

Eisenhower Fellowships

Financial Statements
Years Ended December 31, 2021 and 2020



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EISENHOWER FELLOWSHIPS

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
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FINANCIAL STATEMENTS

<i>Statements of Financial Position</i>	3
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<i>Statements of Activities</i>	4
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<i>Statements of Functional Expenses</i>	6
--	---

<i>Statements of Cash Flows</i>	8
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<i>Notes to Financial Statements</i>	9
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INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Eisenhower Fellowships
Philadelphia, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Eisenhower Exchange Fellowships, Incorporated (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Eisenhower Exchange Fellowships, Incorporated as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 Eisenhower Exchange Fellowships, Incorporated 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 the financial statements in accordance with U.S. generally accepted accounting principles, 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 Eisenhower Exchange Fellowships, Incorporated'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.

In performing an 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 Eisenhower Exchange Fellowships, Incorporated'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 Eisenhower Exchange Fellowships, Incorporated'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.

BBD, LLP.

Philadelphia, Pennsylvania
May 9, 2022

EISENHOWER FELLOWSHIPS

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,575,969	\$ 540,157
Contributions and grants receivable, net	4,744,531	5,084,840
Prepaid expenses and other	49,908	89,684
Investments	48,935,994	44,426,848
Property and equipment, net	2,215,628	2,357,956
Beneficial interest in federal trust fund	<u>8,074,073</u>	<u>8,056,199</u>
Total assets	<u>\$ 65,596,103</u>	<u>\$ 60,555,684</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 227,199</u>	<u>\$ 196,540</u>
NET ASSETS		
Without donor restrictions		
Operating	700,000	700,000
Board designated	<u>48,199,131</u>	<u>42,928,266</u>
	48,899,131	43,628,266
With donor restrictions	<u>16,469,773</u>	<u>16,730,878</u>
Total net assets	<u>65,368,904</u>	<u>60,359,144</u>
Total liabilities and net assets	<u>\$ 65,596,103</u>	<u>\$ 60,555,684</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF ACTIVITIES

Year ended December 31, 2021 with comparative totals for 2020

	Without Donor Restrictions			With Donor Restrictions	Totals	
	Operating	Board Designated	Total		2021	2020
REVENUE						
Contributions and grants	\$ 3,008,018	\$ 95,224	\$ 3,103,242	\$ 130,000	\$ 3,233,242	\$ 4,878,483
Net assets released from restrictions	5,000	403,979	408,979	(408,979)	-	-
Spendable draw from endowment earnings	1,683,312	(1,683,312)	-	-	-	-
Total revenue	<u>4,696,330</u>	<u>(1,184,109)</u>	<u>3,512,221</u>	<u>(278,979)</u>	<u>3,233,242</u>	<u>4,878,483</u>
EXPENSES						
Program services						
Global programs	1,654,519	-	1,654,519	-	1,654,519	1,607,561
Global Fellows Network	1,899,314	-	1,899,314	-	1,899,314	1,531,152
Supporting services						
Management and general	690,577	-	690,577	-	690,577	761,359
Development	436,920	-	436,920	-	436,920	348,582
Total expenses	<u>4,681,330</u>	<u>-</u>	<u>4,681,330</u>	<u>-</u>	<u>4,681,330</u>	<u>4,248,654</u>
Change in net assets before other changes	<u>15,000</u>	<u>(1,184,109)</u>	<u>(1,169,109)</u>	<u>(278,979)</u>	<u>(1,448,088)</u>	<u>629,829</u>
OTHER CHANGES						
Change in value of investments <i>(Note 6)</i>	-	6,439,974	6,439,974	17,874	6,457,848	5,042,660
Transfer of funds by Board from operating reserve	(15,000)	15,000	-	-	-	-
Total other changes	<u>(15,000)</u>	<u>6,454,974</u>	<u>6,439,974</u>	<u>17,874</u>	<u>6,457,848</u>	<u>5,042,660</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>5,270,865</u>	<u>5,270,865</u>	<u>(261,105)</u>	<u>5,009,760</u>	<u>5,672,489</u>
NET ASSETS						
Beginning of year	700,000	42,928,266	43,628,266	16,730,878	60,359,144	54,686,655
End of year	<u>\$ 700,000</u>	<u>\$ 48,199,131</u>	<u>\$ 48,899,131</u>	<u>\$ 16,469,773</u>	<u>\$ 65,368,904</u>	<u>\$ 60,359,144</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>		
REVENUE					
Contributions and grants	\$ 2,898,483	\$ 200,000	\$ 3,098,483	\$ 1,780,000	\$ 4,878,483
Net assets released from restrictions	102,440	396,200	498,640	(498,640)	-
Spendable draw from endowment earnings	<u>1,765,349</u>	<u>(1,765,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>4,766,272</u>	<u>(1,169,149)</u>	<u>3,597,123</u>	<u>1,281,360</u>	<u>4,878,483</u>
EXPENSES					
Program services					
Global programs	1,607,561	-	1,607,561	-	1,607,561
Global Fellows Network	1,531,152	-	1,531,152	-	1,531,152
Supporting services					
Management and general	761,359	-	761,359	-	761,359
Development	<u>348,582</u>	<u>-</u>	<u>348,582</u>	<u>-</u>	<u>348,582</u>
Total expenses	<u>4,248,654</u>	<u>-</u>	<u>4,248,654</u>	<u>-</u>	<u>4,248,654</u>
Change in net assets before other changes	<u>517,618</u>	<u>(1,169,149)</u>	<u>(651,531)</u>	<u>1,281,360</u>	<u>629,829</u>
OTHER CHANGES					
Change in value of investments <i>(Note 6)</i>	-	4,911,800	4,911,800	130,860	5,042,660
Transfer of funds by Board to operating reserve	<u>(517,618)</u>	<u>517,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other changes	<u>(517,618)</u>	<u>5,429,418</u>	<u>4,911,800</u>	<u>130,860</u>	<u>5,042,660</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>4,260,269</u>	<u>4,260,269</u>	<u>1,412,220</u>	<u>5,672,489</u>
NET ASSETS					
Beginning of year	<u>700,000</u>	<u>38,667,997</u>	<u>39,367,997</u>	<u>15,318,658</u>	<u>54,686,655</u>
End of year	<u>\$ 700,000</u>	<u>\$ 42,928,266</u>	<u>\$ 43,628,266</u>	<u>\$ 16,730,878</u>	<u>\$ 60,359,144</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021 with comparative totals for 2020

