

**FRIENDS FOUNDATION FOR THE AGING  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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# Frazer, Evangelista & Company, LLC



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## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Friends Foundation for the Aging (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Friends Foundation for the Aging as of December 31, 2020 and 2019, 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.

*Frazer, Evangelista & Company, LLC*

New Brunswick, New Jersey  
October 12, 2021

**FRIENDS FOUNDATION FOR THE AGING  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	<b>ASSETS</b>	
	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>CURRENT ASSETS</b>		
Cash	\$ 148,790	\$ 240,757
Interest and dividends receivable	482	630
Prepaid expenses	21,965	6,159
Investments at fair value	14,181,551	13,196,681
<b>TOTAL CURRENT ASSETS</b>	<b>14,352,788</b>	<b>13,444,227</b>
 <b>OTHER ASSETS</b>		
Other Investment	229,573	254,360
<b>TOTAL ASSETS</b>	<b>\$ 14,582,361</b>	<b>\$ 13,698,587</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expense	\$ 19,000	\$ 25,656
Capital commitment payable	28,750	50,000
Grants Payable	37,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>84,750</b>	<b>75,656</b>
<b>NET ASSETS UNRESTRICTED</b>	<b>14,497,611</b>	<b>13,622,931</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 14,582,361</b>	<b>\$ 13,698,587</b>

See accompanying notes

**FRIENDS FOUNDATION FOR THE AGING  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUE, SUPPORT AND GAINS</b>		
Investment income - interest	\$ 526	\$ 1,226
Investment income - dividends	322,150	371,399
Net investment (loss) - Ziegler	(7,449)	(6,400)
Gain on sale of investments - net	359,431	327,554
Unrealized gain on investments – net	919,900	1,624,732
Contributions Received	250	-
	<b>1,594,808</b>	<b>2,318,511</b>
<b>EXPENSES</b>		
Program expenses	516,800	538,715
Management and general	137,537	136,134
Investment custodial fees	56,673	56,865
Investment income taxes	9,118	6,271
	<b>720,128</b>	<b>737,985</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>874,680</b>	<b>1,580,526</b>
<b>NET ASSETS BEGINNING OF YEAR</b>	<b>13,622,931</b>	<b>12,042,405</b>
<b>NET ASSETS END OF YEAR</b>	<b>\$ 14,497,611</b>	<b>\$ 13,622,931</b>

See accompanying notes

**FRIENDS FOUNDATION FOR THE AGING  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020		2019	
	Program Services	Supporting Services	Program Services	Supporting Services
	Management and General Expenses		Management and General Expenses	
Grants issued	<b>\$ 516,800</b>		<b>\$ 538,715</b>	
Salaries		\$ 75,015		\$ 71,601
Professional Services		35,120		29,862
Payroll taxes		5,877		7,313
Pension expense		5,000		5,000
Office and miscellaneous Expenses		5,008		7,955
Insurance		3,880		3,922
Dues, conference and training		5,152		7,156
Telephone		1,156		468
Travel		229		2,500
Board meetings and retreats		1,100		357
	<b>\$ 516,800</b>	<b>\$ 137,537</b>	<b>\$ 538,715</b>	<b>\$ 136,134</b>

See accompanying notes

**FRIENDS FOUNDATION FOR THE AGING  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 874,680	\$ 1,580,526
Adjustments to reconcile change in net assets to net cash from operating activities		
Net investment loss – Ziegler	7,449	6,400
(Gain) on sale of investments	(359,431)	(327,554)
Unrealized (gain) on investments	(919,900)	(1,624,732)
Changes in		
Interest and dividends receivable	148	694
Prepaid expenses	(15,805)	(3,150)
Other receivables	-	5,785
Accrued expenses	(6,656)	(16,027)
Capital commitment payable	(21,250)	(75,000)
Grants payable	37,000	-
	<hr/>	<hr/>
Cash From Operating Activities	(403,765)	(453,058)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(5,688,882)	(3,061,934)
Proceeds from sale of investments	6,000,680	3,623,272
	<hr/>	<hr/>
Cash From Investing Activities	311,798	561,338
<b>NET CHANGE IN CASH</b>	<b>(91,967)</b>	<b>108,280</b>
<b>CASH BEGINNING OF YEAR</b>	<b>240,757</b>	<b>132,477</b>
	<hr/>	<hr/>
<b>CASH END OF YEAR</b>	<b>\$ 148,790</b>	<b>\$ 240,757</b>
	<hr/>	<hr/>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Income taxes paid	\$ 34,404	\$ 11,321
	<hr/>	<hr/>

See accompanying notes

**FRIENDS FOUNDATION FOR THE AGING  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Religious Society of Friends Foundation for the Aging, Inc., "The Foundation", affiliated with the Religious Society of Friends, supports and promotes high-quality programs and services for older adults that enhance their quality of life through collaboration with other institutions and grant making organizations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Concentration of Credit Risk

For purposes of reporting cash flows, cash includes amounts in demand deposit accounts with federally insured banks and amounts held in cash in the investment brokerage account.

