FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.

FPWA
Fulfilling the promise of opportunity

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2019 AND 2018

MARKS PANETH
ACCOUNTANTS & ADVISORS

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2019 AND 2018

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Federation of Protestant Welfare Agencies, Inc.

We have audited the accompanying financial statements of Federation of Protestant Welfare Agencies, Inc. ("FPWA"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Federation of Protestant Welfare Agencies, Inc. as of December 31, 2019 and 2018, 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.

Marks Paneth LLP

New York, NY
June 16, 2020

Morison KSi
Independent member

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Notes 2C and 12)	$ 1,350,754	$ 1,680,273
Accounts receivable (Notes 2D and 4)	490,539	221,966
Prepaid expense and other	100,867	105,518
Investments (Notes 2G, 2M, 2O, 5 and 6)	55,741,699	51,232,394
Property and equipment, net (Notes 2H and 7)	10,025,982	10,585,509
Beneficial interest in perpetual trusts and pooled life income fund (Notes 2K, 2L, 6 and 10)	15,127,060	13,049,474
TOTAL ASSETS	$ 82,836,901	$ 76,875,134
LIABILITIES		
Accounts payable and accrued expenses	$ 214,415	$ 381,862
Accrued salaries, vacation and benefits	113,799	152,680
Accrued postretirement benefits (Note 8)	1,586,500	1,629,700
Bond payable, net (Notes 2I and 9)	10,372,880	10,710,995
TOTAL LIABILITIES	12,287,594	12,875,237
NET ASSETS (Notes 2B and 10)		
Without donor restrictions:		
Operations	42,611,453	43,483,460
Designated for long term investments	6,154,649	1,429,595
Total without donor restrictions	48,766,102	44,913,055
With donor restrictions:		
Restricted for purpose and time	1,540,347	921,570
Perpetual in nature	20,242,858	18,165,272
Total with donor restrictions	21,783,205	19,086,842
TOTAL NET ASSETS	70,549,307	63,999,897
TOTAL LIABILITIES AND NET ASSETS	$ 82,836,901	$ 76,875,134

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018	Without Donor Restrictions	With Donor Restrictions
OPERATING ACTIVITIES (Note 2M):						
REVENUE, GRANTS, AND OTHER						
Contributions (Note 2E)	$ 416,611	$ 1,056,210	$ 1,472,821	$ 1,646,986	$ 514,306	$ 1,132,680
Special events (net of direct expenses of $19,169 and $77,382 for 2019 and 2018, respectively)	(4,916)	-	(4,916)	(61,807)	(61,807)	-
Grants from government agencies (Note 2F)	731,120	-	731,120	603,099	603,099	-
Investment activity - spending allocation (Notes 2G, 5 and 10)	3,125,000	-	3,125,000	3,155,000	3,155,000	-
Income from trusts	314,119	270,000	584,119	607,939	311,272	296,667
Service fees and membership dues	315,383	-	315,383	304,450	304,450	-
Miscellaneous	12,350	-	12,350	11,516	11,516	-
Net assets released from restrictions (Notes 2B and 10)	1,499,790	(1,499,790)	-	-	1,570,660	(1,570,660)
TOTAL REVENUE, GRANTS AND OTHER	6,409,457	(173,580)	6,235,877	6,267,183	6,408,496	(141,313)
EXPENSES (Note 2J):						
Program Services						
Member services	2,800,057	-	2,800,057	2,615,021	2,615,021	-
Policy, advocacy and research	2,457,214	-	2,457,214	2,641,018	2,641,018	-
Total Program Services	5,257,271	-	5,257,271	5,256,039	5,256,039	-
Supporting Services						
Management and general	1,057,416	-	1,057,416	1,108,010	1,108,010	-
Fundraising and development	625,371	-	625,371	845,181	845,181	-
Total Supporting Services	1,682,787	-	1,682,787	1,953,191	1,953,191	-
TOTAL EXPENSES	6,940,058	-	6,940,058	7,209,230	7,209,230	-
Change In Net Assets From Operations	(530,601)	(173,580)	(704,181)	(942,047)	(800,734)	(141,313)
NONOPERATING ACTIVITIES (Note 2M):						
Investment activity, net of fees (Notes 2G, 5 and 10)	7,491,948	792,357	8,284,305	(4,228,887)	(3,837,114)	(391,773)
Investment activity - spending allocation to operations (Notes 2G, 5 and 10)	(3,125,000)	-	(3,125,000)	(3,155,000)	(3,155,000)	-
Change in value of beneficial interest in perpetual trusts	-	2,077,586	2,077,586	(1,787,970)	-	(1,787,970)
Postretirement related changes other than net periodic benefit cost (Note 8)	16,700	-	16,700	181,900	181,900	-
TOTAL NONOPERATING ACTIVITIES	4,383,648	2,869,943	7,253,591	(8,989,957)	(6,810,214)	(2,179,743)
CHANGE IN NET ASSETS	3,853,047	2,696,363	6,549,410	(9,932,004)	(7,610,948)	(2,321,056)
Net assets - beginning of year	44,913,055	19,086,842	63,999,897	73,931,901	52,524,003	21,407,898
NET ASSETS - END OF YEAR	$ 48,766,102	$ 21,783,205	$ 70,549,307	$ 63,999,897	$ 44,913,055	$ 19,086,842

