

HANDWERGER, CARDEGNA, FUNKHOUSER & LURMAN, P.A.
Certified Public Accountants • Business Consultants

**INSTITUTE FOR ISLAMIC, CHRISTIAN,
AND JEWISH STUDIES, INC.**

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021



INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

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To the Board of Trustees
Institute for Islamic, Christian, and Jewish Studies, Inc.
Baltimore, Maryland

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Institute for Islamic, Christian, and Jewish Studies, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audits. 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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

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To the Board of Trustees
Institute for Islamic, Christian, and Jewish Studies, Inc.
Baltimore, Maryland

In performing our audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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.

Handwerger, Cardegna, Funkhouser & Lurman, P.A.

Handwerger, Cardegna, Funkhouser & Lurman, P.A.
Timonium, Maryland
November 16, 2022

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 859,375	\$ 1,114,328
Pledges receivable, net	273,261	289,000
Prepaid expenses	7,713	10,202
Total Current Assets	<u>1,140,349</u>	<u>1,413,530</u>
Property and Equipment	2,360,142	2,329,734
Less accumulated depreciation	<u>847,783</u>	<u>787,934</u>
Property and Equipment, Net	<u>1,512,359</u>	<u>1,541,800</u>
Other Assets		
Cash and cash equivalents	559,096	558,144
Pledges receivable, net	460,266	546,182
Long-term investments	<u>20,429,616</u>	<u>23,947,288</u>
Total Other Assets	<u>21,448,978</u>	<u>25,051,614</u>
Total Assets	<u>\$ 24,101,686</u>	<u>\$ 28,006,944</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 16,817	\$ 6,435
Accrued expenses	33,676	12,634
Deferred income	<u>39,000</u>	<u>8,000</u>
Total Current Liabilities	<u>89,493</u>	<u>27,069</u>
Net Assets		
Without Donor Restrictions		
Undesignated	808,890	1,136,579
Designated - working capital reserve	559,096	558,144
Designated - endowments	12,324,877	14,458,897
Invested in property and equipment	<u>1,512,359</u>	<u>1,541,800</u>
Total Net Assets Without Donor Restrictions	<u>15,205,222</u>	<u>17,695,420</u>
With Donor Restrictions		
Specific projects	143,263	109,263
Endowments	<u>8,663,708</u>	<u>10,175,192</u>
Total Net Assets with Donor Restrictions	<u>8,806,971</u>	<u>10,284,455</u>
Total Net Assets	<u>24,012,193</u>	<u>27,979,875</u>
Total Liabilities and Net Assets	<u>\$ 24,101,686</u>	<u>\$ 28,006,944</u>

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

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Contributions and grants	\$ 404,821	\$ 243,000	\$ 647,821
Speaker and writer fees	3,475	-	3,475
Net investment return	<u>(1,695,122)</u>	<u>(1,256,907)</u>	<u>(2,952,029)</u>
	(1,286,826)	(1,013,907)	(2,300,733)
Net Assets Released from Restrictions			
Satisfied by payments	<u>463,577</u>	<u>(463,577)</u>	<u>-</u>
Total Support and Revenues	<u>(823,249)</u>	<u>(1,477,484)</u>	<u>(2,300,733)</u>
Expenses			
Program	1,226,186	-	1,226,186
Management and general	314,022	-	314,022
Fundraising	<u>126,741</u>	<u>-</u>	<u>126,741</u>
Total Expenses	<u>1,666,949</u>	<u>-</u>	<u>1,666,949</u>
Change in Net Assets	(2,490,198)	(1,477,484)	(3,967,682)
Net Assets - Beginning of Year	<u>17,695,420</u>	<u>10,284,455</u>	<u>27,979,875</u>
Net Assets - End of Year	<u>\$ 15,205,222</u>	<u>\$ 8,806,971</u>	<u>\$ 24,012,193</u>