At times throughout the year, the Foundation's cash balance held in demand deposit accounts may exceed the amounts insured by the Federal Deposit Insurance Company (FDIC), of \$250,000.

The Securities Investors Protection Corporation (SIPC) provides against the loss of cash and securities held by financially troubled SIPC-Member brokerage firms. The SIPC limit is \$500,000 for cash and securities, which includes a \$250,000 limit for cash. At December 31, 2020 and 2019 the cash balances held in the brokerage account were not in excess of the \$250,000 insurance limits.

Investments

The Foundation's investments in equity securities and in debt securities are reported at fair value using quoted market prices or net asset values with gains and losses reported as increases or decreases in net assets. See Note 2 for discussion of fair value measurement.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Other investments consist of a limited partnership interest and are reported at acquisition cost plus or minus any subsequent net investment income or loss that affects the Foundation's capital account. As of December 31, 2019 the partnership included a fair market value adjustment in the capital account, however, as of December 31, 2020 the capital account was adjusted to tax basis per Internal Revenue Service regulations and hence no longer included fair market value adjustments. See note 3 for details.

Fair Value of Financial Instruments

The carrying value of cash in banks, receivables, prepaids and accrued expenses approximate fair value due to the relative short maturities of these instruments.

Income Taxes

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation is currently operating under the Internal Revenue Service determination letter for Yearly Meeting Friends Home. As of May 1, 2010 the Foundation no longer qualifies as a public charity under Section 509 of the Internal Revenue code and is now considered a private foundation. As such, the Foundation is liable for federal excise taxes based on its investment income. The provision for December 31, 2020 and 2019 is included in the accompanying statements of activity and the related asset or liability is included with prepaid expenses or accrued expenses on the Statement of Financial Position. Foreign taxes on investments are paid through the brokerage account at JP Morgan, but are immaterial in amount.



**FRIENDS FOUNDATION FOR THE AGING  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Compensated Absences

Employees of the Foundation are entitled to paid vacation and sick time, depending on their length of service. The Foundation's policy is to recognize the costs of the compensated absences when actually paid to employees, accordingly, no liability has been recorded in the accompanying financial statements.

Subsequent Events

Management has evaluated subsequent events through October 12, 2021, the date the financial statements were available to be issued. (See Note 7)

**NOTE 2 INVESTMENTS**

United States generally accepted accounting principles establish a framework for measuring fair value. That framework 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 measurements), assets that do not have regular market pricing, but whose fair value can be readily determined based on other data values or market prices (Level 2 measurements), and the lowest priority to unobservable inputs (Level 3 measurements).

The fair values of the Foundation's stocks, bonds and mutual funds have been determined by quoted market prices at December 31, 2020 and 2019 as determined by the custodian, JP Morgan.

The following table sets forth by level, within fair value hierarchy, the Foundation's assets at fair value and unrealized appreciation (depreciation):

	2020			Total	Cost	Unrealized- Appreciation (Depreciation)
	Level 1	Level 2	Level 3			
<b>EQUITIES</b>						
US Large Cap Equity	\$ 4,420,306	\$ -	\$ -	\$ 4,420,306	\$ 3,190,813	\$ 1,229,493
EAFE Equity	910,923	-	-	910,923	841,762	69,161
European Large Cap Equity	232,755	-	-	232,755	194,961	37,794
Japan Large Cap Equity	350,308	-	-	350,308	284,406	65,902
Asia ex-Japan Equity	114,734	-	-	114,734	98,061	16,673
Emerging Market Equity	235,628	-	-	235,628	208,888	26,740
Total Equities	<u>6,264,654</u>	<u>-</u>	<u>-</u>	<u>6,264,654</u>	<u>4,818,891</u>	<u>1,445,763</u>
<b>FIXED INCOME</b>						
US Fixed Income	2,591,114	-	-	2,591,114	2,416,147	174,967
Non-US Fixed Income	1,758,077	-	-	1,758,077	1,703,331	54,746
Total Fixed Income	<u>4,349,191</u>	<u>-</u>	<u>-</u>	<u>4,349,191</u>	<u>4,119,478</u>	<u>229,713</u>
<b>TOTAL ASSETS IN THE FAIR VALUE HIERARCHY</b>	<b>10,613,845</b>	<b>-</b>	<b>-</b>	<b>10,613,845</b>	<b>8,938,369</b>	<b>1,675,476</b>
Assets Measured using Net Asset Value (a)	-	-	-	3,567,706	2,644,832	922,874
<b>INVESTMENTS AT FAIR VALUE</b>	<u>10,613,845</u>	<u>-</u>	<u>-</u>	<u>14,181,551</u>	<u>11,583,201</u>	<u>2,598,350</u>
Other Assets	-	-	-	229,573	229,573	-
<b>COMBINED ASSETS AT FAIR VALUE</b>	<u>\$ 10,613,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,411,124</u>	<u>\$ 11,812,774</u>	<u>\$ 2,598,350</u>