	Program Services					Supporting Services				Totals	
	Global Program	U.S.A. Program	Zhi-Xing China Program	Global Scholars Program	Global Fellows Network	Total Program Services	Management and General	Development	Total Supporting Services	2021	2020
Salaries and benefits	\$ 640,667	\$ 128,279	\$ 24,758	\$ 128,276	\$ 1,374,242	\$ 2,296,222	\$ 459,183	\$ 334,459	\$ 793,642	\$ 3,089,864	\$ 2,944,399
Conferences and meetings	98,446	27,734	9,214	119	91,154	226,667	8,932	21,415	30,347	257,014	316,299
Depreciation	27,025	4,012	214	3,010	48,836	83,097	59,231	-	59,231	142,328	146,358
Fellowship costs											
Per diem	67,802	9,297	-	-	89,135	166,234	-	-	-	166,234	18,332
Travel	20,020	4,102	548	-	24,963	49,633	-	-	-	49,633	35,751
Grants	-	-	-	338,059	5,000	343,059	-	-	-	343,059	212,039
Information technology	21,237	3,152	168	2,366	38,378	65,301	39,778	-	39,778	105,079	79,261
Insurance	7,938	1,178	63	884	14,344	24,407	17,398	-	17,398	41,805	39,163
Occupancy	7,667	1,137	61	854	13,856	23,575	17,652	-	17,652	41,227	34,521
Office expenses	18,547	2,752	147	2,066	66,764	90,276	81,032	29,065	110,097	200,373	265,711
Professional fees	38,464	9,714	276	3,896	77,248	129,598	6,408	17,503	23,911	153,509	122,797
Travel	370	-	-	-	55,394	55,764	963	34,478	35,441	91,205	34,023
Total expenses	\$ 948,183	\$ 191,357	\$ 35,449	\$ 479,530	\$ 1,899,314	\$ 3,553,833	\$ 690,577	\$ 436,920	\$ 1,127,497	\$ 4,681,330	\$ 4,248,654
Notes:											
Percentage of total expenses	20.19%	4.07%	0.75%	10.21%	40.45%	75.67%	15.02%	9.31%	24.33%	100.00%	
Program statistics											
Number of fellows by program	24	1	-	4							
Average cost per fellow	\$ 39,508	\$ 191,357	\$ -	\$ 119,883							

