




The American-Scandinavian Foundation

Independent Auditor's Report and Financial Statements

June 30, 2023 and 2022



The American-Scandinavian Foundation
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June 30, 2023 and 2022

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Independent Auditor's Report

Board of Trustees
The American-Scandinavian Foundation
New York, New York

Opinion

We have audited the financial statements of The American-Scandinavian Foundation, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The American-Scandinavian Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The American-Scandinavian Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The American-Scandinavian Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The American-Scandinavian Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS, LLP

**New York, New York
May 15, 2024**

The American-Scandinavian Foundation
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,059,742	\$ 1,120,163
Investments	35,290,720	34,028,891
Accounts receivable	296,094	145,202
Receivable from King Street Capital L.P.	64,527	57,741
Inventory	43,063	70,438
Prepaid expenses	466,239	240,983
Property and equipment	<u>12,742,138</u>	<u>13,092,941</u>
Total assets	<u>\$ 49,962,523</u>	<u>\$ 48,756,359</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 290,711	\$ 265,504
Deferred revenues	127,321	31,538
Grants payable	<u>783,156</u>	<u>1,366,398</u>
Total liabilities	<u>1,201,188</u>	<u>1,663,440</u>
Net Assets		
Without donor restrictions		
Operating	937,876	748,419
Board designated	5,219,565	5,084,958
Plant fund	<u>12,742,138</u>	<u>13,092,941</u>
Total without donor restrictions	18,899,579	18,926,318
With donor restrictions	<u>29,861,756</u>	<u>28,166,601</u>
Total net assets	<u>48,761,335</u>	<u>47,092,919</u>
Total liabilities and net assets	<u>\$ 49,962,523</u>	<u>\$ 48,756,359</u>

The American-Scandinavian Foundation
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Contributions	\$ 539,338	\$ 1,219,500	\$ 1,758,838	\$ 631,592	\$ 856,350	\$ 1,487,942
Special event	435,000	-	435,000	267,500	-	267,500
Less direct costs of special event	(121,139)	-	(121,139)	(108,751)	-	(108,751)
Total net special event	313,861	-	313,861	158,749	-	158,749
Membership dues	137,596	-	137,596	106,120	-	106,120
Net investment return designated for current operations	540,157	1,413,051	1,953,208	538,990	1,415,025	1,954,015
Exchange program fees	67,700	-	67,700	54,340	-	54,340
Advertising and publishing	240	-	240	6,497	-	6,497
Ancillary service fees	569,904	-	569,904	278,421	-	278,421
Gift shop	280,434	-	280,434	183,192	-	183,192
Less direct costs of goods sold	(154,239)	-	(154,239)	(98,392)	-	(98,392)
Total net gift shop	126,195	-	126,195	84,800	-	84,800
Program fees	188,540	-	188,540	69,303	-	69,303
Net assets released from restrictions	1,538,944	(1,538,944)	-	2,023,855	(2,023,855)	-
Total revenues, gains, and other support	4,022,475	1,093,607	5,116,082	3,952,667	247,520	4,200,187
Expenses						
Program services						
Training and fellowship programs	907,841	-	907,841	1,372,956	-	1,372,956
Membership	106,369	-	106,369	87,684	-	87,684
Public programs	2,173,448	-	2,173,448	1,789,454	-	1,789,454
Publications	43,315	-	43,315	42,171	-	42,171
Total program services	3,230,973	-	3,230,973	3,292,265	-	3,292,265