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

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	For the Year Ended December 31, 2019						
	Program Services			Supporting Services			
	Member Services	Policy, Advocacy and Research	Total Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries	$ 1,035,327	$ 1,106,235	$ 2,141,562	$ 575,649	$ 268,724	$ 2,985,935	$ 3,019,912
Payroll taxes and employee benefits (Note 8)	326,654	349,026	675,680	155,121	84,785	915,586	967,491
Total salaries and related costs	1,361,981	1,455,261	2,817,242	730,770	353,509	3,901,521	3,987,403
Professional fees	174,801	357,047	531,848	26,473	132,888	691,209	884,891
Program assistance	726,710	72,500	799,210	-	-	799,210	784,540
Office supplies	16,582	17,717	34,299	9,219	4,304	47,822	48,115
Postage	2,305	2,463	4,768	1,281	598	6,647	10,068
Occupancy	59,461	63,534	122,995	33,061	15,433	171,489	132,213
Expensed office equipment (Note 2H)	23,489	25,089	48,578	13,060	6,097	67,735	76,500
Telephone	5,413	5,783	11,196	3,009	1,405	15,610	15,436
Printing and publications	8,836	9,442	18,278	4,913	2,294	25,485	18,586
Travel, meetings and conferences	67,047	71,639	138,686	37,278	17,402	193,366	218,633
Membership dues	-	313	313	2,121	-	2,434	7,760
Insurance	30,167	32,233	62,400	16,773	7,830	87,003	82,650
Special events	-	-	-	-	19,169	19,169	84,691
Interest expense (Notes 2I and 9)	106,381	113,667	220,048	59,149	27,612	306,809	310,691
Depreciation (Notes 2H and 7)	215,026	229,752	444,778	119,555	55,811	620,144	615,649
Miscellaneous	1,858	774	2,632	754	188	3,574	8,786
Sub-total	2,800,057	2,457,214	5,257,271	1,057,416	644,540	6,959,227	7,286,612
Less: Special event direct expenses	-	-	-	-	(19,169)	(19,169)	(77,382)
TOTAL EXPENSES	$ 2,800,057	$ 2,457,214	$ 5,257,271	$ 1,057,416	$ 625,371	$ 6,940,058	$ 7,209,230

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	For the Year Ended December 31, 2018					
	Program Services			Supporting Services		
	Member Services	Policy, Advocacy and Research	Total Program	Management and General	Fundraising	Total 2018
Salaries	$ 944,736	$ 1,190,838	$ 2,135,574	$ 575,477	$ 308,861	$ 3,019,912
Payroll taxes and employee benefits (Note 8)	305,732	385,374	691,106	176,433	99,952	967,491
Total salaries and related costs	1,250,468	1,576,212	2,826,680	751,910	408,813	3,987,403
Professional fees	160,914	391,181	552,095	60,670	272,126	884,891
Program assistance	720,706	63,834	784,540	-	-	784,540
Office supplies	15,052	18,973	34,025	9,169	4,921	48,115
Postage	3,150	3,970	7,120	1,918	1,030	10,068
Occupancy	41,361	52,135	93,496	25,195	13,522	132,213
Expensed office equipment (Note 2H)	23,932	30,166	54,098	14,578	7,824	76,500
Telephone	4,829	6,087	10,916	2,941	1,579	15,436
Printing and publications	5,814	7,329	13,143	3,542	1,901	18,586
Travel, meetings and conferences	68,396	86,213	154,609	41,663	22,361	218,633
Membership dues	-	4,730	4,730	3,030	-	7,760
Insurance	25,856	32,591	58,447	15,750	8,453	82,650
Special events	-	-	-	-	84,691	84,691
Interest expense (Notes 2I and 9)	97,195	122,514	219,709	59,206	31,776	310,691
Depreciation (Notes 2H and 7)	192,596	242,767	435,363	117,321	62,965	615,649
Miscellaneous	4,752	2,316	7,068	1,117	601	8,786
Sub-total	2,615,021	2,641,018	5,256,039	1,108,010	922,563	7,286,612
Special event direct expenses	-	-	-	-	(77,382)	(77,382)
TOTAL EXPENSES	$ 2,615,021	$ 2,641,018	$ 5,256,039	$ 1,108,010	$ 845,181	$ 7,209,230

