

TURKISH PHILANTHROPY FUNDS
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

TURKISH PHILANTHROPY FUNDS

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Turkish Philanthropy Funds
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Turkish Philanthropy Funds, which comprise the statement of financial position at June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 Turkish Philanthropy Funds at June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Information

The June 30, 2020 financial statements of Turkish Philanthropy Funds were audited by other auditors, and their report thereon, dated April 1, 2021, expressed an unmodified opinion on those financial statements.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
November 29, 2021

TURKISH PHILANTHROPY FUNDS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 11,396,741	\$ 8,348,538
Short-term investments	1,138,556	56,119
Contributions receivable	15,671	99,853
Prepaid expenses and other assets	<u>9,733</u>	<u>60,514</u>
Total Current Assets	<u>12,560,701</u>	<u>8,565,024</u>
Investments:		
Long-term investments	<u>4,607,246</u>	<u>4,671,370</u>
Property, Plant and Equipment:		
Computer equipment	7,179	7,179
Less: accumulated depreciation	<u>(7,179)</u>	<u>(7,179)</u>
Property, Plant and Equipment, Net	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 17,167,947</u>	<u>\$ 13,236,394</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 18,906	\$ 26,649
Grants payable	59,989	72,050
Refundable advance	<u>70,357</u>	<u>67,837</u>
Total Liabilities	<u>149,252</u>	<u>166,536</u>
Net Assets:		
Without donor restrictions:		
Undesignated	312,577	188,089
Donor-advised funds	8,951,570	7,888,720
Board-designated endowment	<u>1,717,575</u>	<u>1,442,327</u>
Total Net Assets Without Donor Restrictions	<u>10,981,722</u>	<u>9,519,136</u>
With donor restrictions:		
Purpose and time restricted	1,616,900	742,714
Endowment	<u>4,420,073</u>	<u>2,808,008</u>
Total Net Assets With Donor Restrictions	<u>6,036,973</u>	<u>3,550,722</u>
Total Net Assets	<u>17,018,695</u>	<u>13,069,858</u>
Total Liabilities and Net Assets	<u>\$ 17,167,947</u>	<u>\$ 13,236,394</u>

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

TURKISH PHILANTHROPY FUNDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 1,368,144	\$ 3,074,477	\$ 4,442,621
Interest and dividend income, net of investment fees of \$42,097	25,405	55,729	81,134
Unrealized and realized gains on investments	1,547,402	754,574	2,301,976
Net assets released from restrictions	1,398,529	(1,398,529)	-
 Total Revenues, Gains and Other Support	 <u>4,339,480</u>	 <u>2,486,251</u>	 <u>6,825,731</u>
EXPENSES:			
Program service - grantmaking	<u>2,520,142</u>	<u>-</u>	<u>2,520,142</u>
Supporting services:			
Management and general	293,865	-	293,865
Fundraising	<u>62,887</u>	<u>-</u>	<u>62,887</u>
 Total supporting services	 <u>356,752</u>	 <u>-</u>	 <u>356,752</u>
 Total Expenses	 <u>2,876,894</u>	 <u>-</u>	 <u>2,876,894</u>
CHANGE IN NET ASSETS	1,462,586	2,486,251	3,948,837
NET ASSETS, BEGINNING OF YEAR	<u>9,519,136</u>	<u>3,550,722</u>	<u>13,069,858</u>
NET ASSETS, END OF YEAR	<u>\$ 10,981,722</u>	<u>\$ 6,036,973</u>	<u>\$ 17,018,695</u>

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

TURKISH PHILANTHROPY FUNDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT:			
Contributions	\$ 1,207,470	\$ 1,367,921	\$ 2,575,391
Interest and dividend income, net of investment fees of \$45,091	73,852	108,846	182,698
Unrealized and realized gains (losses) on investments	102,142	(94,043)	8,099
Net assets released from restrictions	1,288,295	(1,288,295)	-
 Total Revenues, Gains and Other Support	 <u>2,671,759</u>	 <u>94,429</u>	 <u>2,766,188</u>
EXPENSES:			
Program service - grantmaking	<u>2,118,198</u>	<u>-</u>	<u>2,118,198</u>
Supporting services:			
Management and general	289,804	-	289,804
Fundraising	<u>67,561</u>	<u>-</u>	<u>67,561</u>
 Total supporting services	 <u>357,365</u>	 <u>-</u>	 <u>357,365</u>
 Total Expenses	 <u>2,475,563</u>	 <u>-</u>	 <u>2,475,563</u>
CHANGE IN NET ASSETS	196,196	94,429	290,625
NET ASSETS, BEGINNING OF YEAR	<u>9,322,940</u>	<u>3,456,293</u>	<u>12,779,233</u>
NET ASSETS, END OF YEAR	<u>\$ 9,519,136</u>	<u>\$ 3,550,722</u>	<u>\$ 13,069,858</u>