**FRIENDS FOUNDATION FOR THE AGING  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2 INVESTMENTS (cont.)**

	2019					Unrealized- Appreciation (Depreciation)
	Level 1	Level 2	Level 3	Total	Cost	
<b>EQUITIES</b>						
US Large Cap Equity	\$ 4,192,491	\$ -	\$ -	\$ 4,192,491	\$ 3,353,178	\$ 839,313
EAFE Equity	1,055,808	-	-	1,055,808	976,249	79,559
European Large Cap Equity	316,446	-	-	316,446	279,489	36,957
Japan Large Cap Equity	301,032	-	-	301,032	280,673	20,359
Asia ex-Japan Equity	109,859	-	-	109,859	98,061	11,798
Total Equities	<u>5,975,636</u>	<u>-</u>	<u>-</u>	<u>5,975,636</u>	<u>4,987,650</u>	<u>987,986</u>
<b>FIXED INCOME</b>						
US Fixed Income	2,375,667	-	-	2,375,667	2,318,047	57,620
Non-US Fixed Income	1,394,300	-	-	1,394,300	1,356,551	37,749
Total Fixed Income	<u>3,769,967</u>	<u>-</u>	<u>-</u>	<u>3,769,967</u>	<u>3,674,598</u>	<u>95,369</u>
<b>ALTERNATIVE ASSETS</b>						
Hedge Funds	341,546	-	-	341,546	343,137	(1,591)
<b>TOTAL ASSETS IN THE FAIR VALUE HIERARCHY</b>						
	10,087,149	-	-	10,087,149	9,005,385	1,081,764
<b>Assets Measured using Net Asset Value (a)</b>						
INVESTMENTS AT FAIR VALUE	-	-	-	3,109,532	2,530,184	579,348
	<u>10,087,149</u>	<u>-</u>	<u>-</u>	<u>13,196,681</u>	<u>11,535,569</u>	<u>1,661,112</u>
Other Assets	-	-	-	254,360	237,022	17,338
COMBINED ASSETS AT FAIR VALUE	<u>\$ 10,087,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,451,041</u>	<u>\$ 11,772,591</u>	<u>\$ 1,678,450</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

**Investments Measured using the Net Asset Value per Share Practical Expedient:**

ASU 2016-07 removed investments for which fair value is measured using net asset value per share as a practical expedient from the fair value hierarchy. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value.

The Friends Fiduciary Corp. Fund is a comingled pool invested entirely in equity and fixed income securities that are publicly traded with daily market pricing. The Friends Fiduciary Corporation determines and issues a daily unit value for the fund by taking the comingled pool's market value divided by the number of units held. The daily unit value is then used to determine the market value based on the number of units owned. There are no redemption restrictions for these investments. Transactions (purchases and sales) may occur daily. If the Foundation initiates a full redemption of the comingled pool fund, the issuer may limit the withdrawal to 90% on the day requested, but the final payment for the balance will be processed within 5 business days of the full withdrawal request, once the final market value for withdrawal has been audited.