**The American-Scandinavian Foundation
Statements of Activities (Continued)
Years Ended June 30, 2023 and 2022**

	2023			2022		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
Expenses (continued)						
Supporting services						
Management and general	\$ 526,144	\$ -	\$ 526,144	\$ 481,574	\$ -	\$ 481,574
Fundraising	262,432	-	262,432	177,830	-	177,830
Total supporting services	788,576	-	788,576	659,404	-	659,404
Total expenses	4,019,549	-	4,019,549	3,951,669	-	3,951,669
Operating Income (Loss)	2,926	1,093,607	1,096,533	998	247,520	248,518
Other Income (Expense)						
Net investment return (loss) in excess of amounts designated for current operations	321,133	840,636	1,161,769	(1,967,229)	(5,248,636)	(7,215,865)
Contributions for long-term investment	-	5,000	5,000	-	262,000	262,000
Depreciation expense	(594,886)	-	(594,886)	(560,817)	-	(560,817)
Net assets released for property and equipment acquisitions	244,088	(244,088)	-	88,605	(88,605)	-
Total other income (expense)	(29,665)	601,548	571,883	(2,439,441)	(5,075,241)	(7,514,682)
Change in Net Assets	(26,739)	1,695,155	1,668,416	(2,438,443)	(4,827,721)	(7,266,164)
Net Assets, Beginning of Year	18,926,318	28,166,601	47,092,919	21,364,761	32,994,322	54,359,083
Net Assets, End of Year	<u>\$ 18,899,579</u>	<u>\$ 29,861,756</u>	<u>\$ 48,761,335</u>	<u>\$ 18,926,318</u>	<u>\$ 28,166,601</u>	<u>\$ 47,092,919</u>

The American-Scandinavian Foundation
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023								
	Program Services				Supporting Services				Total
	Training and Fellowship Programs	Membership	Public Programs	Publications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Expenses									
Salaries	\$ 85,507	\$ 63,394	\$ 1,014,120	\$ 4,625	\$ 1,167,646	\$ 277,048	\$ 150,504	\$ 427,552	\$ 1,595,198
Payroll taxes and employee benefits	14,537	14,425	327,887	1,285	358,134	58,674	63,061	121,735	479,869
Total personnel costs	100,044	77,819	1,342,007	5,910	1,525,780	335,722	213,565	549,287	2,075,067
Fellowships and grants	656,052	-	-	-	656,052	-	-	-	656,052
Honoraria	4,500	-	950	-	5,450	-	-	-	5,450
Advertising	150	-	859	-	1,009	-	-	-	1,009
Office supplies	4,757	331	23,179	-	28,267	7,997	219	8,216	36,483
Printing and duplicating	-	20,343	9,267	10,653	40,263	415	9,423	9,838	50,101
Computer maintenance	1,311	525	42,074	525	44,435	7,868	2,360	10,228	54,663
Telephone and internet provider	949	380	28,858	380	30,567	5,696	1,709	7,405	37,972
Postage and shipping	3,628	169	13,914	5,773	23,484	2,047	1,587	3,634	27,118
Building insurance	1,881	753	57,194	753	60,581	11,288	3,387	14,675	75,256
Officers' insurance	-	-	-	-	-	14,907	-	14,907	14,907
Professional fees	91,543	-	135,937	14,000	241,480	54,476	4,131	58,607	300,087
Travel and representation	23,667	-	43,463	-	67,130	1,185	1,053	2,238	69,368
Receptions and meetings	1,731	728	25,136	-	27,595	4,738	1,056	5,794	33,389
Bank processing and filing fees	4,814	195	56,980	195	62,184	2,919	876	3,795	65,979
Event catering	-	-	-	-	-	-	121,139	121,139	121,139
Depreciation	14,872	5,949	452,114	5,949	478,884	89,232	26,770	116,002	594,886
Occupancy expense	12,814	5,126	393,630	5,126	416,696	76,886	23,066	99,952	516,648
Cost of goods sold	-	-	154,239	-	154,239	-	-	-	154,239
Total expenses	922,713	112,318	2,779,801	49,264	3,864,096	615,376	410,341	1,025,717	4,889,813
Less nonoperating expenses and expenses deducted from revenues on the statements of activities									
Direct expenses of special event	-	-	-	-	-	-	(121,139)	(121,139)	(121,139)
Depreciation	(14,872)	(5,949)	(452,114)	(5,949)	(478,884)	(89,232)	(26,770)	(116,002)	(594,886)
Costs of goods sold	-	-	(154,239)	-	(154,239)	-	-	-	(154,239)
Total operating expenses as reported by function on the statements of activities	<u>\$ 907,841</u>	<u>\$ 106,369</u>	<u>\$ 2,173,448</u>	<u>\$ 43,315</u>	<u>\$ 3,230,973</u>	<u>\$ 526,144</u>	<u>\$ 262,432</u>	<u>\$ 788,576</u>	<u>\$ 4,019,549</u>