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

TURKISH PHILANTHROPY FUNDS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services - Grantmaking	Management and General	Fundraising	Total
Donor-advised fund grants	\$ 984,265	\$ -	\$ -	\$ 984,265
Grants	1,225,144	-	-	1,225,144
Competitive grants	65,951	-	-	65,951
Salaries and employee benefits	187,395	140,326	52,600	380,321
Professional fees	-	89,208	-	89,208
Events and meetings	-	-	10,000	10,000
Rent	1,097	6,044	287	7,428
Marketing	-	21,885	-	21,885
Office expenses	-	23,994	-	23,994
Bank charges	56,290	8,044	-	64,334
Travel	-	136	-	136
Taxes and filing fees	-	1,012	-	1,012
Insurance	-	864	-	864
Miscellaneous	-	2,352	-	2,352
	<u>\$ 2,520,142</u>	<u>\$ 293,865</u>	<u>\$ 62,887</u>	<u>\$ 2,876,894</u>
Total Expenses	<u>\$ 2,520,142</u>	<u>\$ 293,865</u>	<u>\$ 62,887</u>	<u>\$ 2,876,894</u>

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

TURKISH PHILANTHROPY FUNDS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services - Grantmaking	Management and General	Fundraising	Total
Donor-advised fund grants	\$ 656,199	\$ -	\$ -	\$ 656,199
Grants	1,155,900	-	-	1,155,900
Competitive grants	33,942	-	-	33,942
Salaries and employee benefits	214,106	151,934	31,673	397,713
Professional fees	-	52,849	-	52,849
Events and meetings	-	1,475	30,000	31,475
Rent	20,066	21,625	5,888	47,579
Marketing	-	27,667	-	27,667
Office expenses	-	21,199	-	21,199
Bank charges	37,985	4,496	-	42,481
Travel	-	2,424	-	2,424
Taxes and filing fees	-	1,577	-	1,577
Insurance	-	622	-	622
Miscellaneous	-	3,936	-	3,936
	<u>\$ 2,118,198</u>	<u>\$ 289,804</u>	<u>\$ 67,561</u>	<u>\$ 2,475,563</u>
Total Expenses	<u>\$ 2,118,198</u>	<u>\$ 289,804</u>	<u>\$ 67,561</u>	<u>\$ 2,475,563</u>

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

TURKISH PHILANTHROPY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 3,948,837	\$ 290,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(2,301,976)	(8,099)
Refundable advance	(67,837)	-
Contribution received restricted for endowments	(1,612,065)	-
Decrease (increase) in assets:		
Contributions receivable	84,182	(99,853)
Prepaid expenses and other assets	50,781	(48,395)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,743)	21,966
Grants payable	(12,061)	(6,075)
	<u>82,118</u>	<u>150,169</u>
Net Cash Provided By Operating Activities		
Cash Flows From Investing Activities:		
Proceeds from sale of investments	4,041,071	6,818,355
Purchases of investments	(2,757,408)	(1,969,909)
	<u>1,283,663</u>	<u>4,848,446</u>
Net Cash Provided By Investing Activities		
Cash Flows From Financing Activities:		
Proceeds from conditional contribution	70,357	67,837
Proceeds from a contribution received restricted for endowment	1,612,065	-
	<u>1,682,422</u>	<u>67,837</u>
Net Cash Provided By Financing Activities		
Net Change in Cash and Cash Equivalents	3,048,203	5,066,452
Cash and Cash Equivalents, Beginning of Year	<u>8,348,538</u>	<u>3,282,086</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,396,741</u>	<u>\$ 8,348,538</u>
Supplemental Disclosure of Noncash Financing Transactions:		
Refundable advance	<u>\$ 67,837</u>	<u>\$ -</u>

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

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 - Nature of Operations

Turkish Philanthropy Funds (“TPF”) is a not-for-profit organization incorporated on February 1, 2007 in the State of Delaware. TPF was established for the purpose of enabling individuals, corporations, trusts and other entities to make charitable contributions for the philanthropic support of programs and/or organizations in Turkey and in the United States of America. TPF’s primary source of revenue is contributions.

TPF administers individual charitable funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made.

TPF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

TPF considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are considered to be cash and cash equivalents. At June 30, 2021 and 2020, cash equivalents consisted primarily of money market accounts with brokers.

Investments and Net Investment Return

Investments are reported at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the average cost method.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Investments and Net Investment Return (cont'd.)

Investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

TPF has investments restricted for long-term purposes, and they have been classified as such in the statements of financial position, while the remaining investments have been classified as current based on the availability of these investments to fund current operations as needed.