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

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 6,549,410	$ (9,932,004)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on investments	(1,711,626)	(1,722,034)
Unrealized (gain) loss on investments	(6,387,269)	6,352,693
(Gain) loss in value of beneficial interest in perpetual trusts	(2,077,586)	1,787,970
Benefits related changes other than periodic benefit costs	(16,700)	(181,900)
Interest expense of deferred financing costs	21,885	21,885
Bad debts	-	1,421
Depreciation	620,144	615,649
Subtotal	(3,001,742)	(3,056,320)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	(268,573)	12,902
Prepaid expense and other	4,651	(44,440)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(167,447)	20,578
Accrued salaries, vacation and benefits	(38,881)	(16,312)
Accrued postretirement benefits	(26,500)	(9,800)
Net Cash Used in Operating Activities	(3,498,492)	(3,093,392)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(60,617)	(5,910)
Purchase of long term investments	(12,029,675)	(3,312,705)
Proceeds from the sale of long term investments	12,134,227	9,991,991
Net proceeds (purchases) from the sale of short term investments	3,485,038	(3,332,457)
Net Cash Provided by Investing Activities	3,528,973	3,340,919
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bond payable	(360,000)	(360,000)
Net Cash Used in Financing Activities	(360,000)	(360,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(329,519)	(112,473)
Cash and cash equivalents - beginning of the year	1,680,273	1,792,746
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,350,754	$ 1,680,273
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 306,808	$ 310,691

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Founded in 1922, Federation of Protestant Welfare Agencies, Inc. ("FPWA") is one of New York's premier human service membership organizations. FPWA's program and service initiatives serve to support more than 170 member organizations and churches by providing management assistance and building capacity. FPWA's policy, advocacy and research efforts also work to improve social and economic conditions for the most vulnerable, making it a champion of the underserved for more than 90 years. Together, FPWA and its member agencies work to meet the needs of more than 1.5 million of New Yorkers most vulnerable annually. FPWA is supported primarily by contributions and investment income.

FPWA is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. The Internal Revenue Service has classified FPWA as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. As a not-for-profit organization, FPWA is also exempt from New York State and New York City income and sales taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting -*** FPWA's financial statements have been prepared on the accrual basis. FPWA adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Financial Statement Presentation -*** FPWA maintains its net assets under the following two classes:

- Without donor restrictions:

  Operations – represents resources available for support of FPWA's operations over which the Board of Directors has discretionary control.

  Designated for long-term investments – represents accumulated earnings which have not been allocated to operations or are not otherwise restricted.

- With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by FPWA is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of FPWA pursuant to those stipulations. When a restriction expires (that is, when a 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. In addition, net assets with donor restrictions represents those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity by FPWA. The earnings from these donor restricted endowment assets are also included in the net assets with donor restrictions class until they have been appropriated by the Board. When such appropriations occur, net assets with donor restrictions are reduced through an additional release from restrictions. The donors of certain of these assets specify the use of a portion of income earned on related investments.

C. ***Cash and Cash Equivalents -*** FPWA considers highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents, except for cash and money market funds held in FPWA's investment portfolio.

D. ***Accounts Receivable -*** Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. 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 discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

E. ***Contributions*** - Contributions, including cash and in-kind contributions, are accounted for under ASU 2018-08 and recorded as revenue in the period in which they are received. Many volunteers, including members of the Board of Directors, have made significant contributions of time in furtherance of FPWA's policies and programs. The value of this contributed time does not meet the criteria for recognition and, therefore, is not reflected in the statements of activities. Legacies are recognized as support when the wills have passed probate and the sum is certain.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. ***Grants from Governmental Agencies -*** Government grants nonexchange transactions accounted for under ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return.

As of December 31, 2019, and 2018, FPWA received conditional grants from government agencies in the aggregate amount of $260,627 and $128,812, respectively, that have not been recorded in the accompanying consolidated financial statements, as they have not been earned. These grants and contracts require FPWA to provide certain services in 2020 regarding food services and census outreach. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants. FPWA has not been remitted any funds in advance.

