



**INTERNATIONAL SISTER CITIES  
ASSOCIATION OF FORT WORTH, INC.**

**dba**

**FORT WORTH SISTER CITIES  
INTERNATIONAL**

**FINANCIAL STATEMENTS**

**Year Ended September 30, 2021  
with Independent Accountants' Review Report**

**INTERNATIONAL SISTER CITIES  
ASSOCIATION OF FORT WORTH, INC.  
dba  
FORT WORTH SISTER CITIES  
INTERNATIONAL**

**FINANCIAL STATEMENTS**

**Year Ended September 30, 2021**

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors of  
International Sister Cities Association of Fort Worth, Inc.  
dba Fort Worth Sister Cities International

We have reviewed the accompanying financial statements of International Sister Cities Association of Fort Worth, Inc. dba Fort Worth Sister Cities International, which comprise the statement of financial position as of September 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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 ("GAAP"); 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.

**Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of International Sister Cities Association of Fort Worth, Inc. dba Fort Worth Sister Cities International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with GAAP.

Whitley Penn LLP

Fort Worth, Texas  
January 10, 2022

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.**  
**dba FORT WORTH SISTER CITIES INTERNATIONAL**

**STATEMENT OF FINANCIAL POSITION**

**September 30, 2021**

**Assets**

Current assets:

Cash and cash equivalents	\$ 106,688
Accounts receivable	27,187
Donated rent receivable, net - short-term	16,000
Pledges receivable	35,337
Prepaid expenses	49,452
Total current assets	<u>234,664</u>

Investments	546,601
Beneficial interest	56,972
Property and equipment, net	959
Other assets	<u>578</u>

Total assets	<u><u>\$ 839,774</u></u>
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**Liabilities and Net Assets**

Liabilities:

Accounts payable and accrued liabilities	\$ 78,318
Deferred revenue	144,264
Total liabilities	<u>222,582</u>

Net assets:

Without donor restrictions	
Designated	470,720
Undesignated	95,135
Total without donor restrictions	<u>565,855</u>
With donor restrictions	<u>51,337</u>

Total net assets	<u>617,192</u>
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Total liabilities and net assets	<u><u>\$ 839,774</u></u>
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See independent accountants' review report and accompanying notes to financial statements.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2021**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Revenue, gains, and other support:			
Contributions	\$ 167,783	\$ 35,337	\$ 203,120
In-kind contributions	-	48,000	48,000
Fort Worth fee services agreement	50,000	-	50,000
Membership dues	266,692	-	266,692
Special events, net of direct donor cost of \$13,550	576	-	576
Programs and exchanges	9,460	-	9,460
Net investment income	125,133	-	125,133
Release of restrictions	48,000	(48,000)	-
Total revenue, gains, and other support	<u>667,644</u>	<u>35,337</u>	<u>702,981</u>
Expenses:			
Programs and exchanges	407,750	-	407,750
Fundraising	83,118	-	83,118
General and administrative	41,248	-	41,248
Total expenses	<u>532,116</u>	<u>-</u>	<u>532,116</u>
Change in net assets	135,528	35,337	170,865
Net assets at beginning of year	<u>430,327</u>	<u>16,000</u>	<u>446,327</u>
Net assets at end of year	<u><u>\$ 565,855</u></u>	<u><u>\$ 51,337</u></u>	<u><u>\$ 617,192</u></u>

See independent accountants' review report and accompanying notes to financial statements.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.**  
**dba FORT WORTH SISTER CITIES INTERNATIONAL**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2021**