TPF maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a framework for measuring fair value is used which 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). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting TPF's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 for assets measured at fair value at June 30, 2021 and 2020 in accordance with FASB ASC Topic 820.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

TPF determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At June 30, 2021 and 2020, there is no allowance for doubtful accounts.

Grants and Grants Payable

Unconditional grants to charitable organizations are expensed upon approval of the Board of Directors of TPF. Unconditional grant distributions authorized but unpaid at year-end are reported as liabilities and are expected to be paid in the next year. Conditional grant distributions are not included in grants payable until the conditions are substantially met.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-Advised Funds

Individuals may establish donor-advised funds, whereby each fund and its related earnings can be distributed to charities recommended by the donor, subject to the approval of TPF's Board of Directors. Donor-advised funds are included in net assets without donor restrictions.

TURKISH PHILANTHROPY FUNDS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to TPF either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution or grant is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on TPF overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as contributions without donor restrictions.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Functional Allocation of Expenses

The costs of TPF's programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to program services, management and general, and fundraising. Salaries and employee benefits are charged to the different functions based on the employees' actual functions performed. Rent is charged to different functions based on the square footage that TPF's departments occupy. The remaining expenses are allocated to program and supporting services based on direct expenses incurred by each function.

Reclassification

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation.

Accounting for Uncertainty in Income Taxes

TPF has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. TPF is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. TPF believes it is no longer subject to income tax examinations for years prior to 2018.

New Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates. Early application is permitted.

TPF has not yet determined the impact of this ASU on its financial statements.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 3 - Concentration of Credit Risk

TPF maintains cash balances in several financial institutions, which balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2021, and from time to time during the years ended June 30, 2021 and 2020, TPF's balances exceeded these limits.

Note 4 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

Common stocks, treasury bills, and mutual funds are stated at fair value using Level 1 inputs based on quoted market prices of identical securities in active markets.

U.S. agency bonds and corporate fixed income securities are stated at fair value using Level 2 inputs based upon quoted prices from brokers for similar assets.

The following tables present TPF's assets that are measured at fair value on a recurring basis at June 30, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 2,313,952	\$ -	\$ -	\$ 2,313,952
U.S. agency bonds	-	35,023	-	35,023
Treasury bills	125,851	-	-	125,851
Corporate fixed income securities	-	67,777	-	67,777
Mutual funds:				
Money market	150,000	-	-	150,000
Equity funds	3,053,199	-	-	3,053,199
	<u>\$ 5,643,002</u>	<u>\$ 102,800</u>	<u>\$ -</u>	<u>\$ 5,745,802</u>

	2020			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 2,881,859	\$ -	\$ -	\$ 2,881,859
Mutual funds:				
Money market	150,000	-	-	150,000
Equity funds	1,695,630	-	-	1,695,630
	<u>\$ 4,727,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,727,489</u>

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 5 - Refundable Advance

In May 2020, TPF entered into a \$67,837 agreement with a financial institution under the Paycheck Protection Program (the "PPP"), established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, administered by the Small Business Administration ("SBA") with support from the Department of the Treasury. In February 2021, TPF applied for and was granted forgiveness on the full amount. As a result, \$67,837 is reported in the statement of activities as a contribution for the year ended June 30, 2021.

In February 2021, TPF received \$70,357 from a financial institution under a second draw PPP, administered by the SBA with support from the Department of the Treasury. The loan is unsecured, bears interest at 1% per annum and matures in February 2026; however, the PPP provides for the forgiveness of up to the entire amount of the loan (including interest) if certain conditions are met. In September 2021, TPF applied for and was granted forgiveness on the full amount and will record the \$70,357 as a contribution during the year ending June 30, 2022.

Note 6 - Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Available for grants	\$ 385,562	\$ 321,679
Endowments:		
Perpetual in nature	4,420,073	2,808,008
Subject to TPF endowment spending policy and appropriation	1,231,338	421,035
	\$ 6,036,973	\$ 3,550,722

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2021</u>	<u>2020</u>
Grants	\$ 1,398,529	\$ 1,288,295

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 7 - Endowments

TPF's endowment consists of two funds established to provide income for general use and for grants to be made to Turkey. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

As a result, TPF classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. TPF classifies amounts in its board-designated endowment funds as without donor restrictions because those net assets are not restricted and can be released by a decision from the governing board.

TPF is subject to the State of New York Prudent Management of Institutional Funds Act ("NYPMIFA"). TPF has interpreted NYPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, TPF considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. TPF has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with NYPMIFA, TPF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of TPF and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of TPF
7. Investment policies of TPF

TPF's endowment provides a predictable stream of funding to programs and operations. Endowment assets include assets of donor-restricted funds that TPF must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 7 - Endowments (cont'd.)