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

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and grants	\$ 510,750	\$ 70,673	\$ 581,423
Gain on forgiveness of Paycheck Protection Program loan	137,470	-	137,470
Net investment return	<u>3,553,301</u>	<u>2,936,958</u>	<u>6,490,259</u>
	4,201,521	3,007,631	7,209,152
Net Assets Released from Restrictions			
Satisfied by payments	<u>330,160</u>	<u>(330,160)</u>	<u>-</u>
Total Support and Revenues	<u>4,531,681</u>	<u>2,677,471</u>	<u>7,209,152</u>
Expenses			
Program	983,410	-	983,410
Management and general	228,642	-	228,642
Fundraising	<u>198,944</u>	<u>-</u>	<u>198,944</u>
Total Expenses	<u>1,410,996</u>	<u>-</u>	<u>1,410,996</u>
Change in Net Assets	3,120,685	2,677,471	5,798,156
Net Assets - Beginning of Year	<u>14,574,735</u>	<u>7,606,984</u>	<u>22,181,719</u>
Net Assets - End of Year	<u>\$ 17,695,420</u>	<u>\$ 10,284,455</u>	<u>\$ 27,979,875</u>

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

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Statement of Functional Expenses Year Ended June 30, 2022

	Program	Management and General	Fundraising	Total
Bank charges	\$ -	\$ 7,644	\$ -	\$ 7,644
Community involvement	-	2,430	-	2,430
Compliance	-	-	3,435	3,435
Depreciation	38,902	13,167	7,780	59,849
Employee benefits	72,118	13,252	7,626	92,996
Food and beverage	7,162	2,149	30	9,341
Honoraria	77,775	-	-	77,775
Insurance	-	5,494	-	5,494
Miscellaneous	434	2,832	-	3,266
Payroll taxes	59,887	11,004	6,332	77,223
Postage	-	3,132	541	3,673
Printing	6,815	1,254	502	8,571
Professional and consulting fees	86,416	70,390	3,722	160,528
Professional development	7,247	1,900	355	9,502
Public relations	7,486	652	42	8,180
Repairs and maintenance	14,396	4,873	2,879	22,148
Salaries	788,573	144,902	83,382	1,016,857
Supplies and materials	9,083	17,468	7,671	34,222
Taxes	-	1,052	-	1,052
Telephone	6,546	2,216	1,310	10,072
Travel	37,479	6,293	-	43,772
Utilities	5,867	1,918	1,134	8,919
Total Expenses	\$ 1,226,186	\$ 314,022	\$ 126,741	\$ 1,666,949

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Statement of Functional Expenses Year Ended June 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 1,248	\$ 561	\$ 247	\$ 2,056
Community involvement	1,918	1,051	461	3,430
Compliance	2,030	1,112	488	3,630
Depreciation	31,970	17,511	7,689	57,170
Employee benefits	48,719	10,296	10,713	69,728
Food and beverage	1,150	207	91	1,448
Honoraria	61,325	-	-	61,325
Insurance	3,991	2,186	960	7,137
Miscellaneous	4,611	2,299	1,009	7,919
Payroll taxes	45,801	9,679	10,072	65,552
Postage	1,692	927	406	3,025
Printing	6,496	3,268	1,435	11,199
Professional and consulting fees	50,510	15,332	6,733	72,575
Professional development	2,990	1,638	719	5,347
Public relations	1,550	-	-	1,550
Repairs and maintenance	10,787	5,909	2,595	19,291
Salaries	680,813	143,879	149,710	974,402
Supplies and materials	14,069	6,357	2,792	23,218
Taxes	589	322	142	1,053
Telephone	7,239	3,965	1,741	12,945
Utilities	3,912	2,143	941	6,996
Total Expenses	\$ 983,410	\$ 228,642	\$ 198,944	\$ 1,410,996