	<b>Programs and Exchanges</b>				<b>Supporting Services</b>		
	<b>Sister Cities Outreach &amp; Education</b>	<b>Youth &amp; Educator Ambassador Programs</b>	<b>International Leadership Academy</b>	<b>Total Programs and Exchanges</b>	<b>Fundraising</b>	<b>General &amp; Administrative</b>	<b>Total</b>
Bank fees	\$ 1,060	\$ 751	\$ 179	\$ 1,990	\$ 2,233	\$ 176	\$ 4,399
Contract labor	-	-	-	-	5,966	-	5,966
Copier lease and maintenance	1,456	1,257	184	2,897	436	296	3,629
Depreciation	129	111	16	256	39	26	321
Dues and subscriptions	1,502	1,298	190	2,990	449	306	3,745
Employee salaries	129,621	111,968	16,374	257,963	38,781	26,374	323,118
Payroll taxes	9,602	8,294	1,213	19,109	2,873	1,954	23,936
Employee benefits	15,391	13,295	1,944	30,630	4,605	3,132	38,367
Gifts	2,258	201	1,804	4,263	1,261	47	5,571
Insurance	2,059	1,779	260	4,098	616	419	5,133
Legal and professional	1,074	928	136	2,138	321	219	2,678
Marketing	2,010	1,660	229	3,899	410	1,103	5,412
Meetings	168	145	73	386	50	34	470
Parking	381	329	51	761	114	77	952
Postage and shipping	673	555	81	1,309	192	131	1,632
Rent	19,767	17,075	3,685	40,527	5,914	4,022	50,463
Supplies and equipment	1,054	885	136	2,075	1,272	209	3,556
Technology	9,369	8,093	1,361	18,823	2,803	1,906	23,532
Telephone	4,015	3,468	507	7,990	1,201	817	10,008
Travel, meals, and entertainment	2,947	1,143	1,556	5,646	13,582	-	19,228
Total functional expenses	<u>\$ 204,536</u>	<u>\$ 173,235</u>	<u>\$ 29,979</u>	<u>\$ 407,750</u>	<u>\$ 83,118</u>	<u>\$ 41,248</u>	<u>\$ 532,116</u>

See independent accountants' review report and accompanying notes to financial statements.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**STATEMENT OF CASH FLOWS**

**Year Ended September 30, 2021**

**Cash Flows From Operating Activities:**

Increase in net assets	\$ 170,865
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	321
Net realized and unrealized gain on investments	(99,022)
Non-cash rent expense	48,000
Donated rent	(48,000)
Net changes in operating assets and liabilities:	
Accounts receivable	(11,937)
Pledges receivable	(35,337)
Prepaid expenses	(7,669)
Accounts payable and accrued liabilities	41,266
Deferred revenue	27,737
Net cash provided by operating activities	<u>86,224</u>

**Cash Flows from Investing Activities:**

Purchase of property and equipment	(1,280)
Proceeds from redemption of investments	16,158
Purchase of investments	(944)
Contributions to beneficial interest	(56,972)
Net cash used in investing activities	<u>(43,038)</u>

Net increase in cash and cash equivalents 43,186

Cash and cash equivalents at beginning of year 63,502

Cash and cash equivalents at end of year \$ 106,688

See independent accountants' review report and accompanying notes to financial statements.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2021**

**A. Nature of Activities**

International Sister Cities Association of Fort Worth, Inc. dba Fort Worth Sister Cities International (the “Association” or “FWSCI”), a 501(c)(3) nonprofit, is solely dedicated to promoting Fort Worth globally and enriching the community through international education, exchange, and commerce. FWSCI provides a world of opportunities for Fort Worth’s city leaders, citizens, educators, students, and businesses alike.

FWSCI manages the City of Fort Worth’s (the “City”) nine sister city relationships around the world. Utilizing these sister city relationships, FWSCI:

- Orchestrates internationally recognized inbound and outbound exchange programs,
- Provides essential cultural competency education and training,
- Produces unparalleled youth and educator programs,
- Conducts exchanges to foster economic development and mutual respect to improve the lives of Fort Worth citizens and enhance global opportunities.

The current programs of the Association include:

**Sister Cities Exchanges and Outreach (ongoing):**

Regular meetings, events, and activities organized by members that feature the cultures, business connections, and global initiatives of Fort Worth’s nine sister cities.

