting services. These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and payroll taxes and employee benefits, advertising, office expenses, information technology, insurance, occupancy and miscellaneous expenses, which are allocated based on estimates of employee time and effort.

**CONCORDIA SUMMIT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

i - Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

j - Tax Status

Concordia Summit, Inc. is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

k - Subsequent Events

The Organization has evaluated subsequent events through May 7, 2020, the date that the financial statements are considered available to be issued.

l - Recent Accounting Pronouncements

The Organization adopted Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2017.

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. Annual revenues are comprised of contributions raised during the current year, membership fees, summit ticket sales and program participant fees. General expenditures consist of expenses related to ongoing program activities and management and general and fundraising activities undertaken to support those services. The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations.

**CONCORDIA SUMMIT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of December 31, 2018, and those available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 15,137
Contributions receivable	1,625,000
Accounts receivable	<u>61,500</u>
Total Financial Assets	1,701,637
Less: Amounts not Available to be Used within One Year:	
Net assets subject to expenditure for specified purposes or periods	(1,325,000)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>1,325,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,701,637</u>

**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, 2018 and 2017 are subject to restrictions for specific purposes or passage of time.

**Note 4 - Contributions Receivable**

Contributions receivable are substantially all from a single donor and are due within one year. Uncollectible contributions receivable are expected to be insignificant.

**CONCORDIA SUMMIT, INC.**  
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**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Website	5 years	\$58,668	\$51,498
Computers and equipment	5 years	31,000	29,368
Furniture	5 years	<u>2,648</u>	<u>2,648</u>
		92,316	83,514
Less: Accumulated depreciation		<u>(57,498)</u>	<u>(41,059)</u>
Total		<u>\$34,818</u>	<u>\$42,455</u>

**Note 6 - Commitment**

The Organization occupies office space under various short-term leases. Rent expense totaled \$191,269 and \$171,206 during the years ended December 31, 2018 and 2017.

**Note 7 - Concentration of Credit Risk**

The Organization maintains its cash balances at financial institutions located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances, at times, may exceed federally insured limits.

**Note 8 - Donated Services and Materials**

Donated services and materials for the years ended December 31, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Donated services	\$ -	\$ 65,000
Donated materials	<u>40,193</u>	<u>43,593</u>
	<u>\$40,193</u>	<u>\$108,593</u>

**CONCORDIA SUMMIT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 9 - Subsequent Event**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Management is currently evaluating the potential impact that the resulting economic uncertainties may have on its revenue streams. Although the Organization has suspended some of its in-person convenings in compliance with state and local governmental authorities, it does continue to provide its mission-driven content to its community via virtual platforms.