G. ***Investments -*** Investments are stated at fair value. The investments of FPWA consist of separately managed accounts consistent with FPWA's asset allocation policy. Each account is managed by independent investment advisors. The net investment income earned on donor restricted funds (where earnings are not restricted by the donor) are reflected in FPWA's net assets with donor restrictions class under NYS law until appropriated by the Board. FPWA has a "total return" policy regarding the spending of net investment income for operations. The total return to be spent in 2019 and 2018 was equal to 5.25%, of the adjusted average fair market value of the pooled investment funds for the prior five years and is reported as operating revenues. In addition, the Board authorized an additional special allocation to fund its operations that occurred during the year ended December 31, 2018. The balance of net investment income/loss is reported as nonoperating activities and consists of the following for the years ended December 31:

	2019	2018
Allocated to operations per spending formula	$ (3,125,000)	$ (2,905,000)
Special Board authorized allocations:		
To fund FPWA operations	-	(250,000)
Total allocations	(3,125,000)	(3,155,000)
Investment activity, net of fees	8,284,305	(4,228,887)
Allocations less (more) than earnings reported in nonoperating	$ 5,159,305	$ (7,383,887)

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation. The carrying value of property and equipment does not purport to represent replacement or realizable values. FPWA capitalizes all property and equipment with a useful life of more than one year and a cost of $5,000 or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

I. ***Debt Issuance Costs -*** Debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset (see Note 9). Amortization of the debt issuance costs is reported as interest expense in the accompanying statements of functional expenses.

J. ***Functional Allocation of Expenses -*** The costs of providing FPWA's program and supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated based on estimates of time and effort. Other allocated expenses include occupancy, professional services, travel, meetings and conferences, office supplies, insurance, interest expense, expensed office equipment, telecommunications, membership dues, postage and depreciation which are allocated based on full-time employees per program.

K. ***Beneficial Interest in Perpetual Trusts -*** FPWA is the beneficiary of perpetual trusts held by other entities, as trustees. The fair value of FPWA's beneficial interest in these trusts is estimated to be equal to the fair market value of that portion of the assets underlying the trusts attributable to FPWA's interest. The assets consist primarily of equities, fixed income and short-term investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. ***Beneficial Interest in Pooled Life Income Fund -*** FPWA has established a pooled life income fund held by another entity such as a trustee. Each donor to the fund shall receive a proportionate share of the fund's income during the donor's lifetime. Upon each donor's death, the units in the fund attributable to that donor shall become the property of FPWA and shall be added to its net asset with restrictions class. Accordingly, FPWA maintains the balance in the net asset with restrictions class. FPWA's beneficial interest in the fund is recorded at the fair market value of the assets underlying the fund. The assets consist primarily of equities, fixed income and short-term investments.

M. ***Operating Revenue -*** FPWA's operating revenues and gains exclude legacies, net investment income in excess of the 5% spending policy, the gain or loss on beneficial interest in the perpetual trusts and pooled life income fund, and pension and benefit related changes other than net periodic pension and benefit costs.

N. ***Allowance for Uncollectable Receivables -*** As of December 31, 2019 and 2018, FPWA determined that no allowance for doubtful accounts should be provided for receivables. Such estimate is based on management's estimates of the creditworthiness of its donors as well as current economic conditions and historical information.

O. ***Fair Value Measurements -*** Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

P. ***Use of Estimates -*** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

Q. ***Service Fees and Membership Dues -*** FPWA receives revenue from membership dues, rent from its conference center, workshops, and Group Purchasing Services (GPS) rebates which are accounted for under ASU 2014-09. Revenue is reported at the amount that reflects the consideration to which FPWA expects to be entitled in exchange for providing the contracted services. Generally, FPWA bills after the services are performed or has completed its portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by FPWA in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2019. Program service fees consist of revenues for the following for the year ended December 31, 2019:

Conference Center Rent	$ 147,778
Dues from Members	109,700
Other	57,905
	$ 315,383

R. ***Recent Accounting Pronouncements -*** Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) was adopted for the year ended December 31, 2019. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as further described in Notes 2E and 2F.

FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) was also adopted for the year ended December 31, 2019. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as further described in Note 2Q.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

FPWA regularly monitors liquidity required to meet its operating needs and other obligations as they become due, while also striving to maximize the investment of its available funds. FPWA has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, FPWA considers all expenditures related to its ongoing program activities as well as service undertaken to support those activities to be general expenditures.