**Youth and Educator Ambassador Programs (ongoing):**

Educational and cultural youth exchanges between Fort Worth and its sister cities.

**International Leadership Academy (annual):**

A dynamic summer leadership program bringing Fort Worth students together with high school students from around the world. Through the program, students gain essential leadership and communication skills from cross-cultural activities such as art, music, and language studies. During the year ended September 30, 2019, the International Leadership Academy (“ILA”) took place in Japan to commemorate the academy’s 30th anniversary and returned to Fort Worth in 2020 and 2021 as a virtual option due to the pandemic. It will return to in-person programing in 2022.



**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS *(continued)***

**B. Summary of Significant Accounting Policies**

A summary of the Association's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Accounting**

The accounts are maintained and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

**Cash and Cash Equivalents**

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At September 30, 2021, the Association had no such investments. The Association maintains deposits primarily in two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Association has not experienced any losses related to amounts in excess of FDIC limits.

**Pledges and Accounts Receivable**

Unconditional promises to give or pledges receivable are recorded as revenue in the year made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Management provides for estimated uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for uncollectible pledges based on its assessment of the current status of individual receivables. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a credit to the applicable contribution receivable. Management considers all outstanding pledges to be fully collectible.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS *(continued)***

**B. Summary of Significant Accounting Policies – continued**

**Investments**

GAAP requires investments with readily determinable fair values to be stated at fair value with unrealized gains and losses from fluctuations in market value included in the statement of activities. The fair values of investments in equity securities and debt securities (including mutual fund shares) with readily determinable fair values are based on the quoted market price of the shares owned at September 30, 2021.

The Association maintains investments in several financial institutions that are covered members of the Securities Investor Protection Corporation (“SIPC”), which may at times exceed amounts covered by insurance provided by the SIPC. The Association has not experienced any losses related to amounts in excess of SIPC limits.

GAAP 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 active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

Investment gains and losses are accounted for using the average cost basis of the securities sold. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS *(continued)***

**B. Summary of Significant Accounting Policies – continued**

**Beneficial Interest in Assets Held by Others**

Beneficial interests in assets held by others represent investments held by the North Texas Community Foundation (“NTXCF”) which are comprised of mutual funds. The fair value of the mutual funds is determined primarily by reference to quoted market prices. Realized and unrealized gains and losses are included in the accompanying statement of activities as changes in market value of assets held by others. The beneficial interest is valued using Level 2 inputs.

The beneficial interest held by NTXCF and the earnings are to be used to promote Fort Worth globally and to enrich the community through international education, exchange, and commerce. During the year ended September 30, 2021, the only activity in the beneficial interest was the initial contribution into the fund that is held by NTXCF. The Association is entitled to distributions as determined by NTXCF in accordance with its distribution policies and the agreement between the Association and NTXCF.

**Property and Equipment**

Property and equipment are carried at cost. The Association capitalizes all property and equipment with costs greater than \$1,000 and a useful life greater than three years. Donated property and equipment with estimated useful values greater than \$1,000 and a useful life greater than three years are also capitalized at the estimated fair value at the date of donation. There were no donations of property and equipment during 2021. Depreciation is provided on the straight-line method over the assets’ estimated service lives. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts, and any gains or losses are reflected in the accompanying statement of activities of the respective period. The estimated useful life of the Association’s equipment is 3 years. Depreciation expense was approximately \$300 for 2021.

**Donated Assets and Services**

Donated assets are recorded at their estimated fair value (as determined by management) at the date of donation. Donated services are recognized as contributions if the services, (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Volunteers provide many hours of service throughout the year that are not recognized as contributions in the financial statements, because the recognition criteria under GAAP are not met.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS *(continued)***

**B. Summary of Significant Accounting Policies – continued**

**Contribution Revenue**

The Association recognizes contributions when cash, securities, or other assets or an unconditional promise to give is received. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered to be available for use unless specifically restricted by the donor. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

**Programs and Exchanges Revenues**

Program and exchange revenues are recognized at a point in time, generally when the program or exchange takes place. Amounts received in advance of the program or exchange are considered a contract liability and are included in deferred revenues. Contract liabilities as of September 30, 2021 and 2020 were approximately \$144,000 and \$117,000, respectively.

