

CONCORDIA SUMMIT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



LUTZ AND CARR

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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, 2019 and 2018, 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, 2019 and 2018, 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 8 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
August 24, 2020

CONCORDIA SUMMIT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Cash and cash equivalents (Notes 1c and 7)	\$ 34,005	\$ 15,137
Contributions receivable (Notes 1e and 4)		
Without donor restrictions	205,000	300,000
With donor restrictions	1,200,000	1,325,000
Accounts receivable	183,156	61,500
Prepaid expenses and other current assets	46,471	5,644
Security deposit	18,416	29,600
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5)	29,930	34,818
Total Assets	\$1,716,978	\$1,771,699
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 802,424	\$ 824,479
Deferred revenue (Note 1g)	303,436	168,749
Total Liabilities	1,105,860	993,228
Commitment and Contingency (Notes 6 and 9)		
Net Assets (Deficit)		
Without donor restrictions (Note 1a)	(588,882)	(546,529)
With donor restrictions (Note 3)	1,200,000	1,325,000
Total Net Assets	611,118	778,471
Total Liabilities and Net Assets	\$1,716,978	\$1,771,699

See notes to financial statements.

CONCORDIA SUMMIT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions (Note 1a)	\$1,936,714	\$1,856,301
In-kind speaker fees (Note 1f)	2,407,000	2,567,000
Donated materials	-	40,193
Membership (Note 1g)	503,993	583,822
Summit ticket sales	82,187	103,347
Program participant fees	727,263	434,671
Other income	3	2,008
	<u>5,657,160</u>	<u>5,587,342</u>
Net assets released from restrictions		
Satisfaction of time restrictions	<u>1,325,000</u>	<u>1,650,000</u>
Total Revenue and Support	<u>6,982,160</u>	<u>7,237,342</u>
Expenses		
Program Services	<u>6,087,724</u>	<u>6,074,471</u>
Supporting Services		
Management and general	626,904	438,111
Fundraising	309,885	160,576
Total Supporting Services	<u>936,789</u>	<u>598,687</u>
Total Expenses	<u>7,024,513</u>	<u>6,673,158</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(42,353)</u>	<u>564,184</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 1a)	1,200,000	1,325,000
Net assets released from restrictions	<u>(1,325,000)</u>	<u>(1,650,000)</u>
Decrease in Net Assets With Donor Restrictions	<u>(125,000)</u>	<u>(325,000)</u>
Increase (decrease) in net assets	(167,353)	239,184
Net assets, beginning of year	<u>778,471</u>	<u>539,287</u>
Net Assets End of Year	<u><u>\$ 611,118</u></u>	<u><u>\$ 778,471</u></u>

See notes to financial statements.

CONCORDIA SUMMIT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018				
	Program Services	Supporting Services Management and General	Fundraising	Total Expenses	Program Services	Supporting Services Management and General	Fundraising	Total Expenses
Salaries	\$ 408,334	\$ 299,110	\$ 208,104	\$ 915,548	\$ 428,316	\$ 205,722	\$ 90,080	\$ 724,118
Payroll taxes and employee benefits	94,816	69,455	48,322	212,593	104,723	50,299	22,025	177,047
Professional fees	1,392,681	103,573	636	1,496,890	1,578,610	22,273	779	1,601,662
Donated speaker fees	2,407,000	-	-	2,407,000	2,567,000	-	-	2,567,000
Membership referral fees	22,125	-	-	22,125	-	-	-	-
Advertising	9,853	7,217	5,022	22,092	10,488	5,038	2,206	17,732
Audio visual	298,467	-	-	298,467	45,251	-	-	45,251
Photography	36,540	-	-	36,540	35,108	-	-	35,108
Catering	863,983	33,907	-	897,890	644,504	24,255	-	668,759
Research	-	115	-	115	-	-	-	-
Internships	25,946	-	-	25,946	32,495	-	-	32,495
Office expense	47,623	10,116	7,039	64,778	22,310	7,025	3,076	32,411
Information technology	22,233	16,285	11,331	49,849	59,996	28,817	12,618	101,431
Travel	290,867	-	-	290,867	253,482	-	-	253,482
Meetings	4,231	-	-	4,231	942	-	-	942
Insurance	8,455	6,193	4,309	18,957	6,105	2,933	1,284	10,322
Occupancy	45,158	33,079	23,014	101,251	113,136	54,340	23,793	191,269
Venue rental	49,305	-	-	49,305	141,613	-	-	141,613
Printed materials	55,970	-	-	55,970	7,965	-	-	7,965
Bank charges and credit card fees	-	28,779	-	28,779	-	10,194	-	10,194
Miscellaneous	4,137	3,031	2,108	9,276	22,427	10,776	4,715	37,918
Total expenses before depreciation	6,087,724	610,860	309,885	7,008,469	6,074,471	421,672	160,576	6,656,719
Depreciation	-	16,044	-	16,044	-	16,439	-	16,439
Total Expenses	<u>\$6,087,724</u>	<u>\$ 626,904</u>	<u>\$ 309,885</u>	<u>\$7,024,513</u>	<u>\$6,074,471</u>	<u>\$ 438,111</u>	<u>\$ 160,576</u>	<u>\$6,673,158</u>