The American-Scandinavian Foundation
Statements of Functional Expenses (Continued)
Years Ended June 30, 2023 and 2022

	2022								
	Program Services				Supporting Services				Total
	Training and Fellowship Programs	Membership	Public Programs	Publications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Expenses									
Salaries	\$ 119,367	\$ 57,798	\$ 937,992	\$ 4,521	\$ 1,119,678	\$ 260,351	\$ 92,620	\$ 352,971	\$ 1,472,649
Payroll taxes and employee benefits	35,826	11,054	272,160	978	320,018	83,555	39,713	123,268	443,286
Total personnel costs	155,193	68,852	1,210,152	5,499	1,439,696	343,906	132,333	476,239	1,915,935
Fellowships and grants	1,147,068	-	-	-	1,147,068	-	-	-	1,147,068
Honoraria	6,173	-	-	-	6,173	-	-	-	6,173
Advertising	-	-	200	-	200	-	-	-	200
Office supplies	445	313	21,709	-	22,467	1,714	92	1,806	24,273
Printing and duplicating	-	11,196	7,725	16,070	34,991	-	4,956	4,956	39,947
Computer maintenance	941	326	25,772	326	27,365	4,889	1,467	6,356	33,721
Dues and subscriptions	1,110	444	33,756	444	35,754	6,662	1,999	8,661	44,415
Telephone and internet provider	4,192	1,585	7,438	5,292	18,507	495	165	660	19,167
Postage and shipping	1,814	726	55,159	726	58,425	10,887	3,266	14,153	72,578
Building insurance	-	-	-	-	-	14,907	-	14,907	14,907
Officers' insurance	36,199	388	107,290	9,960	153,837	40,298	13,897	54,195	208,032
Professional fees	10,185	-	13,319	-	23,504	-	1,773	1,773	25,277
Travel and representation	-	-	7,848	-	7,848	-	537	537	8,385
Receptions and meetings	490	196	21,049	196	21,931	2,940	882	3,822	25,753
Bank processing and filing fees	-	-	-	-	-	-	108,751	108,751	108,751
Depreciation	14,020	5,608	426,222	5,608	451,458	84,122	25,237	109,359	560,817
Occupancy expense	9,146	3,658	278,037	3,658	294,499	54,876	16,463	71,339	365,838
Cost of goods sold	-	-	98,392	-	98,392	-	-	-	98,392
Total expenses	1,386,976	93,292	2,314,068	47,779	3,842,115	565,696	311,818	877,514	4,719,629
Less nonoperating expenses and expenses deducted from revenues on the statements of activities									
Direct expenses of special event	-	-	-	-	-	-	(108,751)	(108,751)	(108,751)
Depreciation	(14,020)	(5,608)	(426,222)	(5,608)	(451,458)	(84,122)	(25,237)	(109,359)	(560,817)
Costs of goods sold	-	-	(98,392)	-	(98,392)	-	-	-	(98,392)
Total operating expenses as reported by function on the statements of activities	<u>\$ 1,372,956</u>	<u>\$ 87,684</u>	<u>\$ 1,789,454</u>	<u>\$ 42,171</u>	<u>\$ 3,292,265</u>	<u>\$ 481,574</u>	<u>\$ 177,830</u>	<u>\$ 659,404</u>	<u>\$ 3,951,669</u>

