

**SOROPTIMIST  
INTERNATIONAL OF THE  
AMERICAS, INC.**

**Financial Statements and  
Supplementary Information**

**August 31, 2020 and 2019**

**Kreischer  
Miller**

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# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

August 31, 2020 and 2019

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### INDEPENDENT AUDITORS' REPORT

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## Independent Auditors' Report

Board of Directors  
Soroptimist International of the Americas, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Soroptimist International of the Americas, Inc., which comprises the statements of financial position as of August 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.

### *Auditors' 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 auditors' 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 auditors consider 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 Soroptimist International of the Americas, Inc. as of August 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.

### *Other Matters*

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 21 through 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for that portion marked "unaudited," on which we express no opinion or any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script, reading "Kreischer Miller".

Horsham, Pennsylvania  
April 9, 2021

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Statements of Financial Position August 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,897,380	\$ 2,168,227
Accounts receivable	8,762	7,211
Inventory	89,733	101,324
Prepaid expenses	120,817	142,343
Pledges receivable, net	690,986	498,045
Investments	8,782,953	9,848,786
Beneficial interest in charitable remainder unitrust	14,648	14,648
Property and equipment, net	1,261,491	1,292,935
Total assets	\$ 14,866,770	\$ 14,073,519
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 836,001	\$ 507,812
Agency funds	1,876	4,684
Deferred revenue	1,938,076	2,002,297
Total current liabilities	2,775,953	2,514,793
Paycheck Protection Program loan	301,500	-
Total liabilities	3,077,453	2,514,793
Net assets:		
Without donor restrictions:		
Undesignated	899,087	1,327,877
Board designated - building reserve	65,203	-
With donor restrictions	10,825,027	10,230,849
	11,789,317	11,558,726
Total liabilities and net assets	\$ 14,866,770	\$ 14,073,519

See accompanying notes to financial statements.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Statements of Activities Years Ended August 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Annual dues	\$ 2,696,015	\$ -	\$ 2,696,015
Convention and meetings	194,400	-	194,400
Sales, net of cost of sales of \$37,518 and \$59,155, respectively	82,442	-	82,442
Contributions	1,555,505	668,983	2,224,488
Corporate and foundation philanthropy	-	10,000	10,000
In-kind contributions	480,000	-	480,000
Miscellaneous	14,099	-	14,099
Investment return, net	218,836	419,615	638,451
Net assets released from restrictions	504,420	(504,420)	-
Total revenue and support	5,745,717	594,178	6,339,895
Expenses:			
Personnel costs	3,235,013	-	3,235,013
Grants and other assistance	638,778	-	638,778
Convention	61,090	-	61,090
Travel, training and meetings	97,807	-	97,807
Translation and interpretation	233,797	-	233,797
Information technology	318,000	-	318,000
Promotion and in-kind advertising	496,905	-	496,905
Other professional services	302,432	-	302,432
Occupancy	76,309	-	76,309
Office expenses	92,756	-	92,756
Insurance	100,765	-	100,765
Soroptimist International dues	200,924	-	200,924
Dream Big expense	27,043	-	27,043
Depreciation	123,590	-	123,590
Fees and other	104,095	-	104,095
Total expenses	6,109,304	-	6,109,304
Change in net assets	(363,587)	594,178	230,591
Net assets, beginning of year	1,327,877	10,230,849	11,558,726
Net assets, end of year	\$ 964,290	\$ 10,825,027	\$ 11,789,317

See accompanying notes to financial statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,566,609	\$ -	\$ 2,566,609
-	-	-
129,571	-	129,571
1,760,941	819,340	2,580,281
11,000	95,000	106,000
439,865	-	439,865
91,375	-	91,375
438,821	(500,039)	(61,218)
473,963	(473,963)	-
5,912,145	(59,662)	5,852,483
3,082,403	-	3,082,403
651,649	-	651,649
-	-	-
457,358	-	457,358
268,074	-	268,074
146,918	-	146,918
484,576	-	484,576
438,026	-	438,026
90,553	-	90,553
130,342	-	130,342
98,476	-	98,476
117,212	-	117,212
-	-	-
120,582	-	120,582
114,186	-	114,186
6,200,355	-	6,200,355
(288,210)	(59,662)	(347,872)
1,616,087	10,290,511	11,906,598
\$ 1,327,877	\$ 10,230,849	\$ 11,558,726

**SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.**

**Statement of Functional Expenses**  
**Year Ended August 31, 2020**

	2020										
	Program Activities						Total Programs	Supporting Activities		Total	
	Program Services	Member Services	Governance	Soroptimist International	Convention	Product Sales		Administration	Fundraising		
Personnel costs:											
Payroll and payroll taxes	\$ 470,257	\$ 576,715	\$ 202,018	\$ 39,398	\$ 218,783	\$ 93,046	\$ 1,600,217	\$ 430,860	\$ 819,807	\$ 2,850,884	
Benefits	63,363	77,707	27,220	5,308	29,479	12,537	215,614	58,054	110,461	384,129	
Total personnel costs:	533,620	654,422	229,238	44,706	248,262	105,583	1,815,831	488,914	930,268	3,235,013	
Grants and other assistance	534,570	103,708	-	-	-	-	638,278	-	500	638,778	
Convention	-	-	28,713	-	30,548	-	59,261	-	1,829	61,090	
Travel, training and meetings	2,049	2,513	71,012	172	7,658	406	83,810	2,180	11,817	97,807	
Translation and interpretation	47,874	18,965	76,007	1,296	36,834	3,060	184,036	14,168	35,593	233,797	
Information technology	63,853	61,568	21,567	4,206	23,356	9,933	184,483	45,997	87,520	318,000	
Promotion and in-kind advertising	80,889	102,101	34,014	6,633	36,836	15,666	276,139	82,736	138,030	496,905	
Other professional services	35,669	56,766	18,207	2,522	22,611	5,956	141,731	45,405	115,296	302,432	
Occupancy	12,587	15,437	5,407	1,055	5,856	2,491	42,833	11,533	21,943	76,309	
Office expenses	16,888	18,209	5,711	1,155	4,455	2,291	48,709	21,612	22,435	92,756	
Insurance	-	100,765	-	-	-	-	100,765	-	-	100,765	
Soroptimist International dues	-	-	-	200,924	-	-	200,924	-	-	200,924	
Dream Big expense	-	-	-	-	-	-	-	-	27,043	27,043	
Depreciation	20,386	25,001	8,758	1,708	9,485	4,034	69,372	18,678	35,540	123,590	
Cost of products sold	-	-	-	-	-	37,518	37,518	-	-	37,518	
Fees and other	4,538	5,424	1,877	366	2,033	864	15,102	4,003	84,990	104,095	
Total expenses by function	1,352,923	1,164,879	500,511	264,743	427,934	187,802	3,898,792	735,226	1,512,804	6,146,822	
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(37,518)	(37,518)	-	-	(37,518)	
Total functional expenses	\$ 1,352,923	\$ 1,164,879	\$ 500,511	\$ 264,743	\$ 427,934	\$ 150,284	\$ 3,861,274	\$ 735,226	\$ 1,512,804	\$ 6,109,304	