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (3,967,682)	\$ 5,798,156
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	59,849	57,170
Gain on forgiveness of Paycheck Protection Program loan	-	(137,470)
Change in present value of pledges receivable	(19,084)	(33,551)
Realized gain on investments	(344,349)	(548,634)
Unrealized loss (gain) on investments	4,026,092	(5,339,550)
Partnership earnings	(388,787)	(296,992)
Contributions restricted for long-term investment	(50,000)	-
Decrease (increase) in operating assets		
Pledges receivable	120,739	489,300
Prepaid expenses	2,489	(798)
Increase in operating liabilities		
Accounts payable	10,382	6,435
Accrued expenses	21,042	1,214
Deferred income	31,000	3,500
Net Cash Used in Operating Activities	<u>(498,309)</u>	<u>(1,220)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(30,408)	(6,540)
Purchase of investments	(3,250,282)	(4,854,464)
Proceeds from sale of investments	3,797,382	4,911,964
Reinvested interest and dividends	(361,473)	(314,805)
Investment management fees	39,089	30,283
Net Cash Provided by (Used in) Investing Activities	<u>194,308</u>	<u>(233,562)</u>
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	-	137,470
Contributions restricted for long-term investment	50,000	-
Net Cash Provided by Financing Activities	<u>50,000</u>	<u>137,470</u>
Net Change in Cash and Cash Equivalents	<u>(254,001)</u>	<u>(97,312)</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,672,472</u>	<u>1,769,784</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,418,471</u>	<u>\$ 1,672,472</u>
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ 137,470</u>

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

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Institute for Islamic, Christian, and Jewish Studies, Inc. (the "Organization") was formed in 1987 and is a non-stock, non-profit educational organization. The Organization currently engages the different Christian denominations and branches of Judaism and Islam in Maryland, and nationally, in a wide variety of programs designed to address the issue of intolerance so that religious institutions and their members may better serve the common good of all people. The Organization derives the majority of its support from other non-profit organizations and individuals in the Baltimore metropolitan area. Consequently, the Organization's ability to collect support is affected by the economic fluctuations in this area.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Deferred Income

Payments that are received for programs and initiatives that will occur in future years are treated as deferred income.

Collections

The Organization has adopted a policy of not capitalizing the collection of books and artwork in its financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in net assets when received.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all monies in banks and highly liquid debt instruments purchased with an initial maturity of three months or less that are not held as long-term investments to be cash and cash equivalents.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges less an allowance for uncollectible amounts and net of a present value discount are recorded as contribution revenue and pledges receivable in the year made. The Organization provides an allowance for uncollectible accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of pledges receivable. Management contends that all pledges receivable as of June 30, 2022 and 2021, are fully collectible; therefore, an allowance for uncollectible accounts was deemed unnecessary.

Contributions/Recognition of Donor Restrictions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grant Revenue Recognition

Grant revenue is earned when the Organization has incurred expenses related to a specific grant. Grant revenue that has been received, but not expended, is recorded within deferred income.

Investments

Investments are reported at cost if purchased or at fair value if donated. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return is reported in the Statements of Activities and consists of interest and dividend income, partnership earnings, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment return is recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and Equipment

Property and equipment are carried at cost if purchased or, if donated, at the approximate fair value at the date of donation. Expenditures for maintenance and repairs are charged against operations. The Organization generally capitalizes property and equipment additions that are over \$500 and have a useful life of a year or more. The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method.

The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Equipment	5
Furniture	7
Building and improvements	39

Income Taxes

The Organization is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3) as a public charity described in Section 509(a)(1). The Organization's tax filings are subject to examination by various taxing authorities. The Organization's tax years of June 30, 2020 through June 30, 2022, remain subject to examination. There are currently no examinations for any tax periods in progress.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributable to both program and support services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The primary expenses that are allocated are salaries and employee benefits, which are allocated based on estimates of time and effort.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through November 16, 2022, the date the financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	<u>\$ 859,375</u>	<u>\$ 1,114,328</u>

As part of the Organization'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.

