

TURKISH PHILANTHROPY FUNDS
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

TURKISH PHILANTHROPY FUNDS

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Turkish Philanthropy Funds, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Turkish Philanthropy Funds 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Turkish Philanthropy Funds' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Turkish Philanthropy Funds' 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 Turkish Philanthropy Funds' 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.

Grassi & Co, CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
December 21, 2022

TURKISH PHILANTHROPY FUNDS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,601,345	\$ 1,593,091
Investments	6,753,480	7,794,904
Contributions receivable	105,561	15,671
Prepaid expenses and other assets	51,385	9,733
	<u>8,511,771</u>	<u>9,413,399</u>
Total Current Assets		
Restricted Cash, Cash Equivalents and Investments:		
Cash and cash equivalents, Endowment	565,544	1,787,310
Investments, Endowment	6,868,313	5,967,238
	<u>7,433,857</u>	<u>7,754,548</u>
Total Restricted Cash, Cash Equivalents and Investments		
Property, Plant and Equipment:		
Computer equipment	7,179	7,179
Less: accumulated depreciation	(7,179)	(7,179)
	<u>-</u>	<u>-</u>
Property, Plant and Equipment, Net		
TOTAL ASSETS	<u>\$ 15,945,628</u>	<u>\$ 17,167,947</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 116,601	\$ 18,906
Grants payable	83,509	59,989
Refundable advance	-	70,357
	<u>200,110</u>	<u>149,252</u>
Total Liabilities		
Net Assets:		
Without donor restrictions:		
Undesignated	699,171	312,577
Donor-advised funds	7,612,490	8,951,570
Board-designated endowment	1,267,483	1,717,575
	<u>9,579,144</u>	<u>10,981,722</u>
Total Net Assets Without Donor Restrictions		
With donor restrictions:		
Purpose and time restricted	847,140	1,616,900
Endowment	5,319,234	4,420,073
	<u>6,166,374</u>	<u>6,036,973</u>
Total Net Assets With Donor Restrictions		
Total Net Assets	<u>15,745,518</u>	<u>17,018,695</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,945,628</u>	<u>\$ 17,167,947</u>

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

TURKISH PHILANTHROPY FUNDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT:			
Contributions and grants	\$ 731,238	\$ 3,333,952	\$ 4,065,190
Special event	\$ 743,215		
Less: direct costs of special events	(123,447)	619,768	619,768
Interest and dividend income, net of investment fees of \$37,639	9,262	72,537	81,799
Unrealized and realized loss on investments	(1,374,188)	(991,640)	(2,365,828)
Net assets released from restrictions	2,285,448	(2,285,448)	-
 Total Revenues, Gains and Other Support	 2,271,528	 129,401	 2,400,929
EXPENSES:			
Program service - grantmaking	2,903,587	-	2,903,587
Supporting services:			
Management and general	500,559	-	500,559
Fundraising	269,960	-	269,960
 Total Supporting Services	 770,519	 -	 770,519
 Total Expenses	 3,674,106	 -	 3,674,106
 CHANGE IN NET ASSETS	 (1,402,578)	 129,401	 (1,273,177)
 NET ASSETS, BEGINNING OF YEAR	 10,981,722	 6,036,973	 17,018,695
 NET ASSETS, END OF YEAR	 \$ 9,579,144	 \$ 6,166,374	 \$ 15,745,518

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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services - Grantmaking	Supporting Services			Total
		Management and General	Fundraising	Direct Costs of Special Events	
Donor-advised fund grants	\$ 799,263	\$ -	\$ -	\$ -	\$ 799,263
Grants	1,645,921	-	-	-	1,645,921
Competitive grants	148,168	-	-	-	148,168
Salaries and employee benefits	217,050	228,857	62,809	-	508,716
Professional fees	-	110,260	-	-	110,260
Events and meetings	-	10,034	197,026	123,447	330,507
Rent	9,876	6,233	2,884	-	18,993
Marketing	-	60,421	2,321	-	62,742
Office expenses	-	32,708	-	-	32,708
Bank charges	83,309	1,773	-	-	85,082
Travel	-	5,174	4,920	-	10,094
Taxes and filing fees	-	1,270	-	-	1,270
Insurance	-	14,056	-	-	14,056
Miscellaneous	-	29,773	-	-	29,773
Total Expenses	2,903,587	500,559	269,960	123,447	3,797,553
Direct costs of special events	-	-	-	(123,447)	(123,447)
Total Expenses Reported by Function on the Statement of Activities	\$ 2,903,587	\$ 500,559	\$ 269,960	\$ -	\$ 3,674,106

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	Supporting Services		Total
		Management and General	Fundraising	
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
Total Expenses	\$ 2,520,142	\$ 293,865	\$ 62,887	\$ 2,876,894