**Functional Allocation of Expenses**

The costs of providing the various exchanges and outreach programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The exchanges and outreach program expenses are allocated between each program or exchange based on various components. The expenses that are allocated include employee salaries, employee benefits, rent, technology, office expenses, travel, meals and entertainment, and depreciation, which are allocated on the basis of estimates of time and effort. Such allocations are determined by management on an equitable basis.

**Federal Income Taxes**

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as an organization other than a private foundation. The Association follows the guidance under GAAP, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Management believes that it has not taken a tax position that, if challenged, would have a material effect on the Association's financial statements. The Association files Form 990 in the United States federal jurisdiction.

**Advertising**

Advertising costs are expensed as incurred. The Association incurred approximately \$5,000 in advertising expenses for the year ended September 30, 2021.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**New Accounting Pronouncement**

During 2021, the Association adopted Financial Accounting Standards Board Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), (commonly referred to as ASC 606) which requires an entity to recognize revenue when (or as) promised goods are transferred or services are provided to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue guidance defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The guidance requires improved disclosures to help users of the financial statements better understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Association adopted this guidance using the modified retrospective approach on September 1, 2020, and the guidance was applied to contracts at the application date. There is no adjustment necessary to beginning net assets as a result of the adoption.

**C. Availability and Liquidity**

The following represents the Association's financial assets at September 30, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 106,688
Accounts receivable, including related parties	27,187
Investments	<u>546,601</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 680,476</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**D. Donated Rent Receivable**

The Association has a receivable related to donated rent (see Note J) which expired in January 2019. The Association received a pledge renewal over the next year, which expires in January 2022. The pledge receivable was \$16,000 at September 30, 2021.

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
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**NOTES TO FINANCIAL STATEMENTS (continued)**

**E. Fair Value Measurements**

The fair values of investments in equity securities, mutual funds, and corporate bonds are based on the quoted market price in an active market of the shares owned. The beneficial interest in assets held by others are primarily made up of underlying mutual funds and the value is determined primarily by reference to quoted market prices.

The following table set forth by level, within the fair value hierarchy, the Association's assets at fair value at September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>
Equity securities	\$ 77,870	\$ -
Mutual funds:		
International equity	66,158	-
Large cap growth	129,530	-
Large cap value	129,168	-
Small / medium cap growth	62,125	-
Small / medium cap value	61,209	-
Corporate bonds	20,541	-
Beneficial interest	-	56,972
	<u>-</u>	<u>56,972</u>
Total	<u>\$ 546,601</u>	<u>\$ 56,972</u>

These items are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy.

**F. Property and Equipment**

Property and equipment consisted of the following at September 30, 2021:

Office equipment and furniture	\$ 43,659
Less: accumulated depreciation	<u>(42,700)</u>
	<u>\$ 959</u>

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
dba FORT WORTH SISTER CITIES INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**G. Net Assets with Restrictions**

Board designated net assets at September 30, 2021 are \$470,720. Of that amount \$413,748, has been designated by the board to be used as an emergency/special needs fund. The remaining \$56,972 is held in the beneficial interest held by NTXCF.

Net assets with donor restrictions consisted of the following at September 30, 2021:

Donated rent	\$ 16,000
Pledges receivable	<u>35,337</u>
	<u><u>\$ 51,337</u></u>

Donation of rent is recognized as revenue when pledged and is considered donor restricted to time over the lease term. Restriction is released as rent expense is recorded (see Notes D and J).

The pledges receivable are considered a temporary time restricted and will be moved into the beneficial interest held by the NTXCF when received.