The American-Scandinavian Foundation
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 1,668,416	\$ (7,266,164)
Items not requiring (providing) operating cash flows		
Depreciation	594,886	560,817
Contributions for long-term investments	(5,000)	(262,000)
Realized and unrealized (gains) losses on investments	(2,142,602)	6,742,667
Changes in		
Accounts receivable	(150,892)	(40,020)
Contribution receivable	-	350,000
Inventory	27,375	27,534
Prepaid expenses	(225,256)	(67,510)
Accounts payable and accrued expenses	25,207	9,884
Deferred revenues	95,783	(128,013)
Grants payable	(583,242)	21,847
Net cash used in operating activities	<u>(695,325)</u>	<u>(50,958)</u>
Investing Activities		
Purchases of property and equipment	(244,083)	(88,605)
Purchases of investments	(2,724,973)	(6,840,274)
Proceeds from sales of investments	<u>3,598,960</u>	<u>6,964,945</u>
Net cash provided by investing activities	<u>629,904</u>	<u>36,066</u>
Financing Activities		
Proceeds from contributions restricted for long-term investment	<u>5,000</u>	<u>262,000</u>
Net cash provided by financing activities	<u>5,000</u>	<u>262,000</u>
Increase (Decrease) in Cash and Cash Equivalents	(60,421)	247,108
Cash and Cash Equivalents, Beginning of Year	<u>1,120,163</u>	<u>873,055</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,059,742</u>	<u>\$ 1,120,163</u>
Supplemental Cash Flows Information		
Receivable from King Street Capital L.P. - investing activities	\$ 64,527	\$ 57,741

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The American-Scandinavian Foundation (the Foundation) is a publicly supported, nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation promotes international understanding through educational and cultural exchanges between the United States and the Scandinavian countries of Denmark, Finland, Iceland, Norway, and Sweden. The Foundation carries on an extensive program of fellowships, grants, trainee internships, publishing, membership offerings, and cultural activities. Headquartered in its Scandinavia House, located in New York City, the Foundation has associate members and subscribers worldwide and more than 30,000 alumni of its exchange programs in Scandinavia and the United States.

The Foundation's revenues primarily consist of contributions, investment income, ancillary fees, and income from special events.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted of money market accounts with brokers. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents.

At June 30, 2023, the Foundation's cash accounts exceeded federally insured limits by approximately \$850,000.

Investments and Net Investment Return

Investments in securities having a readily determinable fair value are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investments in limited partnerships are recorded at net asset value (NAV) as a practical expedient.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The American-Scandinavian Foundation
Notes to Financial Statements
June 30, 2023 and 2022

The Foundation's Board of Trustees (the Board) designates only a portion of the Foundation's cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the Foundation's spending policy (see Note 4) is used to support current operations.

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

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which the Foundation has an unconditional right to receive based upon agreed upon fees for ancillary services. Interest is not accrued on outstanding receivables.

Management determines whether an allowance for uncollectible accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, subsequent receipts, and historical information. Delinquent receivables and unconditional promises are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Management assessed the accounts receivable and determined no allowance is necessary as of June 30, 2023 and 2022. Additionally, there were no amount written off against the allowance for doubtful accounts during the years ended June 30, 2023 and 2022. Amounts received in 2022 on accounts receivable as of June 30, 2021 was \$105,182.

Property and Equipment

Property and equipment acquisitions over \$500 are capitalized and stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and building improvements	30 to 40 years
Furniture and equipment	5 to 10 years

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Net Assets

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

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, as well as amounts to be used at the discretion of board specifically for fellowships, grants, and program support.

The American-Scandinavian Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

The Foundation recognizes certain revenues under Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Revenues recognized under ASC 606 are revenues from special event, membership dues, exchange program fees, advertising and publishing, gift shop, and program fees.