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services						Supporting Services				Total
	Global Program	Women's Leadership Program	U.S.A. Program	Zhi-Xing China Program	Global Scholars Program	Global Fellows Network	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries and benefits	\$ 349,277	\$ 522,808	\$ 154,877	\$ 27,947	\$ 55,298	\$ 1,000,628	\$ 2,110,835	\$ 509,183	\$ 324,381	\$ 833,564	\$ 2,944,399
Conferences and meetings	170	22,981	56	10	13	283,615	306,845	7,563	1,891	9,454	316,299
Depreciation	17,885	22,429	7,028	1,218	1,603	36,137	86,300	60,058	-	60,058	146,358
Fellowship costs											
Per diem	-	-	18,332	-	-	-	18,332	-	-	-	18,332
Travel	9,363	9,560	13,030	541	-	3,257	35,751	-	-	-	35,751
Grants	-	-	-	-	207,039	5,000	212,039	-	-	-	212,039
Information technology	10,222	12,819	4,016	696	916	24,824	53,493	25,768	-	25,768	79,261
Insurance	4,759	5,968	1,870	324	427	9,616	22,964	16,199	-	16,199	39,163
Occupancy	4,177	5,239	1,639	285	375	8,440	20,155	14,366	-	14,366	34,521
Office expenses	24,007	26,184	8,191	1,409	1,855	83,235	144,881	102,184	18,646	120,830	265,711
Professional fees	7,077	13,499	18,954	1,993	618	55,352	97,493	25,147	157	25,304	122,797
Travel	4,909	-	3,668	-	-	21,048	29,625	891	3,507	4,398	34,023
Total expenses	\$ 431,846	\$ 641,487	\$ 231,661	\$ 34,423	\$ 268,144	\$ 1,531,152	\$ 3,138,713	\$ 761,359	\$ 348,582	\$ 1,109,941	\$ 4,248,654
Notes:											
Percentage of total expenses	10.17%	15.10%	5.45%	0.81%	6.31%	36.04%	73.88%	17.92%	8.20%	26.12%	100.00%
Program statistics											
Number of fellows by program	-	25	1.5	-	4						
Average cost per fellow	\$ -	\$ 25,659	\$ 154,441	\$ -	\$ 67,036						

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 5,009,760	\$ 5,672,489
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation expense	142,328	146,358
Discount on contributions and grants receivable	(130,000)	225,000
Net realized and unrealized gain on investments	(5,722,044)	(4,601,243)
Change in value of beneficial interest in federal trust fund	(17,874)	(130,860)
(Increase) decrease in		
Contributions and grants receivable, net	470,309	(1,743,199)
Prepaid expenses and other	39,776	44,917
Increase (decrease) in		
Accounts payable and accrued expenses	<u>30,659</u>	<u>56,422</u>
Net cash used for operating activities	<u>(177,086)</u>	<u>(330,116)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,795,089)	(1,724,535)
Proceeds from sale of investments	7,007,987	1,863,586
Purchase of property and equipment	<u>-</u>	<u>(18,739)</u>
Net cash provided by investing activities	<u>1,212,898</u>	<u>120,312</u>
Net change in cash	1,035,812	(209,804)
CASH		
Beginning of year	<u>540,157</u>	<u>749,961</u>
End of year	<u>\$ 1,575,969</u>	<u>\$ 540,157</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

(1) NATURE OF OPERATIONS

Eisenhower Fellowships ("**EF**"), formally known as Eisenhower Exchange Fellowships, Incorporated, is a nonprofit organization located in Philadelphia, Pennsylvania that grants fellowships for a period of travel, both in the United States and abroad, to individuals from foreign countries and Americans, who have demonstrated leadership achievement in their respective country and profession. The fellowships enable these individuals to interact with their professional counterparts to gain new perspectives on key professional issues, and to experience a different culture. EF's Global Fellows Network provides an opportunity for the continued sharing of information, ideas and perspectives among Fellows, trustees and staff, and to advance the ongoing mission of the organization.