NOTE C - PLEDGES RECEIVABLE

Unconditional promises to give by donors of the Organization are included in the financial statements as pledges receivable. Pledges were discounted to their present value assuming their respective terms using a discount rate of 3.25 percent, compounded annually.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE C - PLEDGES RECEIVABLE (CONTINUED)

At June 30, 2022 and 2021, pledges receivable consisted of the following:

	June 30,	
	2022	2021
Receivable in less than one year	\$ 273,261	\$ 289,000
Receivable in one to five years	505,000	610,000
	778,261	899,000
Less discount to net present value	(44,734)	(63,818)
Total Pledges Receivable, Net	\$ 733,527	\$ 835,182

NOTE D - PROPERTY AND EQUIPMENT

At June 30, 2022 and 2021, property and equipment consisted of the following:

	June 30,	
	2022	2021
Furniture	\$ 122,860	\$ 115,264
Equipment	82,882	69,039
Land	279,767	279,767
Building and improvements	1,874,633	1,865,664
	2,360,142	2,329,734
Less accumulated depreciation	847,783	787,934
Property and Equipment, Net	\$ 1,512,359	\$ 1,541,800

Depreciation expense for the years ended June 30, 2022 and 2021, was \$59,849 and \$57,170, respectively.

NOTE E - COLLECTION OF BOOKS AND ARTWORK

The Organization's extensive collection of books and artwork that is on public display has not been valued. Each item in the collection is protected, cared for, and preserved. It is the policy of the Organization that proceeds from the sale of any collection items are to be used to purchase additional collection items.

NOTE F - INVESTMENTS AND NET INVESTMENT RETURN

Investments at June 30, 2022 and 2021, are as follows:

	June 30,	
	2022	2021
Limited partnerships	\$ 3,021,798	\$ 2,220,747
Money market funds	382,124	630,295
Mutual funds	17,025,694	21,096,246
Total Investments	\$ 20,429,616	\$ 23,947,288

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE F - INVESTMENTS AND NET INVESTMENT RETURN (CONTINUED)

Net investment return for the years ended June 30, 2022 and 2021, consisted of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 380,016	\$ 335,366
Realized gains	344,349	548,634
Unrealized (losses) gains	(4,026,092)	5,339,550
Partnership earnings	388,787	296,992
Investment management fees	(39,089)	(30,283)
Net Investment Return	<u>\$ (2,952,029)</u>	<u>\$ 6,490,259</u>

NOTE G - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Level 1 Fair Value Measurements

These include mutual funds. The values of the mutual funds are based on quoted net asset values of the shares held by the Organization at year end.

Level 2 Fair Value Measurements

These include money market funds. The values of the money market funds are based on yields currently available on comparable securities.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Measured at Net Asset Value or Its Equivalent

The Organization invests in various investments that are valued based upon a net asset value per share (“NAV”) or its equivalent (such as an ownership interest in partners’ capital to which a proportionate share of net assets is attributed). The NAV or its equivalent is used as a practical expedient to estimate fair value. The NAV or its equivalent is based on the fair value of the underlying investments held by each investment less its liabilities. This practical expedient is not used when it is determined to be probable that the Organization will sell the investment for an amount different than the reported NAV or its equivalent.

Transfers Between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between levels in the years ended June 30, 2022 and 2021.