Special Event Revenues

The Foundation conducts special events in which a portion of the gross proceeds paid by the participants represents non-tax deductible payment in exchange for benefits received by the participants at the events. Revenue from special events is recognized at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for the direct cost of the benefits provided as the Foundation satisfies its performance obligations by putting on the special event. Revenue for performance obligations satisfied over time is generally recognized over the duration of the related special event. The Foundation determines the transaction price based on the estimated cost of the benefits received by the participants at the event. All proceeds received in exchange for the direct cost of benefits provided to the participants are recorded as special event revenues in the accompanying statements of activities. Additional amounts received in excess of the estimated direct cost of the benefits received by the participants are recorded as contributions in the accompanying statements of activities.

Membership Dues, Program Fees, and Exchange Program Fees

The non-tax deductible portion of membership dues and exchange program fees are recognized as the Foundation satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing benefits to members and exchange programs over time. The Foundation determines the transaction price based on standard charges for goods and services provided, reduced by implicit and explicit price concessions. The Foundation determines its estimates of implicit and explicit price concessions based upon contractual agreements, its discount policies, and historical experience. The tax-deductible portion of membership dues is considered a non-exchange component and is recognized in a manner consistent with other contributions.

Gift Shop Revenues

The Foundation operates a Nordic lifestyle gift shop featuring a curated and rotating luxe collection of home décor, tableware, fashion, accessories, children's, books, gifts, and confections. Revenue is recognized at the amount of consideration to which the Foundation expects to be entitled in exchange for the goods sold. The transaction price is the stated price listed for each item. Revenue from consideration received in exchange for the goods is recognized at a point in time when sale occurs.

Cafeteria and Catering Revenues

Previously closed due to the COVID-19 pandemic, in 2022, the Foundation opened the Björk Café & Bistro (the Café) at Scandinavia House, featuring beloved Scandinavian classics, American favorites with a Nordic twist, and seasonal favorites. Revenue is recognized at the amount of consideration to which the Foundation expects to be entitled in exchange for the goods sold. The transaction price is the stated price listed for each item. Revenue from consideration received in exchange for the goods is recognized at a point in time when sale occurs and is recognized in the ancillary service fees line on the statements of activities.

The American-Scandinavian Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Ancillary Service Fees

Ancillary service fees primarily related to revenues received by the Foundation from outside organizations renting various meeting and auditorium space at the Foundation's Scandinavia House – The Nordic Center in North America (Scandinavia House). These rentals are all short term and generally are for single day meetings or events, or recurring meetings on individual rental bases. Rent revenues are recognized as the Foundation allows the organizations to utilize the various spaces available at Scandinavia House.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

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

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

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Inventory

Inventory consists of items held in the gift shop. Costs are determined using the first-in, first-out method. Inventory is stated at the lower of cost or net realizable value.

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Grants Payable

Grants payable represent amounts approved for grants that are to be paid in future periods. Grants payable are generally paid within one to two years. Currently, due to the public health emergency and travel restrictions, certain grants awarded are still outstanding beyond two years.

Deferred Revenue

Deferred revenue represents contract liabilities for the Foundation's obligation to transfer exchange program activities and ancillary services to those the Foundation contracts with when consideration has already been received from the customer. The consideration received is deferred and recognized over the periods to which the fees relate. These contract liabilities are generally earned within one year. Revenue recognized in 2022 related to contract liabilities as of June 30, 2021 was \$159,551.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general, and fundraising categories based on the direct allocation method and allocation of indirect costs, consisting of operations and maintenance costs, based on cost allocation techniques such as usage and time and effort.

Measure of Operations

The measure of operations includes all revenues and expenses relating to programs services and services supporting operations of the Foundation. Net investment return in excess of amounts designated for current operations, nonoperating expenses, contributions for long-term investment, and depreciation expense, as well as net assets released from restrictions for property and equipment acquisitions, are excluded from the measure of operations.