*Continued*

**SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.**

**Statement of Functional Expenses  
Year Ended August 31, 2019**

	2019									
	Program Activities						Total Programs	Supporting Activities		Total
	Program Services	Member Services	Governance	Soroptimist International	Convention	Product Sales		Admininistration	Fundraising	
Personnel costs:										
Payroll and payroll taxes	\$ 605,403	\$ 633,282	\$ 188,591	\$ 38,811	\$ 118,074	\$ 69,970	\$ 1,654,131	\$ 350,669	\$ 728,397	\$ 2,733,197
Benefits	77,349	80,911	24,095	4,959	15,086	8,940	211,340	44,803	93,063	349,206
Total personnel costs:	682,752	714,193	212,686	43,770	133,160	78,910	1,865,471	395,472	821,460	3,082,403
Grants and other assistance	642,247	6,090	-	-	-	-	648,337	577	2,735	651,649
Convention	-	-	-	-	-	-	-	-	-	-
Travel, training and meetings	1,500	-	358,170	3,033	-	-	362,703	34,518	60,137	457,358
Translation and interpretation	42,597	51,578	151,061	480	617	366	246,699	8,600	12,775	268,074
Information technology	41,884	31,261	9,309	1,916	5,828	3,454	93,652	17,310	35,956	146,918
Promotion and in-kind advertising	159,065	96,718	2,689	553	1,683	998	261,706	79,536	143,334	484,576
Other professional services	64,753	105,606	22,999	2,725	8,290	4,913	209,286	99,186	129,554	438,026
Occupancy	20,058	20,981	6,248	1,286	3,912	2,318	54,803	11,618	24,132	90,553
Office expenses	20,829	51,756	7,344	869	2,643	1,566	85,007	15,435	29,900	130,342
Insurance	7,541	72,319	2,349	483	1,471	872	85,035	4,368	9,073	98,476
Soroptimist International dues	-	-	-	117,212	-	-	117,212	-	-	117,212
Depreciation	26,709	27,939	8,320	1,712	5,209	3,087	72,976	15,471	32,135	120,582
Cost of products sold	-	-	-	-	-	59,155	59,155	-	-	59,155
Fees and other	17,618	18,426	5,487	1,157	3,436	2,036	48,160	21,323	44,703	114,186
Total expenses by function	1,727,553	1,196,867	786,662	175,196	166,249	157,675	4,210,202	703,414	1,345,894	6,259,510
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(59,155)	(59,155)	-	-	(59,155)
Total functional expenses	\$ 1,727,553	\$ 1,196,867	\$ 786,662	\$ 175,196	\$ 166,249	\$ 98,520	\$ 4,151,047	\$ 703,414	\$ 1,345,894	\$ 6,200,355

See accompanying notes to financial statements.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Statements of Cash Flows Years Ended August 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 230,591	\$ (347,872)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	123,590	120,582
Discount on pledges receivable	197	26,503
Net realized and unrealized (gains) losses on investments	(458,686)	233,493
(Increase) decrease in:		
Accounts receivable	(1,551)	90,081
Pledges receivable	(193,138)	(459,186)
Inventory	11,591	(48,990)
Prepaid expenses	21,526	(24)
Increase (decrease) in:		
Accounts payable and accrued expenses	328,189	58,973
Agency funds	(2,808)	(13,561)
Deferred revenue	(64,221)	84,398
Net cash used in operating activities	(4,720)	(255,603)
Cash flows from investing activities:		
Purchases of property and equipment	(92,146)	(39,230)
Purchases of investments	(1,018,716)	(15,002,203)
Proceeds from sales of investments	2,543,235	14,855,372
Net cash provided by (used in) investing activities	1,432,373	(186,061)
Cash flows from financing activity:		
Proceeds from Paycheck Protection Program loan	301,500	-
Net increase (decrease) in cash and cash equivalents	1,729,153	(441,664)
Cash and cash equivalents, beginning of year	2,168,227	2,609,891
Cash and cash equivalents, end of year	\$ 3,897,380	\$ 2,168,227

See accompanying notes to financial statements.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (1) Nature of Activities

Soroptimist International of the Americas, Inc. (SIA) (the Organization) is a global organization whose volunteer members empower women and girls through access to education. Since our founding in 1921, we have grown to include tens of thousands of Soroptimists in 20 countries and territories. Powered by our volunteer members, each of our nearly 1,300 clubs supports community-based and global projects benefiting women and girls. Since our signature Dream Programs began, we have helped more than 106,000 women and girls reach their goals.

