

YALE-CHINA ASSOCIATION
Financial Statements
June 30, 2021

YALE-CHINA ASSOCIATION
June 30, 2021

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BURZENSKI & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Yale-China Association
New Haven, CT

We have audited the accompanying financial statements of the Yale-China Association (a nonprofit organization), which comprise the statement of financial position as of 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.

Auditor's 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 from material misstatement.

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

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



BURZENSKI & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL CONSULTANTS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yale-China Association as of 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.

Burzenski & Company, P.C.

Certified Public Accountants

East Haven, Connecticut

May 13, 2022

YALE-CHINA ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021

Assets		<u>2021</u>
Current Assets		
Cash	\$	319,082
Investments (Note 3)		24,316,378
Contributions and grants receivable (Note 4)		<u>55,558</u>
Total Current Assets		<u>24,691,018</u>
Other Assets		
Fixed assets net of accumulated depreciation (Note 5)		<u>6,909</u>
Total other assets		<u>6,909</u>
Total Assets	\$	<u><u>24,697,927</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$	58,745
Net Assets		
With donor restrictions		12,671,644
Without donor restrictions		<u>11,967,538</u>
Total net assets		<u>24,639,182</u>
Total Liabilities and Net Assets	\$	<u><u>24,697,927</u></u>

**YALE-CHINA ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2021 Total</u>
SUPPORT AND REVENUE			
General contributions	408,304	46,700	455,004
Grants	35,726	214,002	249,728
Investment income	875,305	-	875,305
Unrealized gain (loss) on investments	2,974,900	3,078,159	6,053,059
Realized gain (loss) on investments	110,120	-	110,120
Release of Restrictions	223,347	(223,347)	-
	<hr/>		
Total Support and Revenue	4,627,702	3,115,514	7,743,216
	<hr/>		
EXPENSES			
Program operations	1,608,685	-	1,608,685
Management and administration	87,063	-	87,063
Fundraising	90,194	-	90,194
	<hr/>		
Total Expenses	1,785,942	-	1,785,942
	<hr/>		
CHANGES IN NET ASSETS	2,841,760	3,115,514	5,957,274
	<hr/>		
NET ASSETS - BEGINNING OF YEAR	9,125,778	9,556,130	18,681,908
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NET ASSETS - END OF YEAR	11,967,538	12,671,644	24,639,182
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**YALE-CHINA ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Operations</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 724,828	\$ 45,910	\$ 48,722	\$ 819,460
Payroll benefits and taxes	250,138	16,291	21,991	288,420
Travel and program oversight	6,725	13	35	6,773
Stipends	116,269	-	-	116,269
Space occupancy	121,600	19,000	11,400	152,000
Community outreach	39,000	-	-	39,000
Scholarships	54,837	-	-	54,837
Educational conferences and meetings	37,476	-	1,065	38,541
Program housing	53,395	-	-	53,395
Contracted services	8,181	752	608	9,541
Teaching services	36,288	-	-	36,288
Insurance	13,427	769	816	15,012
Depreciation	6,968	-	-	6,968
Language study	8,630	-	-	8,630
Professional fees	20,678	-	256	20,934
Publications and communications	7,932	725	3,321	11,978
Student exchange and orientation	330	-	-	330
Supplies	17,884	692	1,723	20,299
Postage and shipping	4,744	1,998	79	6,821
Recruitment and selection	66,583	-	-	66,583
Office supplies and other expenses	3,600	913	178	4,691
Investment fees	9,172	-	-	9,172
	<u>\$ 1,608,685</u>	<u>\$ 87,063</u>	<u>\$ 90,194</u>	<u>\$ 1,785,942</u>

**YALE-CHINA ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>
Cash flows from operating activities:	
Changes in net assets	\$ 5,957,274
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Unrealized (gains)/losses	(6,053,059)
Realized (gains)/losses	(110,120)
Depreciation and amortization	6,968
Changes in assets and liabilities:	
Contributions receivable	(22,054)
Prepaid expenses	2,450
Accounts payable and accrued expenses	<u>(150,780)</u>
Net cash provided by operating activities	<u>(369,321)</u>
Cash flows from investing activities	
Purchase of investments	(4,615)
Sales of investments	355,526
Purchase of property, plant and equipment	<u>(1,059)</u>
Net cash used in investing activities	<u>349,852</u>
Net increase in cash	(19,469)
Cash, beginning of year	<u>338,551</u>
Cash, end of year	<u><u>\$ 319,082</u></u>

**YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Yale-China Association (the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Association was established in 1901 and is organized as a non-profit association in Connecticut for the purpose of conducting, supporting and encouraging amicable relations between the United States and China through the pursuit of program work in education, health, public service and the arts.

Basis of Presentation

Financial statements of private, not-for-profit organizations, such as the Association, measure aggregate net assets and net asset activity based on the absence or existence of donor-imposed restrictions. Net assets are reported as without donor restrictions and with donor restrictions and serve as the foundation of the accompanying financial statements. Brief definitions of the two net asset classes are presented below:

Net Assets Without Donor Restrictions - Net assets derived from grants, contributions, and other Association resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment.

Net Assets With Donor Restrictions - Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets, and net assets from donor restricted endowments not yet appropriated for spending by the Association. In addition, net assets with donor restrictions include restricted contributions from donors classified as funds functioning as endowment. The Association records as net assets with donor restrictions the original amount of gifts which donors have given to be maintained in perpetuity. Restrictions include support of specific programs, for scholarships and fellowships, and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Measure of Operations - The Association's measure of operations as presented in the statement of activities includes revenue from grants and contracts, contributions for operating programs, the allocation of endowment spending for operations and other revenues. Operating expenses are reported on the statement of activities by functional classification, with natural classification presented on the statement of functional expenses.

The Association's non-operating activity within the statement of activities includes contributions to the Association's endowment, investment returns and other activities related to endowment.

**YALE-CHINA ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Note 1 - Summary of Significant Accounting Policies (continued)

Liquidity

The Association’s financial assets available within one year of the balance sheet date for general expenditure as of June 30, 2020 are as follows:

	2021
Total assets, at year end	\$ 24,697,927
Less: nonfinancial assets	
Fixed assets net of accumulated depreciation	6,909
Financial assets, at year end	\$ 24,691,018

Less amounts unavailable for general expenditures within one year due to:

Contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restriction	586,275
Subject to appropriation and satisfaction of donor restrictions	
including donor restricted endowments	12,085,369
and board designated endowments	11,773,996

Financial assets available to meet cash needs for general expenditures	
within one year	\$ 245,378

The Association’s financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure consist of cash and accounts & contributions receivables. In addition to these available financial assets, a significant portion of the Association’s annual expenditures will be funded by current year operating revenues including grant and contract income and investment income. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Association invests cash in excess of daily requirements in various short-term investments, including US government instruments.

Additionally, the Association has board-designated funds of \$11,773,996. Although the Association does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated funds could be made available if necessary.

Cash and Cash Equivalents

Cash and cash equivalents are recorded at cost, which approximates fair value, and includes cash on hand and unrestricted demand deposits with financial institutions. The Association considers short-term, highly liquid investments with maturities of three months or less from the original date of acquisition to be cash equivalents.

Investments

Investments are recorded at market value in the financial statements. Investment income includes all interest, dividends and net realized and unrealized gains and losses. Realized gains are computed on the specific identification cost method.

YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Management places cash with credit worthy institutions which insure deposits up to \$250,000 per depositor with the Federal Deposit Insurance Corporation (FDIC). The Association also maintains cash accounts in a financial institution in Hong Kong that insures deposits with the Hong Kong Deposit Protection Board (HKDPB) up to \$500,000 HKD, the aggregate cash balances were within the insured limits. Cash balances at US financial institutions may at times exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Financial instruments that potentially subject the Association to concentrations of credit risk consist of investments and receivables. By policy, investments are managed and reviewed, and kept within limits and parameters designed to prevent risks caused by concentrations. Management feels the potential for credit risk for receivables to be limited due to the small number of accounts and the nature of the receivables.