Note 2. Investments and Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

	2023		
	Total (A)	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Investments Measured at NAV (A)
Vanguard Money Market Funds			
Total Return Fund	\$ 4,469	\$ 4,469	\$ -
Federal Money Market Fund	570,045	570,045	-
Total Bond Market Index Admiral Shares	2,384,654	2,384,654	-
Equity Income Fund Admiral Shares	1,233,732	1,233,732	-
Explorer Fund Admiral Shares	619,158	619,158	-
Intermediate-Term Investment Grade Fund Admiral Shares	876,723	876,723	-
International Growth Fund Admiral Shares	1,850,541	1,850,541	-
International Value Fund	2,119,622	2,119,622	-
Long-Term Investment-Grade Fund Admiral Shares	985,699	985,699	-
PRIMECAP Core Fund	3,166,593	3,166,593	-
Short-Term Investment-Grade Fund Admiral Shares	4,337,356	4,337,356	-
Total International Stock Index Fund Admiral Shares	4,233,334	4,233,334	-
Total Stock Market Index Fund Admiral Shares	6,353,758	6,353,758	-
U.S. Growth Fund Admiral Shares	1,102,622	1,102,622	-
Equity securities	8,382	8,382	-
Exchange-Traded Funds	16,218	16,218	-
King Street Capital L.P.	309,208	-	309,208
Ruffer Absolute Inst. Limited, Class F	4,958,936	-	4,958,936
	<u>35,131,050</u>	<u>\$ 29,862,906</u>	<u>\$ 5,268,144</u>
Money Market Account	<u>159,670</u>		
	<u>\$ 35,290,720</u>		

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	2022		
	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)		
	Total (A)		Investments Measured at NAV (A)
Vanguard Money Market Funds			
Total Return Fund	\$ 219,299	\$ 219,299	\$ -
Federal Money Market Fund	398,612	398,612	-
Total Bond Market Index Institutional Fund	2,478,903	2,478,903	-
Equity Income Fund Admiral Shares	1,341,876	1,341,876	-
Explorer Fund Admiral Shares	530,336	530,336	-
Intermediate-Term Investment Grade Fund Admiral Shares	882,772	882,772	-
International Growth Fund Admiral Shares	1,611,480	1,611,480	-
International Value Fund	1,995,594	1,995,594	-
Long-Term Investment-Grade Fund Admiral Shares	990,866	990,866	-
PRIMECAP Fund Admiral Shares	2,998,586	2,998,586	-
Short-Term Investment-Grade Fund Admiral Shares	4,748,023	4,748,023	-
Total International Stock Index Fund Admiral Shares	3,884,493	3,884,493	-
Total Stock Market Index Fund Admiral Shares	5,596,581	5,596,581	-
U.S. Growth Fund Admiral Shares	860,063	860,063	-
Equity securities	911	911	-
King Street Capital L.P.	410,666	-	410,666
Ruffer Absolute Inst. Limited, Class F	4,925,392	-	4,925,392
	<u>33,874,453</u>	<u>\$ 28,538,395</u>	<u>\$ 5,336,058</u>
Money Market Account	<u>154,438</u>		
	<u>\$ 34,028,891</u>		

(A) The money market account and investments measured at fair value using NAV per share practical expedient have not been classified in the fair value hierarchy. The totals included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2023 and 2022.

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities would be classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities would be classified within Level 3 of the hierarchy. At June 30, 2023 and 2022, the Foundation did not have any securities classified as Level 2 or Level 3 investments of the valuation hierarchy.

Alternative Investments

The following table presents the Foundation's investment in a limited partnership measured at fair value using NAV per share as a practical expedient as of June 30, 2023 and 2022:

	<u>Year</u>	<u>Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
King Street Capital L.P.	2023	\$ 309,208	None	Quarterly	65 days
Ruffer Absolute Inst. Limited, Class F	2023	\$ 4,958,936	None	Quarterly	10 days
King Street Capital L.P.	2022	\$ 410,666	None	Quarterly	65 days
Ruffer Absolute Inst. Limited, Class F	2022	\$ 4,925,392	None	Quarterly	10 days

King Street Capital Limited Partnership (King Street Capital L.P.) is primarily a fixed-income investment securities manager that has both long and short positions in specific debt securities. As of June 30, 2023 and 2022, the Foundation's partnership ownership percentage was approximately 0.0080% and 0.0096%, respectively.