As of December 31, 2019, the following financial assets could readily be made available immediately from the statement of financial position date to meet general expenditures:

Cash and cash equivalents	$ 1,350,754
Accounts receivable	490,539
Investments	55,741,699
Total financial assets	57,582,992
Less: endowment investments	(11,218,445)
	$ 46,364,547

NOTE 4 – RECEIVABLES

Receivables are scheduled to be collected during the next year and consist of the following as of December 31:

	2019	2018
Pledges	$ 7,450	$ 8,319
Government grants	472,469	195,096
Other	10,620	18,551
	$ 490,539	$ 221,966

NOTE 5 – INVESTMENTS

Investments consist of the following as of December 31:

	2019	2018
Equity Securities		
U.S. Regulated Investment Company – Non U.S.	$ 10,833,798	$ 10,296,080
International Commingled Funds	7,850,437	6,469,781
U.S. Regulated Investment Company – Commodity	826,099	735,853
Mutual Funds	9,658,534	10,978,276
Total Equity Securities	29,168,868	28,479,990
Fixed Income		
U.S. Bonds ETF	3,465,459	279,473
Industrial	-	94,535
Total Fixed Income	3,465,459	374,008
Alternative Investments		
Limited Liability Corporations	16,152,730	13,460,334
Venture Capital Limited Partnerships	6,636,064	5,102,393
Total Alternative Investments	22,788,794	18,562,727
Cash and Cash Equivalents		
Cash and Money Market Funds	318,578	3,815,669
Total Cash and Cash Equivalents	318,578	3,815,669
Total Investments	$ 55,741,699	$ 51,232,394

NOTE 5 – INVESTMENTS (Continued)

The alternative investment portfolios are made up of fund of funds that invest primarily in limited partnerships and private investment companies. Investments in limited partnerships are valued at fair value, as determined by the General Partner. Such value generally represents the Partnership's proportionate share of the Partner's capital of the investment partnerships as reported by their general partners. Securities with no readily available market are initially valued at cost, with subsequent adjustments to values which reflect either the basis of meaningful third-party transactions in the private market or the fair value deemed appropriate by the general partners of the underlying investment partnership. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Securities with readily available markets (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices, or at an appropriate discount from such price if marketability of the securities is limited.

The private investment companies in which the alternative investments are invested often sell short securities they have borrowed in anticipation that the prices of such securities will decline. If the price declines occur, then these securities can be purchased profitably at lower prices in order to permit their return to the appropriate lenders. If the prices rise, a loss will be incurred. Short selling is a high-risk investment strategy because the potential for gain is limited while the risk of loss is theoretically unlimited.

The private investment companies in which the alternative investments are invested generally limit redemptions to monthly, quarterly, semiannually or annually, at net asset value and require advanced written notice, restricting the alternative investments' ability to respond quickly to changes in market conditions. The management agreements of the private investment companies provide for compensation to the managers in the form of fees ranging from 1.0% to 2.0% annually of net assets and performance incentive fees ranging from 16.5% to 20.0% of net profits earned.

The investments in private investment companies are valued at fair value using the net asset valuations provided by the underlying private investment companies, unless management determines another valuation is more appropriate. Substantially all the underlying assets of the limited partnership and private investment companies consist of cash and cash equivalents, readily marketable securities, and other investments stated at fair value.

Investments are subject to market volatility that could change their carrying value in the near term.

Investment activity consists of the following for the years ended December 31:

	2019	2018
Interest and dividends	$ 436,618	$ 612,039
Realized gain on investment transactions	1,711,626	1,722,034
Unrealized (loss) gain on investments	6,387,269	(6,352,693)
	8,535,513	(4,018,620)
Investment advisory and custodial fees	(251,208)	(210,267)
	$ 8,284,305	$ (4,228,887)
Allocated to operations per spending formula	$ 3,125,000	$ 3,155,000
Allocated to nonoperating activities	5,159,305	(7,383,887)
	$ 8,284,305	$ (4,228,887)

NOTE 6 – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that FPWA 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 assets 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 measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Equities:

Equities are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds:

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by FPWA are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by FPWA are deemed to be actively traded.

U.S. Government Bonds:

U.S. government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

Industrial Fixed Income:

Investments are valued at the closing price reported in the active market in which the bond is traded.

Limited Liability Corporations:

Limited Liability Corporations are valued using NAV provided by the underlying investment managers as a practical expedient.

Venture Capital Limited Partnerships:

Venture capital limited partnerships are valued using NAV provided by the underlying investment managers as a practical expedient.