Fair value of assets measured on a recurring basis at June 30, 2022 and 2021, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2022				
Assets in the Fair Value Hierarchy				
Money Market Funds	<u>\$ -</u>	<u>\$ 382,124</u>	<u>\$ -</u>	<u>\$ 382,124</u>
Mutual Funds				
Diversified Emerging Markets	1,726,207	-	-	1,726,207
Domestic Large Blend	11,457,259	-	-	11,457,259
Domestic Large Value	941,699	-	-	941,699
Foreign Large Blend	2,440,496	-	-	2,440,496
Mid-Cap Growth	<u>460,033</u>	<u>-</u>	<u>-</u>	<u>460,033</u>
Subtotal Mutual Funds	<u>17,025,694</u>	<u>-</u>	<u>-</u>	<u>17,025,694</u>
Total Assets in the Fair Value Hierarchy	<u>\$ 17,025,694</u>	<u>\$ 382,124</u>	<u>\$ -</u>	<u>17,407,818</u>
Assets Measured at NAV or Its Equivalent				
Limited Partnerships				<u>3,021,798</u>
Total Assets Measured at NAV or Its Equivalent				<u>3,021,798</u>
Total Assets at Fair Value - June 30, 2022				<u>\$ 20,429,616</u>
June 30, 2021				
Assets in the Fair Value Hierarchy				
Money Market Funds	<u>\$ -</u>	<u>\$ 630,295</u>	<u>\$ -</u>	<u>\$ 630,295</u>
Mutual Funds				
Diversified Emerging Markets	2,634,070	-	-	2,634,070
Domestic Large Blend	14,681,670	-	-	14,681,670
Foreign Large Blend	3,123,824	-	-	3,123,824
Mid-Cap Growth	<u>656,682</u>	<u>-</u>	<u>-</u>	<u>656,682</u>
Subtotal Mutual Funds	<u>21,096,246</u>	<u>-</u>	<u>-</u>	<u>21,096,246</u>
Total Assets in the Fair Value Hierarchy	<u>\$ 21,096,246</u>	<u>\$ 630,295</u>	<u>\$ -</u>	<u>21,726,541</u>
Assets Measured at NAV or Its Equivalent				
Limited Partnerships				<u>2,220,747</u>
Total Assets Measured at NAV or Its Equivalent				<u>2,220,747</u>
Total Assets at Fair Value - June 30, 2021				<u>\$ 23,947,288</u>

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes investments measured based on net asset value per share or its equivalent as of June 30, 2022 and 2021:

<u>Investment</u>	<u>June 30, 2022</u> <u>Fair Value</u>	<u>June 30, 2021</u> <u>Fair Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
GEMS Fund 5					
Int'l L.P. (1)	\$ 67,036	\$ 80,400	\$ 162,350	See (1)	See (1)
AG DLI III, L.P. (2)	355,684	476,760	40,000	See (2)	See (2)
AG CS Holdings Fund, L.P. (3)	253,649	242,404	-	See (3)	See (3)
Thorofare Asset Based					
Lending Fund V, L.P. (4)	503,759	501,227	-	See (4)	See (4)
Golub Capital Partners					
Int'l. 12, L.P. (5)	449,075	309,007	50,000	See (5)	See (5)
Panco Strategic Real Estate					
Fund IV LP (6)	670,518	528,089	-	See (6)	See (6)
Perceptive Credit Opportunities					
Offshore Fund III, LP (7)	186,863	82,860	85,242	See (7)	See (7)
AG CS Holdings Fund II, L.P. (8)	53,017	-	193,750	See (8)	See (8)
FPA WhiteHawk III					
Onshore Fund, L.P. (9)	252,978	-	52,566	See (9)	See (9)
Panco Strategic Real Estate					
Fund V-R, LP (10)	229,219	-	272,849	See (10)	See (10)
Total	\$ 3,021,798	\$ 2,220,747	\$ 856,757		

(1) The objective of this investment is to invest in the senior secured floating rate debt of large, predominantly U.S. companies with strong credit fundamentals whose debt is trading at deep discounts to intrinsic value and conservative assessments of underlying cash flows. Currently, no redemptions are allowed to be made from this investment.

(2) The objective of this investment is to capitalize on investment opportunities available in middle market direct lending. Currently, no redemptions are allowed to be made from this investment.

(3) The objective of this investment is to invest in the debt of stressed companies in North America and Europe by proactively providing creatively structured capital solutions to resolve their unique financial or operational issues. Currently, no redemptions are allowed to be made from this investment.

(4) The objective of this investment is to make, hold, purchase, service, and dispose of investments in loans that are associated with real estate collateralized assets. Currently, no redemptions are allowed to be made from this investment.