Program projects of the Organization include:

*Live Your Dream: Education and Training Awards for Women* have provided over \$35 million in education cash awards to more than 33,000 women since its inception in 1972. The Organization invests in women's education because education is the pathway to economic empowerment and it has the potential to transform lives and communities. The *Live Your Dream Awards* assist women who provide the primary financial support for their families and face obstacles including poverty, teen pregnancy, and drug or alcohol addiction.

*Dream It, Be It: Career Support for Girls* has reached more than 73,000 girls across 14 countries and territories since the program launched in 2015. *Dream It, Be It* provides girls with access to professional role models, career education, and the resources to be happy, successful adults. Soroptimist clubs work with girls through a 7-session curriculum in small groups or a conference setting to give girls the tools they need to achieve their education and career goals, and to empower girls to break cycles of poverty, violence, and abuse.

### (2) Summary of Significant Accounting Policies

#### *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

The Organization considers short-term securities purchased with a maturity of three months or less to be cash equivalents.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (2) Summary of Significant Accounting Policies, Continued

#### *Accounts Receivable*

Accounts receivable are recorded at net realizable value. Management estimates the accounts to be fully collectible and therefore, no allowance for bad debts has been recorded. Accounts receivable are written off when determined to be uncollectible based upon management's assessment of the individual accounts. Receivables are considered to be delinquent when they are 90 days past their due date.

#### *Inventory*

Inventory consists of jewelry, supplies, and other items with the Organization insignia, and is stated at the lower of cost or net realizable value; cost is determined on the average cost basis.

#### *Pledges Receivable*

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Promises to give are recorded at present value, which is estimated as net realizable value if expected to be collected in one year and discounted future cash flows if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### *Investments*

Investments are stated at fair value which is determined by quoted market prices. Donated investments are recorded as contributions at fair value at the time of donation. Net investment return comprises interest, dividends, realized and unrealized gains and losses net of external investment expenses. Realized gains and losses are computed using the specific identification cost method and recorded in the statements of activities.

#### *Property and Equipment*

Property and equipment are stated at cost. Items over \$1,000 considered to have useful lives of longer than one year are capitalized. Depreciation is provided over the estimated useful lives of the respective assets and is calculated on the straight-line basis over the following useful lives:

Computer software	3 Years
Computer hardware	3 to 5 Years
Furniture and fixtures	5 to 10 Years
Building and improvements	30 Years

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (2) Summary of Significant Accounting Policies, Continued

#### *Split-Interest Agreements*

The Organization has received a contribution in a charitable remainder unitrust.

Under the charitable remainder unitrust arrangement, the Organization is not the trustee and does not exercise control over the assets contributed to the trust; therefore, the Organization recognizes this arrangement as a beneficial interest in a trust. The Organization has recorded as contribution revenue with donor restrictions and as a beneficial interest, the fair value of the beneficial interest based on the present value of the estimated future benefits to be received when the trust assets are distributed. The discount rate used in calculating the present value of these future benefits was 5%. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as changes in the value of split-interest agreements in net assets with donor restrictions.

#### *Contributions*

Contributions, promises to give, and grants, are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted contributions that are received and expended within the same fiscal year are reported as support with donor restrictions.

#### *Net Assets*

Net assets are categorized as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for certain purposes by the Board of Directors. As of August 31, 2020, the Board of Directors designated \$65,203 for capital improvements or building emergencies.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (2) Summary of Significant Accounting Policies, Continued

#### *Revenue Recognition/Deferred Revenue*

The Organization applies the five-step revenue model under Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 606, *Revenue from Contracts with Customers* (Topic 606) to determine when revenue is earned and recognized. Topic 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements, and establishes a performance obligation approach to revenue recognition.

Annual membership dues are recognized over time over the applicable membership period. Membership dues collected in advance are recorded as deferred revenue. Mandatory fees, non-delegate registration, and other revenue including sponsorships related to the convention is recognized over time as the convention takes place and the services are provided to the attendees. Sales are recognized at a point in time when the product is shipped to the customer.