A core feature of the fellowship is that it is life-long. There has always been activity among Fellows post fellowship, including over two dozen conferences that helped Fellows to maintain EF ties. In recent years, Fellows have formed in-country associations, and use October 14, the Eisenhower Day of Fellowship, as an occasion to organize activities of interest and importance to them, and their communities. In 2016, as a way to add greater impact to the life-long Eisenhower Fellowship experience, the board amended the organization mission statement to include the collaboration among EF Fellows, as well as with others in their personal networks, to achieve specific, scalable, measurable outcomes that can advance peace, justice and prosperity.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

EF reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of EF and/or the passage of time. When a restriction is satisfied, 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.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting EF to expend the income generated in accordance with the provisions of the contribution.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Fair Value Measurements

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of EF. Unobservable inputs reflect EF's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that EF has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or based on similar instruments in active markets or based on models derived from valuations observable in active markets.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect EF's own assumptions.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Investments in limited partnerships are reported at fair value based upon the valuation of the partnership's underlying securities, with gains and losses included in the statement of activities. Investment income is recorded as earned. Donor-restricted investment income whose restrictions are satisfied in the same period is classified as net assets without donor restrictions.

EF invests in professionally managed portfolios that contain various types of securities (**See Note 4**). Such investments are exposed to market and credit risk. 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 the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

EF capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment is carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Beneficial Interest in Federal Trust Fund

The beneficial interest in federal trust fund is reported at the fair market value of the trust fund as an estimate of the present value of future cash flows from the trust fund.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort.

Income Tax Status

EF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to EF's tax-exempt purpose is subject to taxation as unrelated business income. In addition, EF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. EF believes that it had no uncertain tax positions as defined in GAAP.

Concentrations of Credit Risk

Financial instruments which potentially subject EF to concentrations of credit risk are cash and contributions and grants receivable. EF maintains cash deposits at various high-quality banks and financial institutions. At times, such deposits may exceed federally-insured limits. Management performs ongoing evaluations of contributions and grants receivable for potential credit losses. Collateral is not required.

(3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are expected to be collected as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$1,839,531	\$1,424,400
One to five years	<u>3,200,000</u>	<u>4,085,440</u>
Total receivables	5,039,531	5,509,840
Less discount to net present value (3.5%)	<u>(295,000)</u>	<u>(425,000)</u>
Net receivables	<u>\$4,744,531</u>	<u>\$5,084,840</u>

(4) INVESTMENTS

Investments at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 1,678,017	\$ 1,678,017	\$ 1,176,624	\$ 1,176,624
Fixed income exchange traded fund	500,219	500,267	-	-
Mutual funds				
Equity	13,276,150	17,714,872	14,205,393	17,415,095
Fixed income	853,214	838,989	786,404	853,213
Common stocks	3,447,294	4,472,004	2,674,962	3,746,202
Limited partnerships	<u>15,740,316</u>	<u>23,731,845</u>	<u>14,971,231</u>	<u>21,235,714</u>
	<u>\$35,495,210</u>	<u>\$48,935,994</u>	<u>\$33,814,614</u>	<u>\$44,426,848</u>

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Limited partnerships consisted of the following at December 31, 2021:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity long/short funds (a)	\$ 8,971,763	None	End of Month	10 - 90 days
Fixed income funds (b)	2,581,151	None	End of Month	10 - 30 days
Blended fund (c)	1,752,499	None	End of Month	65 - 90 days
International equities funds (d)	7,430,815	None	End of Month	6 - 90 days
Emerging markets equities fund (e)	<u>2,995,617</u>	None	Daily and Quarterly	10 - 90 days
	<u>\$23,731,845</u>			

(a) – This category includes investments in five limited partnerships that primarily invest in both long and short U.S. and non-U.S. equities. The fair values of the investments in this category have been estimated using the net asset value per share. There were no lock-up redemption restrictions on four of these limited partnerships at December 31, 2021. The lock-up redemption restriction for one of the limited partnerships expires in June 2023 and has a net asset value of \$736,087.

(b) – This category includes investments in two limited partnerships. One limited partnership invests primarily in publicly-traded debt obligations of U.S. and foreign governments, their agencies and supranationals. The other limited partnership invests primarily in bank loans and high yield bonds. There are no lock-up redemption restrictions on these investments at December 31, 2021. The fair values of the investments in this category have been estimated using the net asset value per share.

(c) – This category includes an investment in a limited partnership that invests in instruments related to any level of an issuer's capital structure (including bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt and equity of structured credit products). The fair value of the investment in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on this investment at December 31, 2021.

(d) – This category includes investments in limited partnerships that invest primarily in portfolios of international equity securities. The fair value of the investments in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on these limited partnerships at December 31, 2021.

(e) – This category includes an investment in three limited partnerships that invest in a diversified portfolio of small and mid-capitalization equity securities of companies located in emerging markets. The fair value of the investment in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on two of the limited partnerships at December 31, 2021. The lock-up redemption restriction for one of the limited partnerships expires in April 2024 and has a net asset value of \$888,559.