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value as of December 31, 2019 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Level 3	Total 2019
Assets Carried at Fair Value:				
Equity Securities				
U.S. Regulated Investment Company – Non U.S.	$ 10,833,798	$ -	$ -	$ 10,833,798
International Commingled Funds	-	7,850,437	-	7,850,437
U.S. Regulated Investment Company – Commodity	826,099	-	-	826,099
Mutual Funds	9,658,534	-	-	9,658,534
Total Equity Securities	21,318,431	7,850,437	-	29,168,868
Fixed Income				
U.S. Bonds ETF	3,465,459	-	-	3,465,459
Total Fixed Income	3,465,459	-	-	3,465,459
Cash and Money Market Funds				
Bank deposit	318,578	-	-	318,578
Total Cash and Money Market Funds	318,578	-	-	318,578
Beneficial Interest in Perpetual Trusts and Pooled Life Income Fund	-	-	15,127,060	15,127,060
Subtotal	$ 25,102,468	$ 7,850,437	$ 15,127,060	48,079,965
Alternative Investments – NAV as a practical expedient:				
Limited Liability Corporations				16,152,730
Venture Capital Limited Partnerships				6,636,064
				22,788,794
Total Assets Carried at Fair Value				$ 70,868,759

Financial assets carried at fair value as of December 31, 2018 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Level 3	Total 2018
Assets Carried at Fair Value:				
Equity Securities				
U.S. Regulated Investment Company – Non U.S.	$ 10,296,080	$ -	$ -	$ 10,296,080
International Commingled Funds	-	6,469,781	-	6,469,781
U.S. Regulated Investment Company – Commodity	735,853	-	-	735,853
Mutual Funds	10,978,276	-	-	10,978,276
Total Equity Securities	22,010,209	6,469,781	-	28,479,990
Fixed Income				
U.S. Bonds ETF	279,473	-	-	279,473
Industrial	-	94,535	-	94,535
Total Fixed Income	279,473	94,535	-	374,008
Cash and Money Market Funds				
Bank Deposit	3,815,669	-	-	3,815,669
Total Cash and Money Market Funds	3,815,669	-	-	3,815,669
Beneficial Interest in Perpetual Trusts and Pooled Life Income Fund	-	-	13,049,474	13,049,474
Subtotal	$ 26,105,351	$ 6,564,316	$ 13,049,474	45,719,141
Alternative Investments – NAV as a practical expedient:				
Limited Liability Corporations				13,460,334
Venture Capital Limited Partnerships				5,102,393
				18,562,727
Total Assets Carried at Fair Value				$ 64,281,868

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The changes in assets measured at fair value for which FPWA has used Level 3 inputs to determine fair value at December 31 are as follows:

	2019	2018
Balance, beginning of year	$ 13,049,474	$ 14,837,444
Sales, net	-	-
Realized gain	-	-
Unrealized gain (loss)	2,077,586	(1,787,970)
Balance, end of year	$ 15,127,060	$ 13,049,474

The following table sets forth additional disclosures of FPWA's investments whose fair value is determined by using Level 3 inputs and whose fair value is measured using the net asset value (NAVs) per share practical expedient as of December 31, 2019:

Investment Objective	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Corporations	$ 16,152,730	$ -	Various	60-90 days
Venture Capital Limited Partnerships	6,636,064	-	Various	Various
Beneficial Interest in Perpetual Trusts and Pooled Life Income Fund	15,127,060	-	Various	n/a
	$ 37,915,854	$ -		

The following table sets forth additional disclosures of FPWA's investments whose fair value is determined by using Level 3 inputs and whose fair value is measured using the net asset value (NAVs) per share practical expedient as of December 31, 2018:

Investment Objective	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Corporations	$ 13,460,334	$ -	Various	60-90 days
Venture Capital Limited Partnerships	5,102,393	-	Various	Various
Beneficial Interest in Perpetual Trusts and Pool Life Income Fund	13,049,474	-	Various	n/a
	$ 31,612,201	$ -		

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2019	2018	Estimated Useful Lives
Building and improvements	$ 11,022,675	$ 11,016,675	30-33 Years
Furniture and equipment	1,768,559	1,713,942	3-10 Years
Total cost	12,791,234	12,730,617	
Accumulated depreciation	(2,765,252)	(2,145,108)	
Net book value	$ 10,025,982	$ 10,585,509	

Depreciation expense amounted to $620,144 and $615,649 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS

FPWA has a defined contribution 403(b) Thrift Plan (the "Plan") for eligible employees. The pension expense for this Plan for the years ended December 31, 2019 and 2018 amounted to $274,483 and $256,427, respectively, which is 100% of the first 3% plus 50% of the next 3% of compensation deferred by participating employees in addition to annual discretionary contributions based on years of service and age as determined by the Board of Directors.