Revenue from contracts with customers for the year ended August 31, 2020 was recognized based on the timing of the satisfaction of the performance obligations as follows:

Performance obligations satisfied at a point in time	\$ 82,442
Performance obligations satisfied over time	<u>2,890,415</u>
	<u>\$ 2,972,857</u>

#### *In-Kind Contributions*

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind donations are recorded as contributions at their fair values at the date of donation. During the years ended August 31, 2020 and 2019, the Organization received \$480,000 and \$438,450, respectively, in donated services, all of which consisted of donated advertising services that directly benefited program activity. In addition, the Organization received \$1,415 of in-kind gifts during the year ended August 31, 2019. No in-kind gifts were received during the year ended August 31, 2020.

#### *Agency Funds*

The Organization receives funds from member clubs on behalf of other organizations, which it holds, and, periodically makes remittances to them. These funds are not owned by the Organization nor does it exercise discretion over receipts or disbursements. Consequently, they are included as a liability on the statements of financial position. Receipts and disbursements of agency funds are not included in the statements of activities.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (2) Summary of Significant Accounting Policies, Continued

#### *Income Taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization follows the accounting guidance for uncertainty in income taxes using the FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the position will be sustained upon examination of the tax authorities. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties.

The Organization's federal tax return is subject to audit by taxing authorities. As of August 31, 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure.

#### *Fair Value of Financial Instruments*

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The 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) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

*Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

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### (2) Summary of Significant Accounting Policies, Continued

#### *Fair Value of Financial Instruments, Continued*

The following tables represent the Organization's fair value hierarchy for those investments, excluding money market funds, measured at fair value on a recurring basis:

	Assets at Fair Value as of August 31, 2020			
	Level 1	Level 2	Level 3	Total
Equities	\$5,999,161	\$ -	\$ -	\$5,999,161
Mutual funds	162,117	-	-	162,117
Fixed income	2,621,675	-	-	2,621,675
Total assets at fair value	\$8,782,953	\$ -	\$ -	\$8,782,953

  

	Assets at Fair Value as of August 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	\$5,148,485	\$ -	\$ -	\$5,148,485
Mutual funds	149,697	-	-	149,697
Fixed income	4,550,604	-	-	4,550,604
Total assets at fair value	\$9,848,786	\$ -	\$ -	\$9,848,786

#### *Functional Expenses*

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis as determined by management. The expenses that are allocated include personnel costs, depreciation, headquarters insurance, information technology, certain office and occupancy, professional services, and fees and other expenses, which are allocated on the basis of estimates of time and effort. Costs of the marketing and communications department are allocated based on estimates of the benefit received.

#### *Subsequent Events*

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 9, 2021, the date the financial statements were available to be issued.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

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### (2) Summary of Significant Accounting Policies, Continued

#### *Accounting Pronouncements Adopted*

##### *Revenue Recognition*

As of September 1, 2019, the Organization adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and, supersedes or replaces nearly all GAAP revenue recognition guidance. The standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The standard has been applied on the modified-retrospective method using the cumulative effect method on contracts existing on September 1, 2019. As part of the adoption, the Organization elected to follow the practical expedient of applying the standard only to contracts that were not completed as of September 1, 2019. There was no adjustment to opening net assets as of September 1, 2019 as a result of adopting the standard.

As of September 1, 2019, the Organization also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determine whether a contribution is conditional. The Organization adopted ASU 2018-08 using the modified prospective application to agreements not completed as of September 1, 2019 and to agreements entered into after September 1, 2019. The implementation of ASU 2018-08 did not have a material effect on the Organization's financial position, results of operations, or cash flows.