Fixed Assets

Fixed assets consist of office equipment, computers and renovations and are recorded at cost. It is the Association's policy to capitalize property and equipment acquisitions over \$500. Depreciation is provided on the straight-line method over the estimated useful life of the assets which range from three to ten years. Maintenance and repairs that do not extend the useful lives of the assets are expensed when incurred.

Income Taxes

The Association has received exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). Management has reviewed the Association's reporting and believe they have not taken tax positions that are more likely than not to be determined to be incorrect by the Internal Revenue Service and therefore no adjustments or disclosures are required. The Association's returns are generally subject to examination for a period of three years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows, which includes estimates for potential uncollectible receivables. The discount on those contributions is computed using an interest rate that reflects fair value applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized as revenue until the performance barrier and the right of return or release have been overcome.

YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Grant and Contract Income

The Association receives grant and contract income for exchange and non-exchange agreements from private and government sources. Revenue from exchange agreements is recognized when performance obligations are met. Revenue from conditional non-exchange agreements is recognized as performance barriers are overcome and as the Association overcomes either a right of return of assets transferred or the right of release of a promisor's obligation to transfer assets. Grant and contract revenue from conditional non-exchange agreements is generally recognized as qualified costs of sponsored programs are incurred.

Functional Expenses

The costs of program and supporting activities have been reported on the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services.

Compensated Absences

Employees of the Association may be entitled to paid time off based on job classification and length of service. The Association recognizes the cost of compensated absences when it is paid to the employee. Management believes that the value of earned paid time off is not material with respect to the financial statements; therefore, no provision has been made for the estimated cost of future compensated absences.

Net Assets Released from Restrictions

Net assets released from restrictions are based upon the satisfaction of the purpose for which the net assets were restricted or the completion of a time stipulation. Restricted operating activity including contributions and net investment return earned, which are restricted, are reported as net assets with donor restrictions and reclassified to net assets without donor restrictions when any donor-imposed restrictions are satisfied.

Disclosure of Subsequent Events

Management has evaluated subsequent events for the period after June 30, 2021 through May 13, 2022 the date the financial statements were available to be issued.

Recent Authoritative Pronouncements

The Financial Accounting Standards Board has issued standards that the Association must consider for adoption over the next two years. Those standards include the following: (1) *Leases* effective for the fiscal year ending June 30, 2022. The *Leases* standard aims 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. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statement of activities.

YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2021:

	<u>2021</u>
Operating checking	\$ 313,163
Reserve savings	26
Hong Kong dollars held in Hong Kong checking and savings accounts converted to U.S. dollars at the conversion rate of 7.87 HKD to 1 USD	<u>5,893</u>
	<u>\$ 319,082</u>

Note 3 – Investments

Investments held by the Association for charitable and operational purposes for the year ended June 30, 2021 consisted of the following:

	<u>2021</u>
Notes and bonds	\$ 320,242
Investment Fund at Yale University	11,910,767
Endowment Fund held by Yale University	<u>12,085,369</u>
	<u>\$ 24,316,378</u>

Investments are recorded at fair value. Adjustments are reflected in the statements of activities to record the increase or decrease in fair value. A summary of investments held by net asset classification as of June 30, 2021 are as follows:

	<u>2021</u>
Without donor restrictions, including board designated funds	\$ 11,773,996
Donor restricted, with time or purpose restriction	457,013
Donor restricted endowments, perpetual in nature	<u>12,085,369</u>
	<u>\$ 24,316,378</u>

The Association has placed the Board designated fund with the Yale University Funds to be managed and invested within the Yale University Fund. The investment consists of units of the Yale Investment Fund of which the income and investments are available to the Association based upon Board designated restrictions. The funds are recorded at fair value and consist of the following:

		<u>2021</u>	
	<u>Principal</u>	<u>Market</u>	<u>Excess</u>
Yale-China Second Century Fund	\$ 4,797,124	\$ 8,221,902	\$ 3,424,778
Yale-China Reserve Fund	810,582	1,267,162	456,580
Yale-China Lilley Fund	1,530,292	2,421,703	891,411
	<u>\$ 7,137,998</u>	<u>\$ 11,910,767</u>	<u>\$ 4,772,769</u>

**YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 3 – Investments (continued)

Investments held under the Endowment Fund by Yale University consist of permanently restricted endowment funds of which only the income is available for distribution. These funds are recorded at fair value and consist of the following:

		2021	
	Principal	Market	Excess
Lyman Yale-China Fund	\$ 1,206,887	\$ 10,888,832	\$ 9,681,945
Henry B. Wright Fund	49,845	1,020,324	970,479
Arthur L. Ryerson Memorial Scholarship Fund	4,720	176,213	171,493
	<u>\$ 1,261,452</u>	<u>\$ 12,085,369</u>	<u>\$ 10,823,917</u>

Earnings on the endowment funds for the year ended June 30, 2021 are as follows:

	2021
Lyman Yale-China Fund	\$ 375,791
Henry B. Wright Fund	35,213
Arthur L. Ryerson Memorial Scholarship Fund	6,081
	<u>\$ 417,085</u>

Total investment income for the year ended June 30, 2021 is summarized as follows:

	2021
Interest and dividends - endowment	\$ 417,085
Interest and dividends - unrestricted	458,220
Realized gain (loss) on investments	110,120
Unrealized gain (loss) on investments	6,053,059
	<u>\$ 7,038,484</u>

The Board of Trustees of the Association has interpreted laws and regulations as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. To the extent that a donor-restricted endowment fund falls below its historic dollar value a deficit would exist, and it would be reported as a reduction of net assets with donor restrictions. There were no funds in a deficit position at June 30, 2021.

Spending Policy – The Association’s restricted funds and board designated funds are managed by the Yale Investment Office. The Yale Investment Office maintains a spending distribution policy that is calculated at a long-term spending rate of 5.25% adjusted for inflation and constrained so that the actual rate of spending is at least 4.0% and not more than 6.5% of the value of the endowment investment.

Return Objectives and Risk Parameters – The Association’s restricted funds and board designated funds are managed by the Yale Investment Office. The Yale Investment Office policy is to manage a target mix of assets to produce an expected real (after inflation) long-term growth rate of 6.9 % with risk (standard deviation of returns) of 13.7%. Because actual holdings differ from target levels, the actual allocation produces a portfolio with a slightly higher expected growth rate and risk level. The Yale Investment Office’s measure of inflation is based on a mix of goods and services specific to higher education that tends to exceed the Consumer Price Index by approximately one percentage point.

YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 3 – Investments (continued)

ASC Topic 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets and liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.

Level 3 – Inputs that are generally unobservable, in which there is little or no market data, typically reflect managements’ estimates of assumptions that market participants would use in pricing the asset or liability. The fair values of the Investment Fund and the Endowment Fund held by Yale University are based upon Level 3 measurements. Valuation methodologies include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third party appraisals, third party pricing services, and other applicable indices.

The following information represents the Association’s investments measured at fair value at June 30, 2021:

	<u>2021</u>
Notes and bonds	<u>\$ 320,242</u>
Total Level 1 Investments	<u>\$ 320,242</u>
Held in the Yale University Investment Pool	
Absolute return	4,507,623
Domestic equity	181,845
Fixed income	2,376,682
Foreign equity	2,113,293
Leveraged buyouts	4,834,405
Natural resources	716,029
Real estate	1,816,123
Venture capital	6,611,347
Cash and cash equivalents	<u>838,789</u>
Total Level 3 Investments	<u>23,996,136</u>
	<u>\$ 24,316,378</u>

**YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 3 – Investments (continued)

Changes in the investments for the year ended June 30, 2021 are as follows:

			<u>2021</u>		
			Without restrictions & board designated (Level 3)	Donor restricted endowments, perpetual (Level 3)	Total
	Donor restricted, subject to time or purpose restrictions (Level 1)	(Level 3)			
Beginning balance	\$ 374,654	\$ 136,771	\$ 8,985,475	\$ 9,007,210	\$ 18,504,110
Interest and dividends	4,613	-	453,607	417,085	875,305
Transfers from (for) operations	(55,526)	-	(744,433)	(417,085)	(1,217,044)
Investment fees	-	-	(9,172)	-	(9,172)
Realized gains (losses)	2,049	-	108,071	-	110,120
Unrealized gains (losses)	(5,548)	-	2,980,448	3,078,159	6,053,059
Ending balance	<u>\$ 320,242</u>	<u>\$ 136,771</u>	<u>\$ 11,773,996</u>	<u>\$ 12,085,369</u>	<u>\$ 24,316,378</u>

Note 4 – Receivables

Receivables at June 30, 2021 consisted of amounts due from Yale University of \$53,140 and contributions receivable within one year of \$2,418.

Note 5 – Fixed Assets

The following is a summary of fixed assets less accumulated depreciation at June 30, 2021:

	<u>2021</u>
Equipment, fixtures, and renovations	\$ 206,443
Less: accumulated depreciation	<u>(199,534)</u>
	<u>\$ 6,909</u>

Depreciation expense included in operating expenses amounted to \$6,968 for the year ended June 30, 2021.

Note 6 – Related Party Transactions

The Association maintains its own programs, funding, and staff. It has affiliations with Yale University of New Haven, Connecticut and the Chinese University of Hong Kong in Hong Kong. These affiliations allow the Association to utilize certain facilities and services of the Universities. Reimbursement by the Association of costs to the Universities, if any, is determined by the respective university policy and agreements with the Association. During the year ended June 30, 2021 the Association occupied premises at both locations for nominal fees.

**YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 7 – In-Kind Contributions

The value of donated services and rentals meeting the recognition criteria of ASC 958 Contributed Services is included in these financial statements as both revenue and expense. The amount the Association has reported for the occupancy and utilities of its premises amounted to \$152,000 for the year ended June 30, 2021.

	<u>2021</u>
Included in Revenue - General Contributions	\$ 152,000
Included in Expenses - Space Occupancy	<u>\$ 152,000</u>

Note 8 – Net Assets

The Associations net assets consist of the following as of June 30, 2021:

	<u>2021</u>
With Donor Restrictions:	
Donor-restricted endowments, perpetual in nature	\$ 12,085,369
Donor-restricted funds, subject to time or purpose restrictions	
Anonymous Scholarship Program	136,771
Chia Family Program	58,507
Murray Western Hunan Fund	87,784
HKETO Arts Fellowship	46,606
CEAS Teaching Fellowship	18,200
CEAS-YUNA Program	9,000
Other Programs	11,252
YCA/XYOAA Scholarship Program	218,155
Total with Donor Restrictions	<u>\$ 12,671,644</u>
Without Donor Restrictions	
Board Designated endowments	11,773,996
Undesignated (deficit)	<u>193,542</u>
Total without Donor Restrictions	<u>11,967,538</u>
	<u>\$ 24,639,182</u>

Donor-restricted endowments, perpetual in nature, consist of assets held in account under Yale University Endowment Funds of which only the income is available for expenditure at the Association’s Board of Trustees discretion.

Donor-restricted funds, subject to time or purpose restrictions, are restricted to the purposes as noted in the table above.

The Association currently maintains a Board Designated Fund that functions as an endowment. These are unrestricted assets that the Board has designated for specific uses and to be invested within the Yale University Investment Fund. These funds release income for operations based upon Yale University spending rules. As needed the Board also releases additional funds to support operations.

**YALE-CHINA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 9 – Commitments and Contingencies

The Association was named a joint remainder in a charitable remainder trust. According to the trust agreement, the Association will receive half of the remaining balance of the trust when the last two remaining life beneficiaries pass on. As of June 30, 2021, the current life tenant beneficiaries continue to receive payments from this trust. In prior years this trust was challenged by the current life tenant beneficiaries. Due to the uncertainty relating to the amount and date of the contribution to be received by the Association, revenue recognition for this trust has been deferred until there is certainty of the receipt of funds.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Association’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Association’s donors, investments, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Association’s financial condition or results of operations is uncertain.