Endowment Net Asset Composition by Type of Fund at June 30, 2021:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 1,717,575	\$ -	\$ -	\$ 1,717,575
Donor-restricted endowment fund	-	1,231,338	4,420,073	5,651,411
	<u>\$ 1,717,575</u>	<u>\$ 1,231,338</u>	<u>\$ 4,420,073</u>	<u>\$ 7,368,986</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2020:

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 1,442,327	\$ -	\$ -	\$ 1,442,327
Donor-restricted endowment fund	-	421,035	2,808,008	3,229,043
	<u>\$ 1,442,327</u>	<u>\$ 421,035</u>	<u>\$ 2,808,008</u>	<u>\$ 4,671,370</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2021:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
		Unspent Accumulated Earnings	Original Gifts	
Endowment net assets, beginning of year	\$ 1,442,327	\$ 421,035	\$ 2,808,008	\$ 4,671,370
Contributions	-	-	1,612,065	1,612,065
Investment income	275,248	810,303	-	1,085,551
Endowment net assets, end of year	<u>\$ 1,717,575</u>	<u>\$ 1,231,338</u>	<u>\$ 4,420,073</u>	<u>\$ 7,368,986</u>

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 7 - Endowments (cont'd.)

Changes in Endowment Net Assets for the Year Ended June 30, 2020:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Endowment net assets, beginning of year	\$ 1,625,614	\$ 408,790	\$ 2,808,008	\$ 4,842,412
Investment (loss) income	(8,336)	12,245	-	3,909
Transfer to board-designated endowment	25,000	-	-	25,000
Transfer to fund operating budget	(199,951)	-	-	(199,951)
Endowment net assets, end of year	<u>\$ 1,442,327</u>	<u>\$ 421,035</u>	<u>\$ 2,808,008</u>	<u>\$ 4,671,370</u>

Investment and Spending Policies

TPF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds TPF must hold in perpetuity or for donor-specified periods. Under TPF's policies, endowment assets are invested in a manner that is intended to produce results which over time will average the level of approved TPF endowment spending rate plus inflation. Actual results in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, TPF relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). TPF employs a strategy designed to achieve a real return over consecutive rolling five-year periods of 7% over inflation with significant diversification to reduce volatility. TPF has adopted this strategy to protect the inviolate nature of the original corpus of permanently restricted gifts against potential market declines in the future and to provide a predictable flow of funds to support operations. This is consistent with TPF's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The annual spending for grants shall be 5% for 2021 and 2020 of a balance which is calculated at the end of the third quarter of the fiscal year by averaging the previous 12 quarters of a fund. This calculation will be done once a year, at the end of the fiscal year, and the resulting amount will be the grant amount for the next year. The spending policy may be modified by TPF at its sole discretion and will be communicated to the donor annually. For the years ended June 30, 2021 and 2020, the governing board decided not to make an appropriation.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 8 - Operating Lease

TPF leases office space under a month-to-month lease. Rent expense for the years ended June 30, 2021 and 2020 was \$7,428 and \$47,579, respectively.

Note 9 - Related Party Transactions

A member of TPF's Board was a senior vice president at an investment company that provides investment services to TPF. For the years ended June 30, 2021 and 2020, the investment company was paid \$42,097 and \$45,091, respectively, pursuant to a consulting agreement.

Note 10 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 11,396,741	\$ 8,348,538
Contributions receivable	15,671	99,853
Investments	<u>5,745,802</u>	<u>4,727,489</u>
Total financial assets	<u>17,158,214</u>	<u>13,175,880</u>
Less: donor imposed restrictions and other designated funds:		
Donor-imposed restrictions:		
Restricted funds	1,616,900	742,714
Endowments	<u>4,420,073</u>	<u>2,808,008</u>
Total donor-imposed restrictions	<u>6,036,973</u>	<u>3,550,722</u>
Other designated funds:		
Donor-advised funds	8,951,570	7,888,720
Board-designated funds	<u>1,717,575</u>	<u>1,442,327</u>
Total other designated funds	<u>10,669,145</u>	<u>9,331,047</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 452,096</u>	<u>\$ 294,111</u>

TPF's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 10 - Liquidity and Availability (cont'd.)

The board-designated endowment as of June 30, 2021 and 2020 of \$1,717,575 and \$1,442,327, respectively, is utilized by the Board to cover any operating budget deficits. Although TPF does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

TPF manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 11 - Contingencies

As a result of the spread of the coronavirus disease ("COVID-19"), economic uncertainties have arisen which may impact the generation of contributions as well as the collection of contributions receivable. Other financial impact could occur, though such potential impact is unknown at this time.

Note 12 - Subsequent Events

Management has evaluated all events or transactions that occurred after June 30, 2021 through November 29, 2021, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except as disclosed in Note 5.