(5) BENEFICIAL INTEREST IN FEDERAL TRUST FUND

EF is the income beneficiary of a federal trust fund established by Congress pursuant to the Eisenhower Exchange Fellowship Act of 1990, as amended by House Bill H.R. 3019 enacted in March 1996. The income from the trust fund is restricted to fellowship programs and withdrawal of the earnings is subject to an annual Congressional appropriation.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

(6) CHANGE IN VALUE OF INVESTMENTS

Change in value of investments was comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends, net	\$ 717,930	\$ 264,534
Distributions from federal trust fund	-	46,023
Net realized gain (loss)	2,893,494	(50,926)
Net unrealized gain	2,828,550	4,652,169
Change in value of beneficial interest in federal trust fund	<u>17,874</u>	<u>130,860</u>
	<u>\$6,457,848</u>	<u>\$5,042,660</u>

(7) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 723,608	\$ 723,608
Building and improvements	2,411,933	2,411,933
Office equipment	527,215	527,215
Furniture and fixtures	<u>216,738</u>	<u>216,738</u>
	3,879,494	3,879,494
Less accumulated depreciation	<u>(1,663,866)</u>	<u>(1,521,538)</u>
	<u>\$ 2,215,628</u>	<u>\$ 2,357,956</u>

(8) PAYCHECK PROTECTION PROGRAM

On May 26, 2020, EF was granted a \$362,000 loan under the Paycheck Protection Program ("**PPP**") administered by a Small Business Administration ("**SBA**") approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. EF initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. EF has recognized \$362,000 as grant revenue for the year ended December 31, 2020 and is reported in contribution revenue on the 2020 statement of activities.

During March 2021, EF was granted a second loan under the PPP for \$448,390. EF recognized \$448,390 as contribution revenue in the 2021 statement of activities for the year ended December 31, 2021 since no measurable performance or other barriers existed at year end.

(9) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Board designated net assets consist of the following:

	<u>2021</u>	<u>2020</u>
Endowment fund	\$45,983,503	\$40,570,310
Property and equipment	<u>2,215,628</u>	<u>2,357,956</u>
	<u>\$48,199,131</u>	<u>\$42,928,266</u>

The board-designated endowment fund is to provide income to support EF's operations and fellowship programs.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

(10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance December 31, 2021</u>
Subject to expenditure for specified purposes or periods				
Global programs	\$ 5,000	\$ -	\$ (5,000)	\$ -
Future periods	<u>4,410,440</u>	<u>130,000</u>	<u>(403,979)</u>	<u>4,136,461</u>
	<u>4,415,440</u>	<u>130,000</u>	<u>(408,979)</u>	<u>4,136,461</u>
Net assets to be maintained indefinitely				
Beneficial interest in federal trust, whose income is restricted for fellowship programs	8,056,199	17,874	-	8,074,073
Endowment, whose income is restricted for fellowship programs	<u>4,259,239</u>	<u>-</u>	<u>-</u>	<u>4,259,239</u>
	<u>12,315,438</u>	<u>17,874</u>	<u>-</u>	<u>12,333,312</u>
	<u>\$16,730,878</u>	<u>\$147,874</u>	<u>\$(408,979)</u>	<u>\$16,469,773</u>
	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance December 31, 2020</u>
Subject to expenditure for specified purposes or periods				
Global programs	\$ 62,439	\$ 5,000	\$ (62,439)	\$ 5,000
Future periods	<u>3,071,641</u>	<u>1,775,000</u>	<u>(436,201)</u>	<u>4,410,440</u>
	<u>3,134,080</u>	<u>1,780,000</u>	<u>(498,640)</u>	<u>4,415,440</u>
Net assets to be maintained indefinitely				
Beneficial interest in federal trust, whose income is restricted for fellowship programs	7,925,339	130,860	-	8,056,199
Endowment, whose income is restricted for fellowship programs	<u>4,259,239</u>	<u>-</u>	<u>-</u>	<u>4,259,239</u>
	<u>12,184,578</u>	<u>130,860</u>	<u>-</u>	<u>12,315,438</u>
	<u>\$15,318,658</u>	<u>\$1,910,860</u>	<u>\$(498,640)</u>	<u>\$16,730,878</u>

Donors of the endowment require EF to retain permanently the historic-dollar-value of the endowment.