During the year ended June 30, 2019, the Foundation requested to redeem its investment in King Street Capital L.P. The redemption is paid out in four consecutive quarterly payments beginning on June 30, 2019. As of June 30, 2023 and 2022, the Foundation had a receivable of approximately \$65,000 and \$58,000, respectively, from King Street Capital L.P., and a remaining investment balance of \$309,208 and \$410,666, respectively. The remaining balance of the investment in King Street Capital L.P. will be redeemed upon the maturity of the special investments that are not able to be redeemed early and which are required to be held to maturity.

During the year ended June 30, 2022, the Foundation invested in class F shares of Ruffer Absolute Institutional Limited. Ruffer Absolute Institutional Limited invests all of its assets in Ruffer Absolute Master Fund, which is primarily an absolute return investment strategy aiming to achieve positive returns in all market conditions, with particular focus on downside protection in times of market stress. The Ruffer Absolute Master Fund has a global, multi-asset, and unconstrained mandate, making use of equities, fixed income, commodity exposure, precious metals, currencies, derivatives, and alternative assets. As of June 30, 2023 and 2022, the Foundation's ownership percentage was approximately 0.02040% and 0.02398%, respectively.

Concentrations

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

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Note 3. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Fellowship and grants	\$ 9,161,775	\$ 9,043,314
Scandinavia House operations	432,144	421,140
Scandinavia House special programs	<u>3,270,826</u>	<u>2,755,672</u>
	12,864,745	12,220,126
Endowment investment return subject to endowment spending policy and appropriation		
Fellowship and grants	8,085,216	7,039,680
Endowment not subject to spending policy or appropriation		
Fellowship and grants	<u>8,911,795</u>	<u>8,906,795</u>
	<u>\$ 29,861,756</u>	<u>\$ 28,166,601</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Purpose restrictions		
Fellowship and grants	\$ 377,099	\$ 701,473
Scandinavia House operations	54,086	54,580
Scandinavia House special programs	828,806	822,207
Property and equipment acquisitions	<u>244,088</u>	<u>88,605</u>
	1,504,079	1,666,865
Restricted purpose spending-rate appropriations		
Fellowship and grants	<u>278,953</u>	<u>445,595</u>
	<u>\$ 1,783,032</u>	<u>\$ 2,112,460</u>

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Note 4. Endowment

The Foundation's endowment consists of approximately 35 individual donor-restricted funds established for fellowships and grants. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the *State of New York Prudent Management of Institutional Funds Act* (NYPMIFA) as requiring 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. As a result of this interpretation, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions. NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Foundation has adopted the NYPMIFA spending policy.

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

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

Change in endowment net assets for the years ended June 30, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Donor-restricted endowment funds, beginning of year	\$ 15,946,475	\$ 18,455,683
Contributions	5,000	262,000
Interest and dividends	445,590	668,072
Realized and unrealized gains (losses)	911,034	(2,960,636)
Investment fees	(32,135)	(33,049)
Appropriation of endowment assets for expenditure	<u>(278,953)</u>	<u>(445,595)</u>
Donor-restricted endowment funds, end of year	<u>\$ 16,997,011</u>	<u>\$ 15,946,475</u>

Return Objectives and Risk Parameters

The investment objective of the endowment is to provide a stream of earnings that exceeds the sum of inflation and the risk-free return available in the market over a multiyear period with only a moderate amount of risk. Funds are invested in a diversified portfolio of stocks, mutual funds, and limited partnerships that value long-term appreciation as well as current income.

Strategies Employed for Achieving Objectives

The Investment Committee establishes an asset allocation with the goal of achieving a superior risk-adjusted total return. The Investment Committee chooses managers, monitors their results, and rebalances the assets between managers as required. The Investment Committee reports regularly to the Board, and all major decisions are reviewed and approved by the Board before they are implemented. All assets are managed by professional investment managers.