See notes to financial statements.

CONCORDIA SUMMIT, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(167,353)	\$239,184
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	16,044	16,439
(Increase) decrease in:		
Contributions receivable	220,000	25,000
Accounts receivable	(121,656)	(44,500)
Prepaid expenses and other current assets	(40,827)	111
Security deposit	11,184	(7,500)
Increase (decrease) in:		
Accounts payable and accrued expenses	(22,055)	(256,787)
Deferred revenue	134,687	(46,304)
Net Cash Provided (Used) By Operating Activities	<u>30,024</u>	<u>(74,357)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	<u>(11,156)</u>	<u>(8,802)</u>
Net increase (decrease) in cash and cash equivalents	18,868	(83,159)
Cash and cash equivalents, beginning of year	<u>15,137</u>	<u>98,296</u>
Cash and Cash Equivalents, End of Year	<u>\$ 34,005</u>	<u>\$ 15,137</u>

See notes to financial statements.

CONCORDIA SUMMIT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 2019 and 2018, the Organization received approximately 43% and 46%, respectively of total contributions from the company of one Board member. For the year ended December 31, 2020, 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, 2019 AND 2018

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
DECEMBER 31, 2019 AND 2018

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

i - Estimates

The preparation of 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.

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 August 24, 2020, the date that the financial statements are considered available to be issued.

l - New Accounting Pronouncement

For 2019, the Organization has adopted Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. The ASU clarifies and improves the current guidance about whether a transfer of assets is a contribution or exchange transaction. In addition, the ASU requires that an entity determine whether an agreement includes a measurable performance-related barrier that must be overcome and either a right of return of assets transferred or a release of a promisor's obligation to transfer assets. Analysis of the provisions of the ASU resulted in no significant changes in the way the Organization recognizes revenue.

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
DECEMBER 31, 2019 AND 2018

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of December 31, 2019 and 2018, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 34,005	\$ 15,137
Contributions receivable	1,405,000	1,625,000
Accounts receivable	<u>183,156</u>	<u>61,500</u>
Total Financial Assets	1,622,161	1,701,637
Less: Amounts not Available to be Used within One Year:		
Net assets subject to expenditure for specified purposes purposes or periods	(1,200,000)	(1,325,000)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>1,200,000</u>	<u>1,325,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,622,161</u>	<u>\$ 1,701,637</u>

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 are subject to restrictions for 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.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Website	5 years	\$ 63,448	\$58,668
Computers and equipment	5 years	37,376	31,000
Furniture	5 years	<u>2,648</u>	<u>2,648</u>
		103,472	92,316
Less: Accumulated depreciation		<u>(73,542)</u>	<u>(57,498)</u>
Total		<u>\$ 29,930</u>	<u>\$34,818</u>

Note 6 - Commitment

The Organization occupies office space under various short-term leases. Rent expense totaled \$101,201 and \$191,269 during the years ended December 31, 2019 and 2018.

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 - 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.

CONCORDIA SUMMIT, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 8 - Subsequent Event (continued)

On May 4, 2020, the Organization received a loan totaling \$190,873 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum and may be forgiven if the Organization meets certain employee retention requirements, and the funds are used for eligible expenses.