(11) ENDOWMENT FUND

An accounting standard was issued which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("*UPMIFA*"). EF is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, EF has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. EF's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

In 2005, Eisenhower Fellowship's Board approved a spending policy for purposes of controlling annual withdrawals from the Endowment to support operations. The current policy permits a maximum 4.5% draw, based on the value of the endowment principal over the twelve quarters preceding the beginning of the fiscal year. This 4.5% distribution is not to be exceeded on average over any given three-year period, without the explicit consent of the Executive Committee.

Changes in the endowment assets for the years ended December 31, 2021 and 2020 are as follows:

<u>2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$36,182,422	\$12,184,578	\$48,367,000
Contributions	200,000	-	200,000
Change in value of investments	4,911,800	130,860	5,042,660
Spending policy distribution	(1,765,349)	-	(1,765,349)
Transfers	<u>1,041,437</u>	<u>-</u>	<u>1,041,437</u>
Endowment assets, end of year	<u>\$40,570,310</u>	<u>\$12,315,438</u>	<u>\$52,885,748</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2021</u>			
Endowment assets, beginning of year	\$40,570,310	\$12,315,438	\$52,885,748
Contributions	95,224	-	95,224
Change in value of investments	6,439,974	17,874	6,457,848
Spending policy distribution	(1,683,312)	-	(1,683,312)
Transfers	<u>561,307</u>	<u>-</u>	<u>561,307</u>
Endowment assets, end of year	<u>\$45,983,503</u>	<u>\$12,333,312</u>	<u>\$58,316,815</u>

(12) RETIREMENT PLAN

EF sponsors an employee retirement plan (the "**Plan**") qualified under Section 403(b) of the Internal Revenue Code covering substantially all employees. The Plan provides for employer contributions equal to 5% of employees' compensation. Employer contributions were \$107,552 for 2021 and \$104,574 for 2020.

(13) ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following is a summary of assets measured at fair value on a recurring basis and the valuation inputs used to value them:

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Contributions and grants receivable, net	\$ 4,744,531	\$ -	\$ 4,744,531	\$ -
Investments				
Money market funds	1,678,017	1,678,017	-	-
Fixed income exchange traded fund	500,267	500,267	-	-
Mutual funds				
Equity	17,714,872	17,714,872	-	-
Fixed income	838,989	838,989	-	-
Common stocks	4,472,004	4,472,004	-	-
Limited partnerships (a)	<u>23,731,845</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total investments	<u>48,935,994</u>	<u>25,204,149</u>	<u>-</u>	<u>-</u>

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

	8,074,073	-	8,074,073	-
	<u>\$61,754,598</u>	<u>\$25,204,149</u>	<u>\$12,818,604</u>	<u>\$ -</u>
December 31, 2020	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in federal trust fund				
Contributions and grants receivable, net	\$ 5,084,840	\$ -	\$ 5,084,840	\$ -
Investments				
Money market funds	1,176,624	1,176,624	-	-
Mutual funds				
Equity	17,415,095	17,415,095	-	-
Fixed income	853,213	853,213	-	-
Common stocks	3,746,202	3,746,202	-	-
Limited partnerships (a)	<u>21,235,714</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total investments	<u>44,426,848</u>	<u>23,191,134</u>	<u>-</u>	<u>-</u>
Beneficial interest in federal trust fund	8,056,199	-	8,056,199	-
	<u>\$57,567,887</u>	<u>\$23,191,134</u>	<u>\$13,141,039</u>	<u>\$ -</u>

(a) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. These investments have been included in the table to permit reconciliation of the amounts presented in the statements of financial position.

(14) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects EF's financial assets as of the statements of financial position date, which has been reduced by financial assets not available within one year.

	2021	2020
Cash	\$ 1,575,969	\$ 540,157
Contributions and grants receivable, net	4,744,531	5,084,840
Investments	<u>48,935,994</u>	<u>44,426,848</u>
Total financial assets	55,256,494	50,051,845
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	(4,136,461)	(4,415,440)
Restricted by donor to be maintained indefinitely	(4,259,239)	(4,259,239)
Board-designated endowment fund	<u>(45,983,503)</u>	<u>(40,570,310)</u>
Total financial assets available within one year	<u>\$ 877,291</u>	<u>\$ 806,856</u>

Liquidity Management

EF regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. EF has various sources of liquidity at its disposal, including cash, money market funds and marketable debt and equity securities.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 9, 2022, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on EF's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. No other material subsequent events have occurred since December 31, 2021 that require recognition or disclosure in the financial statements.