#### *Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 improves transparency and comparability among companies by requiring recognition of lease assets and lease liabilities on the statement of financial position, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. Organizations are also required to disclose key information about leasing arrangements. ASU 2016-02, as amended by ASU 2020-05, is effective for the Organization's fiscal year ending August 31, 2023, with early adoption permitted. The Organization is currently evaluating this guidance to determine the potential impact on its financial statements.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

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### (3) Liquidity and Availability

Financial assets available for general expenditures, within one year of the statement of financial position date comprise the following at August 31, 2020:

Cash and cash equivalents	\$ 3,271,261
Accounts receivable	8,762
Investments	1,375,555
	<u>\$ 4,655,578</u>

The Organization's financial assets as of August 31, 2020 are reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions. The Organization's policy is to maintain a minimum cash and cash equivalent balance to cover three months of operating expenses. Operating cash in excess of this amount may be invested in money market, fixed income and equity investments, with a 70% target allocation to a diversified portfolio of investment grade fixed income securities.

The Organization's endowment fund is subject to an annual spending rate of up to 10% (see Note 12) which may be used to supplement operating income.

### (4) Concentration of Credit Risk

The Organization maintains cash accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits.

### (5) Pledges Receivable

Pledges receivable due to be collected as of August 31, 2020 and 2019 were as follows:

	2020	2019
Receivables in less than one year	\$ 172,500	\$ 121,500
Receivables in one to five years	355,448	331,000
Receivables in greater than five years	189,738	72,048
	<u>717,686</u>	<u>524,548</u>
Discount to present value	(26,700)	(26,503)
	<u>\$ 690,986</u>	<u>\$ 498,045</u>

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (5) Pledges Receivable, Continued

Discounting pledges is the process of determining the present value of an amount of cash to be received at some future date. As of August 31, 2020 and 2019, the Organization used a discount rate of 2%, to calculate the present value of pledges receivable due to be collected beyond one year.

As of August 31, 2020, six donors, including one Board member, accounted for approximately 83% of gross pledges receivable.

As of August 31, 2019, four donors, including one Board members, accounted for approximately 90% of gross pledges receivable.

### (6) Investments

Investments are composed of the following as of August 31:

	2020	2019
Equities	\$ 5,999,161	\$ 5,148,485
Mutual funds	162,117	149,697
Fixed income	2,621,675	4,550,604
Total investments	<u>\$ 8,782,953</u>	<u>\$ 9,848,786</u>

Mutual funds of \$162,117 and \$149,697 as of August 31, 2020 and 2019, respectively, represent funds restricted for the executive director's pension (see Note 10). A corresponding liability is included in accounts payable and accrued expenses.

The net realized and unrealized gains (losses) on investments are as follows for the years ended August 31:

	2020	2019
Net realized gain (loss) on sale of securities	\$ (92,480)	\$ 386,724
Net unrealized gain (loss)	551,166	(620,217)
Total	<u>\$ 458,686</u>	<u>\$ (233,493)</u>

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

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### (7) Property and Equipment

Property and equipment consist of the following as of August 31:

	2020	2019
Computer software	\$ 166,183	\$ 133,032
Computer hardware	189,537	153,121
Furniture and fixtures	54,538	54,538
Building and improvements	2,413,688	2,391,108
	2,823,946	2,731,799
Accumulated depreciation and amortization	(1,562,455)	(1,438,864)
	<u>\$ 1,261,491</u>	<u>\$ 1,292,935</u>

Depreciation expense for the years ended August 31, 2020 and 2019 was \$123,590 and \$120,582, respectively.

### (8) Payroll Protection Program Loan

In April 2020, the Organization received a loan in the amount of \$301,500 pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) and authorized by the Keeping American Workers Employed and Paid Act, which is part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), enacted on March 27, 2020. The PPP was established to provide economic stimulus and funding to businesses affected by the COVID-19 pandemic. The PPP note is forgivable subject to the Organization meeting specific requirements related to the use of the funds and good-faith certification requirements related to eligibility for the loan. In order to receive the forgiveness of the loan, the Organization submitted a loan forgiveness application which was subject to review and approval by the bank and SBA. Subsequent to August 31, 2020, the Organization received full forgiveness of the loan and related interest which will be recorded as forgiveness of indebtedness in the year ending August 31, 2021.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

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### (9) Net Assets

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions are available for the following purposes as of August 31:

	2020	2019
Subject to expenditure for specified purpose:		
Charitable remainder unitrust	\$ 14,648	\$ 14,648
Disaster fund	234,815	275,506
Subject to time restrictions - Dream Big	667,799	452,545
Endowments subject to the Organization's endowment spending policy and appropriation	9,907,765	9,488,150
	<u>\$ 10,825,027</u>	<u>\$ 10,230,849</u>

### (10) Retirement Plans

The Organization provides a deferred contribution savings plan for its employees under Section 401(k) of the IRC. Employees may contribute a percentage of their salary, up to federal limits. The Organization matches employee contributions up to 3%. In addition, the Organization makes an additional contribution of 3% based on the employees' annual compensation. For the years ended August 31, 2020 and 2019, employer contributions to the plan were \$135,465 and \$126,282, respectively.

In addition, the Organization provides a supplemental pension plan for the Executive Director under Section 457 of the IRC. The Organization made contributions to the plan of \$12,000 and \$8,000 for the years ended August 31, 2020 and 2019, respectively. Funds are maintained in a separate investment account and are included within investments and cash and cash equivalents on the statements of financial position. The balance in the accounts at August 31, 2020 and 2019 was \$195,033 and \$165,048, respectively.

### (11) Commitments

The Organization leases certain office equipment under an operating lease expiring in 2023. Rent expense for the office equipment for the years ended August 31, 2020 and 2019 was \$27,160 and \$28,102, respectively.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

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### (11) Commitments, Continued

The following is a schedule by year of future minimum rental payments required under the equipment operating lease that has a remaining noncancellable lease term in excess of one year as of August 31, 2020:

Year Ending August 31,	Amount
2021	\$ 17,561
2022	10,154
2023	6,336
	<u>\$ 34,051</u>

### (12) Endowment

The Organization follows FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act* (UPMIFA) and *Enhanced Disclosures for All Endowment Funds* now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of UPMIFA, but the Organization is required by FASB ASC 958-205 to disclose certain matters associated with its endowment fund. Endowment funds subject to FASB ASC 958-205 include all net assets with donor restrictions to be held in perpetuity, excluding beneficial interests in perpetual trusts, and the income generated by these endowment funds held in perpetuity, subject to donor restrictions. Management of the Organization does not consider any other funds, whether subject to expenditure for a specified purpose or board designated, to be subject to FASB ASC 958-205.

The Organization's endowment, known as the Restricted Reserve Fund, consists of donor-restricted endowment funds from which income is available for the general benefit of the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Organization's Board of Directors has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. The Organization classifies as donor restricted net assets the original value of gifts donated to the donor-restricted endowment and the original value of subsequent gifts made to the donor-restricted endowment.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements

August 31, 2020 and 2019

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### (12) Endowment, Continued

Interest, dividends, and realized gains/losses earned on endowment funds with donor restrictions held in perpetuity are recorded as increases or decreases in net assets without donor restrictions. Unrealized gains/losses earned on endowment funds with donor restrictions held in perpetuity are recorded as increases or decreases in net assets with donor restrictions.

The Organization has adopted investment and spending policies for the endowment funds that attempt to provide a predictable stream of funding to supplement operating income while maintaining the purchasing power of the endowment funds.

#### *Return Objectives and Risk Parameters*

The risk measure of the portfolio is to have no loss in any quarter or consecutive down quarters of more than 10% to 15%. This risk figure is measured continuously and not over a market cycle. For practical purposes, this will be measured as decline in value from the last positive quarter. The total return should meet or exceed the total of the revenue target including the rate of inflation and fees. The specific asset allocation for this portfolio will be set by the Investment Manager and the Organization's Board of Directors. Allocation provisions will be reviewed on a regular basis and may be changed from time to time by the Organization's Board of Directors. In general, the ratio of stocks to bonds in the portfolio should approximate 60:40. These allocations may fluctuate within 10% at the discretion of the Investment Manager.