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2020 and 2019:

2020	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Comingled Pool Fund	\$3,567,706	n/a	Daily	n/a

**FRIENDS FOUNDATION FOR THE AGING  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2 INVESTMENTS (cont.)**

2019	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Comingled Pool Fund	\$3,109,532	n/a	Daily	n/a

The components of investment return consist of the following:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 526	\$ 1,226
Dividend income	322,150	371,399
Net realized gain on sale of investments	359,431	327,554
Net unrealized gain (loss) on investments	919,900	1,624,732
Custodial fees	<u>(56,673)</u>	<u>(56,865)</u>
Total Investment Return	<u>\$ 1,545,334</u>	<u>\$ 2,268,046</u>

**NOTE 3 OTHER INVESTMENTS**

The Foundation entered into Partnership agreement to purchase one unit of Ziegler Link - Age Fund II, L.P., a limited partnership. The Fund was formed to invest primarily in companies that provide healthcare services and healthcare technology focused on the post-acute and aging population market. The Fund will not invest in securities that will generate unrelated business taxable income (UBTI). The agreement was dated March 29, 2018 with a capital commitment of \$250,000 with call notices expected on demand. As of December 31, 2020 and 2019 \$221,250 and \$200,000 was funded, respectively. The units are non-transferable without consent of the Fund and are restricted from selling or other transfer of the units. As of December 31, 2019 the partnership included unrealized gains in the capital account analysis. Those amounts were reported cumulatively with the Investments unrealized gains. As of December 31, 2020 the partnership converted the capital accounts to tax basis as required by the Internal Revenue Service. As such, the cumulative unrealized gains were written off and the investment is now reported on a cost basis with no fair market value adjustments.

**NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. There are no donor restricted amounts at December 31, 2020 or 2019. The Foundation invested in an illiquid investment, which funds were not available within one year of either date.

	<u>12/31/20</u>	<u>12/31/19</u>
Financial assets at period end	\$ 14,582,361	\$ 13,698,587
Less those unavailable for general expenditures within one year due to:		
Other investments – contractually illiquid	(229,573)	(254,360)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,352,788</u>	<u>\$ 13,444,227</u>

**NOTE 5 PENSION PLAN**

The Foundation has a SEP-IRA plan for employees. Employees who are eighteen years old and have performed services for at least one year and earn more than \$450 are eligible. The employer determines the amount of the contribution each year not to exceed certain IRS limits and deposits the money in the employee's designated IRA account. Pension expense under this plan for the years ended December 31, 2020 and 2019 was \$5,000 each year.

**FRIENDS FOUNDATION FOR THE AGING  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 6 RELATED PARTY DISCLOSURES**

Legal services for the first two months of 2019 in the amount of \$2,948 have been provided to the Foundation by a legal firm, of which a member of the Board of Trustees was a non-equity Partner and she retired from the law firm February 28, 2019.

**NOTE 7 RISKS AND UNCERTAINTIES**

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

**NOTE 8 SUBSEQUENT EVENTS**

The Foundation has approved the following grants as of the date of issuance:

<u>Grant Recipient:</u>	<u>Amount</u>	<u>Date Approved</u>	<u>Date Paid</u>
On Lok House	\$ 1,565	01/21/21	01/28/21
Black Doctors Consortium	10,000	03/03/21	03/16/21
Rise	20,000	04/08/21	04/20/21
Lutheran Social	4,450	04/08/21	04/20/21
Kendal at Home	35,000	04/08/21	04/20/21
Mercy Life WP	22,825	04/08/21	04/20/21
Pendle Hill	20,000	04/08/21	04/20/21
Woolman Hill	30,000	04/08/21	04/20/21
Barclay Friends	25,000	04/08/21	04/20/21
Friends House	35,000	04/08/21	04/20/21
JFCS Philadelphia	30,000	04/08/21	04/20/21
National Church Residences	20,000	04/08/21	07/30/21
Quaker Voluntary Service	18,000	04/08/21	04/20/21
Witness to Innocence	35,000	04/08/21	04/20/21
FSA	2,000	04/08/21	04/20/21
ARTZ Philadelphia	5,000	04/08/21	04/20/21
Total	<u>\$ 313,840</u>		

The Ralston Center-My Way program was closed in 2021 and the remaining grant funds of \$37,430.85 were returned on May 28, 2021.

The Foundation has subsequently paid two additional calls for capital in January of 2021 (\$17,500) and in June of 2021 (\$6,250) against the capital commitment for the purchase of the partnership interest in Ziegler Link- Age Fund, II leaving a balance payable of \$5,000. (See note 3).

The Foundation entered into Partnership agreement to purchase one unit of Ziegler Link - Age Fund III, L.P., a limited partnership in September 2021. A capital commitment of \$ 375,000 was made and \$56,250 was paid for the first capital call in September 2021.

The COVID-19 virus spread through the United States in early 2020. Management continues to evaluate its impact on the Foundation and has concluded that the virus will most likely not affect the Foundation's financial condition and results of operations. Accordingly, no adjustments have been made to these financial statements.