(5) The objective of this investment is to deliver consistent, long-term investment performance with an emphasis on income and capital preservation by originating and investing in loans to middle-market companies. Currently, no redemptions are allowed to be made from this investment.

(6) The objective of this investment is to acquire cash-flowing, multifamily apartments in high growth markets. Currently, no redemptions are allowed to be made from this investment.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

- (7) The objective of this investment is to provide senior-secured, first-lien loans to both public and private, small and mid-cap commercial stage life sciences companies. Currently, no redemptions are allowed to be made from this investment.
- (8) The objective of this investment is to invest in the debt of stressed companies in North America and Europe by proactively providing creatively structured capital solutions to resolve their unique financial or operational issues. Currently, no redemptions are allowed to be made from this investment.
- (9) The objective of this investment is to invest in asset-based senior secured floating rate loans as well as second lien secured loans of middle-market public and private companies. Currently, no redemptions are allowed to be made from this investment.
- (10) The objective of this investment is to acquire cash-flowing, multifamily apartments in high barrier-to-entry markets. Currently, no redemptions are allowed to be made from this investment.

NOTE H - ENDOWMENTS

The Organization's endowment consists of many different funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, and certain net assets that have been designated by the Board of Trustees to function as endowments.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation 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 retains in perpetuity: (1) the initial and subsequent gifts donated to the endowment, and (2) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. The policy focuses on maintaining the purchasing power of those endowment assets over the long term. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return. Actual returns in any given year vary. Investment risk is measured in terms of the total endowment; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating up to five percent of the average market value of the total endowment for operating expenditures each year (actual appropriations were below five percent for the years ended June 30, 2022 and 2021). The average market value is calculated as the average of the last three prior fiscal year ends. In establishing this policy, the Organization considered the long-term expected return on its endowment.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE H - ENDOWMENTS (CONTINUED)

The endowment net asset composition by type of fund as of June 30, 2022 and 2021, is as follows:

	<u>June 30, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 12,324,877	\$ -	\$ 12,324,877
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	6,701,735	6,701,735
Accumulated investment gains	-	1,961,973	1,961,973
Total Endowment Net Assets	\$ 12,324,877	\$ 8,663,708	\$ 20,988,585

	<u>June 30, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 14,458,897	\$ -	\$ 14,458,897
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	6,651,735	6,651,735
Accumulated investment gains	-	3,523,457	3,523,457
Total Endowment Net Assets	\$ 14,458,897	\$ 10,175,192	\$ 24,634,089

The change in endowment net assets for the years ended June 30, 2022 and 2021, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets			
June 30, 2021	\$ 14,458,897	\$ 10,175,192	\$ 24,634,089
Investment Return, Net	(1,713,665)	(1,256,907)	(2,970,572)
Contributions	22,168	50,000	72,168
Appropriation of Endowment Assets for Expenditure	(442,523)	(304,577)	(747,100)
Endowment Net Assets			
June 30, 2022	\$ 12,324,877	\$ 8,663,708	\$ 20,988,585

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE H - ENDOWMENTS (CONTINUED)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets June 30, 2020	\$ 11,018,715	\$ 7,406,984	\$ 18,425,699
Investment Return, Net	3,532,740	2,936,958	6,469,698
Contributions	76,192	-	76,192
Appropriation of Endowment Assets for Expenditure	(168,750)	(168,750)	(337,500)
Endowment Net Assets June 30, 2021	<u>\$ 14,458,897</u>	<u>\$ 10,175,192</u>	<u>\$ 24,634,089</u>