**H. Fort Worth Fee Services Agreement**

The Association receives financial support from the City to coordinate all activities involving the City and its sister cities. The Association received a \$50,000 funding commitment from the City for each of the fiscal years ended September 30, 2014 through September 30, 2019 and may be renewed by mutual written agreement for up to four additional terms of one year each, for the coordination of cultural, educational, business, and sports exchanges between the City and its sister cities, coordination of meeting facilities, hotel accommodations, and travel plans in conjunction with sister cities activities, and attendance at meetings as requested by City officials. The City and Association renewed its contract for the years ended September 30, 2020 and 2021 and has renewed the third renewal term for fiscal year ending September 30, 2022.

**I. Deferred Revenue**

Deferred revenue is recognized in the period in which the revenue relates and consisted of the following at September 30, 2021:

Member's Circle	\$ 1,250
Mayor's Dinner	6,860
Program scholarships	10,600
Program income	125,322
Other	<u>232</u>
Total deferred revenue	<u><u>\$ 144,264</u></u>

**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
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**NOTES TO FINANCIAL STATEMENTS (continued)**

**J. Commitments and Contingencies**

***Leases***

The Association's lease obligations include rent for office space and office equipment. In January 2014, the Association entered into a lease for office space. The lease term was from January 30, 2014 to January 29, 2019. In conjunction with the funding commitment in Note G, the Association negotiated the terms of a new lease with the City in 2019, which extended the lease to January 20, 2020. The Association also has the option to renew for four additional one-year terms. The lease provides for in-kind rent for the lease term and any renewal period. The monthly payments under this rental agreement are less than the fair market value. The fair market value of the pledged rent receivable balance at September 30, 2021, was approximately \$16,000 for the remaining lease terms. Total rent expense was approximately \$52,000, including donated rent expense of approximately \$48,000 for the year ended September 30, 2021.

Future minimum annual lease obligations, excluding donated rent, as of September 30, 2021, are approximately as follows:

2022	\$ 2,988
2023	2,988
2024	<u>1,494</u>
Total	<u>\$ 7,470</u>

***Employee Health Insurance***

The Association entered into an agreement for health insurance during 2007. Under this agreement, the Association is responsible for medical expenditures in excess of employee deductibles, with a maximum obligation of up to \$2,000 per employee. As there are no known or expected claims, no liability exists as of September 30, 2021, related to this agreement.

***Paycheck Protection Program***

The Association entered into a loan agreement issued by the Small Business Administration ("SBA") under the Paycheck Protection Program ("PPP") that consisted of a forgivable loan totaling approximately \$78,000, which incurs interest at 1.0%. The Association would not be liable for repayment of the loan provided that all SBA loan proceeds are used only for qualified expenditures as specified in the loan application.

The Association has elected to account for the PPP loan in accordance with Accounting Standards Codification 958 – *Not-for-Profit Entities*. During 2021, the loan was forgiven by the SBA, at which time the Association reduced the refundable advance and recognized the contribution in the accompanying statement of activities.



**INTERNATIONAL SISTER CITIES ASSOCIATION OF FORT WORTH, INC.  
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**NOTES TO FINANCIAL STATEMENTS *(continued)***

**J. Commitments and Contingencies – continued**

***Risk and Uncertainties***

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national, and global economies. Although the disruption is currently expected to be temporary, there is uncertainty around the duration and the related economic impact. Therefore, while management expects this matter to have an impact on the Association's activities, the continuing impact to the results of operations and financial position cannot be reasonably estimated at this time.

**K. Retirement Plan**

The Association has established a SIMPLE IRA plan (the "Plan") covering substantially all employees. The Association made contributions to the Plan totaling approximately \$9,000 during the year ended September 30, 2021.

**L. Related Party**

Pledges for various fundraising activities are often made by either board members, companies affiliated with board members, or other affiliated sister cities organizations. Pledges receivable from these parties totaled approximately \$30,000 at September 30, 2021.

**M. Subsequent Events**

In preparing the accompanying financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through January 10, 2022, the date the financial statements were available for issuance.