#### *Strategies Employed for Achieving Objectives*

The Restricted Reserve Fund shall be invested in a portfolio of quality bonds and stocks which shall provide safety through diversification of investments and may reflect varying rates of return provided the overall rate of return is consistent with the risk that the Organization's Board of Directors is willing to accept.

#### *Spending Policy*

In order to meet program and operating goals, the Organization's Board of Directors may authorize withdrawals from the Restricted Reserve Fund of up to 10% on an annual basis. A three-year rolling average of the portfolio's market value, using no less than six observations, shall be used as the basis for this calculation. The source of these withdrawals will be dividends, interest, and realized gains/losses. The frequency and amount of each withdrawal will be determined by the Organization's Chief Operating and Finance Officer and communicated with the Investment Manager.

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Notes to Financial Statements August 31, 2020 and 2019

### (12) Endowment, Continued

Change in endowment net assets (deficit) for the fiscal years ended August 31:

	2020		
	Unrestricted	Permanently Restricted	Total
Endowment net assets - beginning of year	\$ 432,614	\$ 9,488,150	\$ 9,920,764
Investment return:			
Investment income	198,647	-	198,647
Realized and unrealized gain/(loss)	(92,480)	419,615	327,135
	106,167	419,615	525,782
Endowment net assets - end of year	\$ 538,781	\$ 9,907,765	\$ 10,446,546

  

	2019		
	Unrestricted	Permanently Restricted	Total
Endowment net assets (deficit) - beginning of year	\$ (102,913)	\$ 9,988,189	\$ 9,885,276
Investment return:			
Investment income	193,652	-	193,652
Realized and unrealized gain/(loss)	341,875	(500,039)	(158,164)
	535,527	(500,039)	35,488
Endowment net assets - end of year	\$ 432,614	\$ 9,488,150	\$ 9,920,764

### (13) Subsequent Event

On December 31, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act extends the authority to make PPP loans through March 31, 2021 and revises certain PPP requirements. During January 2021, the Organization received a second draw PPP loan (PPP2 loan) in the amount of \$150,000. The PP2 loan bears interest at a rate of 1% per annum, with the first 10 months of interest deferred, has a term of 5 years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP2 loan is forgivable subject to the Organization's request to the extent that the PPP2 loan proceeds were used to pay expenses permitted by the program. While the Organization believes that its use of the PPP2 loan proceeds will meet the conditions for forgiveness of the loan, there can be no assurance that any portion of the loan will be forgiven pursuant to the terms of the PPP.

## SUPPLEMENTARY INFORMATION

**SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.**

**Supplementary Information  
Schedules of Agency Funds (Unaudited)  
Years Ended August 31, 2020 and 2019**

		2020 (Unaudited)		
		Beginning Balance	Contributions Received	Distributions Ending Balance
Fund:				
	SI President's Appeal	\$ 4,684	\$ 98,148	\$ (100,956) \$ 1,876

		2019 (Unaudited)		
		Beginning Balance	Contributions Received	Distributions Ending Balance
Fund:				
	SI President's Appeal	\$ 18,245	\$ 104,015	\$ (117,576) \$ 4,684

# SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

## Supplementary Information Schedules of Contributions and Sponsorships Years Ended August 31, 2020 and 2019

	2020	2019
Contributions without donor restrictions:		
Founders Pennies	\$ 176,718	\$ 181,281
Club giving	684,302	765,330
Program support	175,818	262,572
Bequests	6,200	56,723
Unrestricted support	512,467	495,035
	1,555,505	1,760,941
Contributions with donor restrictions:		
Dream Big	359,803	526,498
Dream It Be It	50,804	42,884
Live Your Dream awards	198,690	237,546
Disaster fund contributions	59,686	6,369
Live Your Dream.org	-	6,043
	668,983	819,340
Subtotal	2,224,488	2,580,281
Corporate and foundation philanthropy	10,000	106,000
Total contributions	2,234,488	2,686,281
Other:		
In-kind revenue - development	-	1,415
In-kind revenue - marketing	480,000	438,450
Total contributions and sponsorships	\$ 2,714,488	\$ 3,126,146