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

TURKISH PHILANTHROPY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,273,177)	\$ 3,948,837
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss (gain) on investments	2,365,828	(2,301,976)
Refundable advance	(70,357)	(67,837)
Contributions received restricted for endowments	(899,161)	(1,612,065)
Decrease (increase) in assets:		
Contributions receivable	(89,890)	84,182
Prepaid expenses and other assets	(41,652)	50,781
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	97,695	(7,743)
Grants payable	23,520	(12,061)
	<u>112,806</u>	<u>82,118</u>
Net Cash Provided By Operating Activities		
Cash Flows From Investing Activities:		
Proceeds from sale of investments	1,229,868	4,041,071
Purchases of investments	<u>(3,455,347)</u>	<u>(2,757,408)</u>
Net Cash (Used in) Provided By Investing Activities	<u>(2,225,479)</u>	<u>1,283,663</u>
Cash Flows From Financing Activities:		
Proceeds from conditional contribution	-	70,357
Proceeds from contribution received restricted for endowment	<u>899,161</u>	<u>1,612,065</u>
Net Cash Provided By Financing Activities	<u>899,161</u>	<u>1,682,422</u>
Net Change in Cash and Cash Equivalents, Including Restricted Cash and Cash Equivalents	(1,213,512)	3,048,203
Cash and Cash Equivalents, Including Restricted Cash and Cash Equivalents, Beginning of Year	<u>3,380,401</u>	<u>332,198</u>
Cash and Cash Equivalents, Including Restricted Cash and Cash Equivalents, End of Year	<u>\$ 2,166,889</u>	<u>\$ 3,380,401</u>
Supplemental Disclosure of Noncash Financing Transactions:		
Refundable advance	<u>\$ 70,357</u>	<u>\$ 67,837</u>
Cash and Cash Equivalents, Including Restricted Cash and Cash Equivalents, are Included in the Statements of Financial Position as Follows:		
Cash and cash equivalents	\$ 1,601,345	\$ 1,593,091
Cash and cash equivalents, restricted	<u>565,544</u>	<u>1,787,310</u>
	<u>\$ 2,166,889</u>	<u>\$ 3,380,401</u>

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

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, 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 investments are recorded on the trade date and are determined using the average cost method.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Investments and Net Investment Return

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, 2022 and 2021 in accordance with FASB ASC Topic 820.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, 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, 2022 AND 2021

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.

Special Event

TPF conducts a special event in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statements of activities.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 2021 financial statements to conform to the 2022 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 2019.

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.

TPF does not believe this ASU will have a material impact on its financial statements.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 3 - Concentration of Credit Risk

TPF maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2022 and 2021, and from time to time during the years then ended, 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, 2022 and 2021.

Common stocks, treasury bills, exchange traded funds, 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, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 2,076,175	\$ -	\$ -	\$ 2,076,175
Exchange traded funds	1,529,898	-	-	1,529,898
Mutual funds	10,015,720	-	-	10,015,720
	\$ 13,621,793	\$ -	\$ -	\$ 13,621,793
	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
Exchange traded funds	956,260	-	-	956,260
Mutual funds	10,263,279	-	-	10,263,279
	\$ 13,659,342	\$ 102,800	\$ -	\$ 13,762,142

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 was granted forgiveness on the full amount. As a result, \$67,837 is reported in the statement of activities as a contribution during 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. In September 2021, TPF was granted forgiveness on the full amount and recorded the \$70,357 as a contribution during the year ended 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>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Available for grants	\$ 638,870	\$ 385,562
Endowments:		
Perpetual in nature	5,319,234	4,420,073
Subject to TPF endowment spending policy and appropriation	208,270	1,231,338
	\$ 6,166,374	\$ 6,036,973

Net Assets Released from Restrictions

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

	<u>2022</u>	<u>2021</u>
Grants	\$ 2,285,448	\$ 1,398,529

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

Note 7 - Endowments (cont'd.)

Endowment Net Asset Composition by Type of Fund at June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 1,267,483	\$ -	\$ -	\$ 1,267,483
Donor-restricted endowment fund	-	208,270	5,319,234	5,527,504
	<u>\$ 1,267,483</u>	<u>\$ 208,270</u>	<u>\$ 5,319,234</u>	<u>\$ 6,794,987</u>

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

	Without Donor Restrictions	With Donor Restrictions		Total
		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>

Changes in Endowment Net Assets for the Year Ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Endowment net assets, beginning of year	\$ 1,717,575	\$ 1,231,338	\$ 4,420,073	\$ 7,368,986
Contributions	-	500	899,161	899,661
Investment loss	(211,036)	(919,103)	-	(1,130,139)
Appropriations	(239,056)	(104,465)	-	(343,521)
Endowment net assets, end of year	<u>\$ 1,267,483</u>	<u>\$ 208,270</u>	<u>\$ 5,319,234</u>	<u>\$ 6,794,987</u>

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 7 - Endowments (cont'd.)

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

	Without Donor Restrictions	With Donor Restrictions		Total
		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>

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 2022 and 2021 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 year ended June 30, 2021, the governing board decided not to make an appropriation.

Note 8 - Operating Lease

TPF leases office space under a month-to-month lease. Rent expense for the years ended June 30, 2022 and 2021 was \$18,993 and \$7,428, respectively.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 9 - 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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 1,601,345	\$ 1,593,091
Investments	6,753,480	7,794,904
Contributions receivable	105,561	15,671
	<u> </u>	<u> </u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,460,386</u>	<u>\$ 9,403,666</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.

The board-designated endowment as of June 30, 2022 and 2021 of \$1,267,483 and \$1,717,575, 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 10 - Pension Plan

During the year ended June 30, 2022, TPF established a defined contribution plan under Section 401(k) of the Internal Revenue Code for all eligible employees. Pension expense for the year ended June 30, 2022 was \$12,476.

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.

The SBA may elect to undertake an audit of TPF’s PPP loans.

TURKISH PHILANTHROPY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 12 - Subsequent Events

Management has evaluated all events or transactions that occurred after June 30, 2022 through December 21, 2022, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.