Spending Policy and How Investment Objectives Relate to the Spending Policy

Not-for-Profit Corporation Law (NPCL) allows the net appreciation realized (with respect to all assets) and unrealized (with respect only to readily marketable assets) to be appropriated for expenditure, unless prohibited by the donor in the applicable gift instrument. Pursuant to Section 513(c) of the NPCL, the Board of the Foundation may appropriate these amounts if such a decision is prudent under the standard established by NPCL Section 717. The Investment Committee each year proposes a spending rate to be applied to the five-year average of the balances in those funds whose gift documents allow net appreciation to be spent. The Board then reviews this proposal and sets a spending rate after considering the long- and short-term needs of the Foundation in carrying out its purposes, its present and anticipated financial requirements, expected total return of its investments, price level trends, general economic conditions, and other relevant factors.

The Foundation's board established a spending policy of appropriating for expenditure, which historically has been approximately 4.375%. As a result of the COVID-19 pandemic, the board elected to use a spending rate of 5.50% and 5.75% for the years ended June 30, 2023 and 2022, respectively, of its endowment fund's average fair value over time. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an approximate average of 7% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of the Foundation has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted NYPMIFA to not permit spending from underwater funds in accordance with the prudent measures required under the law. The Foundation did not have any funds with deficiencies at June 30, 2023 and 2022.

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Note 5. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,059,742	\$ 1,120,163
Investments	35,290,720	34,028,891
Accounts receivable	296,094	145,202
	<u>36,646,556</u>	<u>35,294,256</u>
Donor-imposed restrictions		
Donor-restricted funds	12,864,745	12,220,126
Endowments	16,997,011	15,946,475
	<u>29,861,756</u>	<u>28,166,601</u>
Net financial assets after donor-imposed restrictions	6,784,800	7,127,655
Internal designations		
Board-designated funds	5,219,565	5,084,958
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,565,235</u>	<u>\$ 2,042,697</u>

The Foundation receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to not be available to meet cash needs for general expenditures. Donor restricted funds are not classified as financial assets available to meet cash needs for general expenditures within one year, however, the Foundation could seek from donors to have these amounts made available if necessary.

The Foundation's endowment funds consist of donor-restricted endowments. Investment return from donor-restricted endowments is restricted for fellowships and grants. Donor-restricted endowment funds are not available for general expenditure.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. These are presented as financial assets available to meet cash needs for general expenditures within one year.

The Foundation has internally designated board-advised restricted funds. While the Board has internally designated these funds for specified purposes, however, these funds are available to be used for other operating purposes at the discretion and re-designation of the Board.

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Note 6. Property and Equipment

Property and equipment at June 30, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Land	\$ 5,000,000	\$ 5,000,000
Building	16,755,540	16,755,540
Building improvements	1,106,786	930,570
Furniture and equipment	<u>2,374,048</u>	<u>2,306,181</u>
	25,236,374	24,992,291
Less accumulated depreciation	<u>(12,494,236)</u>	<u>(11,899,350)</u>
	<u>\$ 12,742,138</u>	<u>\$ 13,092,941</u>

Construction of Scandinavia House at 56-58 Park Avenue in New York City began in 1999 and opened to the public in October 2000. Scandinavia House includes exhibition spaces, an auditorium, book/gift shop, café, library/resource center, children’s learning center, meeting rooms, and the Foundation’s offices.

Note 7. Defined Contribution Pension Plan

The Foundation maintains a defined contribution pension plan for employees who have attained the age of 21 and have completed one year (a minimum of 1,000 hours) of service. The Foundation’s contributions were at the rate of 5% of compensation for eligible participants for the years ended June 30, 2023 and 2022 and totaled approximately \$74,000 and \$79,000, respectively.

Note 8. Subsequent Events

Subsequent events have been evaluated through May 15, 2024, which is the date the financial statements were available to be issued.