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Specific Projects		
Congregational Leaders	\$ 58,263	\$ 109,263
Emerging Religious Leaders	50,000	-
Justice Leaders Fellowship	25,000	-
Justice Leaders Network	10,000	-
Total Specific Projects	<u>143,263</u>	<u>109,263</u>
Endowments		
Endowment Fund B: Jewish Scholar/Program	4,507,558	5,332,077
Endowment Fund E: Protestant Scholar	673,964	797,246
Endowment Fund F: Roman Catholic Scholar	1,118,655	1,323,279
Endowment Fund G: Manekin-Clark Lecture/Program	837,279	990,433
Endowment Fund J: Executive Director Discretion	409,308	484,178
Endowment Fund COEA: Program	368,559	435,976
Endowment Fund DP: Digital Project	175,140	200,383
Endowment Fund OS: Silber-Obrecht Visiting Scholar Program	454,227	470,831
Endowment Fund SI: Scholar of Islam	119,018	140,789
Total Endowments	<u>8,663,708</u>	<u>10,175,192</u>
Total Net Assets with Donor Restrictions	<u>\$ 8,806,971</u>	<u>\$ 10,284,455</u>

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2022 and 2021:

	June 30,	
	2022	2021
Specific Projects		
Assessment	\$ 10,000	\$ 30,000
Congregational Leaders	51,000	90,737
Emerging Religious Leaders	28,000	1,000
Justice Leaders Fellowship	50,000	15,000
Teachers Fellowship	<u>20,000</u>	<u>24,673</u>
Total Specific Projects	<u>159,000</u>	<u>161,410</u>
Endowment Appropriations		
Endowment Fund B: Jewish Scholar/Program	170,879	106,876
Endowment Fund E: Protestant Scholar	25,549	15,980
Endowment Fund F: Roman Catholic Scholar	42,407	26,524
Endowment Fund G: Manekin-Clark Lecture/Program	31,741	-
Endowment Fund J: Executive Director Discretion	15,517	9,705
Endowment Fund COEA: Program	13,972	7,233
Endowment Fund SI: Scholar of Islam	<u>4,512</u>	<u>2,432</u>
Total Endowment Appropriations	<u>304,577</u>	<u>168,750</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 463,577</u>	<u>\$ 330,160</u>

NOTE J - DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board has designated net assets without donor restrictions totaling \$559,096 and \$558,144 as of June 30, 2022 and 2021, respectively, as a revolving working capital reserve fund available to meet cash flow needs under a wide range of operating circumstances. The purpose of the fund is to protect both restricted and designated endowment funds from the risks of most operating fluctuations.

The Board has designated net assets without donor restrictions totaling \$12,324,877 and \$14,458,897 as of June 30, 2022 and 2021, respectively, as endowment funds, and thus are subject to the endowment spending policy.

NOTE K - RETIREMENT PLAN

The Organization has established a defined contribution pension plan, which covers all eligible full-time employees. The Organization contributes 7.5 percent of gross salary (10 percent of gross salary if 10 or more years of full-time employment) to the Plan. The pension contribution expense was \$60,709 and \$43,777 for the years ended June 30, 2022 and 2021, respectively.

INSTITUTE FOR ISLAMIC, CHRISTIAN, AND JEWISH STUDIES, INC.

Notes to Financial Statements

NOTE L - LINE OF CREDIT

On November 30, 2007, the Organization obtained a \$150,000 line of credit with PNC Bank, N.A. with interest at prime plus one percent. The line of credit was extended to September 16, 2023. There was no outstanding balance as of June 30, 2022 and 2021, and there was no interest expense during the years ended June 30, 2022 and 2021.

NOTE M - CONCENTRATION OF CREDIT RISK

The Organization has deposits in a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") as of June 30, 2022 and 2021.

The Organization maintains investment accounts that contain cash and various securities. Balances are insured by the FDIC and Securities Investor Protection Corporation, to the extent of the respective limits. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the Statements of Financial Position.

NOTE N - PAYCHECK PROTECTION PROGRAM LOAN

On August 4, 2020, the Organization received loan proceeds in the amount of \$137,470 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES ACT"), provides for loans to primarily cover payroll, mortgage interest, rent, and utilities costs incurred during the COVID-19 pandemic. The PPP loan was forgiven in full on January 25, 2021.