In addition, FPWA has a noncontributory unfunded postretirement medical benefit plan ("Postretirement") which covers substantially all employees and their spouses. Each participant will be eligible to receive benefits if they retire from FPWA at age 65 with at least five years of service or age 55 with at least ten years of service. Coverage for both the retiree and the spouse continues for their lifetimes. Employees who retired on or after February 1, 1993 are not eligible for Medicare Part B premium reimbursement. All new retirees who are eligible to be covered by the postretirement plan will not be allowed to elect a Medigap plan with prescription drug coverage and FPWA will not reimburse Medicare Part D premiums. Effective December 31, 2010, the postretirement plan was frozen. FPWA uses December 31 as its measurement date for its postretirement medical benefit plan.

The funded status of the postretirement medical plan consists of the following as of December 31:

	2019	2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,629,700	$ 1,821,400
Service cost	33,500	45,000
Interest cost	63,500	62,300
Actuarial (gain) loss	(58,200)	(213,600)
Benefits paid	(82,000)	(85,400)
Benefits obligation at end of year	1,586,500	1,629,700
Unfunded status	$ (1,586,500)	$ (1,629,700)

The net periodic benefit obligations and the components of the benefit cost for the years ended December 31 consists of the following:

	2019	2018
Service cost	$ 33,500	$ 45,000
Interest cost	63,500	62,300
Recognized actuarial gain	(56,800)	(34,800)
Amortization of prior service cost	15,300	3,100
Net benefits cost	$ 55,500	$ 5,600

FPWA has no minimum funding requirement for the years ended December 31, 2019 and 2018.

The amounts recognized in the change in net assets without donor restrictions for the years ended December 31 consist of the following:

	2019	2018
Net actuarial gain	$ (58,200)	$ (213,600)
Recognized actuarial gain	56,800	34,800
Prior service cost	(15,300)	(3,100)
Changes other than periodic costs	$ (16,700)	$ (181,900)

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS (Continued)

The amounts expected to be recognized in net benefit costs during 2020 are as follows:

	Postretirement Medical
Prior service cost recognition	$ 10,100

The weighted average assumptions used as of December 31 are as follows:

	2019	2018
Discount rate	3.00%	4.00%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

The health care cost trend rate assumption used in the postretirement calculation for 2018 was 3.71% and increases to the ultimate trend rate of 4.75% by 2029. The trend rate has been adjusted to 3.64% for 2019 and increases to the ultimate trend rate of 4.75% by 2029. As of December 31, 2019, the trend rate has not been adjusted further. The health care cost trend rate assumption has an effect on the amounts reported for the plan. To illustrate, increasing the assumed health care cost trend rates by 1% would increase the accumulated postretirement benefit obligations by $260,800 as of December 31, 2019, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended by $20,000. Decreasing the assumed health care cost trend rates by 1% would decrease the accumulated postretirement benefit obligations by $208,000 as of December 31, 2019, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended by $15,400.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 ("MMA") introduced a new prescription drug benefit under Medicare that went into effect in 2006. MMA also includes a federal subsidy payable to plan sponsors equal to 28% of certain prescription drug benefits payable to Medicare-eligible retirees effective in 2006. The subsidy is available to an employer that sponsors a retiree medical plan that includes a prescription drug benefit that is at least as valuable (i.e. actuarially equivalent to) the new Medicare coverage. The subsidy is not subject to federal income tax. FPWA is not eligible for this subsidy.

Due to MMA and FPWA's decision not to cover Medicare Part D premiums, there was a decrease in the postretirement plan's benefit obligation of $222,300, which has been set up as a negative prior service cost base in 2005.

The following schedule of benefit payments, which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

	Postretirement Medical
2020	$ 77,100
2021	67,600
2022	65,700
2023	64,100
2024	67,100
Thereafter	354,600
	$ 696,200

NOTE 9 – BOND PAYABLE

In November 2014, Build NYC Resource Corporation ("Build NYC") issued $12.345 million of Adjustable Rate Revenue Bonds (Federation of Protestant Welfare Agencies, Inc. Project), Series 2014 (the "New Bonds"), the proceeds of which were used to finance the acquisition and renovation of FPWA's headquarters at 40 Broad Street in New York City which is the underlying collateral. The New Bonds bear interest at a variable rate determined weekly, not to exceed 10% per annum. The rate was 1.37% and 1.81% as of December 31, 2019 and 2018, respectively. The total interest expense for the years ended December 31, 2019 and 2018 amounted to $306,809 and $310,691, respectively.

The proceeds were made available to FPWA under the provisions of a loan agreement. The scheduled loan payments to be made by FPWA to Build NYC are intended to be sufficient to pay sinking-fund installments of principal and interest on the New Bonds.

The New Bonds, which mature in 2045, are subject to mandatory redemption by Build NYC at a price equal to the principal amount thereof, together with accrued interest to the date of redemption, from the Sinking Fund, on the dates and in the principal amounts set forth in the schedule below. In addition, the New Bonds are subject to optional redemption at the redemption prices set forth in the bond indenture.

The loan contains various covenants, among which is the requirement to maintain a minimum liquidity ratio. FPWA is in compliance with these covenants.

The bond payable consists of the following as of December 31:

	2019	2018
Principal amount	$ 10,920,000	$ 11,280,000
Less unamortized debt issuance costs	(547,120)	(569,005)
	$ 10,372,880	$ 10,710,995

Future payments of principal of the bond follows:

2020	$ 365,000
2021	370,000
2022	375,000
2023	380,000
2024	385,000
Thereafter	9,045,000
	$ 10,920,000

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2019	2018
Perpetual in Nature:		
Beneficial interest in perpetual trusts	$ 15,127,060	$ 13,049,474
Investment in perpetuity, the income from which is expendable to support FPWA's operations, if appropriated	5,115,798	5,115,798
	20,242,858	18,165,272
Restricted for Purpose and Time:		
Unappropriated endowment earnings	434,251	-
Restricted for elderly programs	463,617	399,042
Restricted for other programs	642,479	522,528
	1,540,347	921,570
Total Net Assets with Donor Restrictions	$ 21,783,205	$ 19,086,842

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions consist of two components. The first component reflects the satisfaction of donor purpose restrictions or the passage of time. The second component reflects the Board appropriation of earnings from net assets with restrictions in the endowment fund. For the years ended December 31, 2019 and 2018, such appropriation each year represents up to 7% of the adjusted average fair market value of the restricted endowment fund investments for the prior five years. To the extent that the 7% rates of appropriations exceed available funds, FPWA reduces the appropriations through a transfer, effectively reducing the percentages.

Details of the amounts released from restrictions for the years ended December 31 are as follows:

	2019	2018
Purpose restrictions accomplished:		
Direct assistance	$ 479,051	$ 519,530
Elderly programs	205,425	230,236
Other programs	457,208	462,788
Subtotal	1,141,684	1,212,554
Board appropriations of earnings	358,106	358,106
Net assets released from restrictions	$ 1,499,790	$ 1,570,660

FPWA adheres to New York State's Prudent Management of Institutional Funds Act ("NYPMIFA"). FPWA recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the fair value of the endowment funds. Any unappropriated earnings that would otherwise be considered not restricted by the donor are reflected as net assets with donor restrictions until appropriated.

The Board of Directors of FPWA has interpreted the state law as allowing FPWA to appropriate for expenditure or accumulate so much of an endowment fund as FPWA determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. See Note 2B for how FPWA maintains its net assets.

FPWA's endowment investment policy is to invest primarily in equities and fixed income based on an asset allocation to satisfy its overall endowment financial and investment objectives such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. FPWA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Annual spending from the endowment fund is described in Note 2G. Unless authorized by the Board of Directors, the appropriations from the endowment should not deplete the historical dollar value of the endowment fund.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires FPWA to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature, if they occurred, are reported in net assets without donor restrictions. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted endowment fund where the fair market value of the donor restricted endowment fund fell below the amount that is required to be retained in perpetuity. As of December 31, 2019 and 2018, there were no such deficiencies. In addition, FPWA's beneficial interest in perpetual trusts and pooled life income fund are not displayed in the forthcoming chart since those funds are held by third parties and the Board of Directors has no discretion over those funds.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2019:

	Without donor restrictions		With donor restrictions		
	Board Designated	Operating	Endowment Earnings	Endowment Corpus	Total 2019
Investment activity:					
Interest and dividends	$ 394,857	$ -	$ 41,761	$ -	$ 436,618
Investment fees	(227,181)	-	(24,027)	-	(251,208)
Realized gain	1,547,917	-	163,709	-	1,711,626
Unrealized gain	5,776,355	-	610,914	-	6,387,269
Total investment activity	7,491,948	-	792,357	-	8,284,305
Board appropriations (7%)	(2,766,894)	3,125,000	(358,106)	-	-
Subtotal	4,725,054	3,125,000	434,251	-	8,284,305
Releases	-	(3,125,000)	-	-	(3,125,000)
Change in endowment net assets	4,725,054	-	434,251	-	5,159,305
Endowment net assets, beginning of year	1,429,595	(486,253)	-	5,115,798	6,059,140
Endowment net assets, end of year	$ 6,154,649	$ (486,253)	$ 434,251	$ 5,115,798	$ 11,218,445

Endowment net assets of $11,218,445 are included in the investments account in the accompanying statements of financial position. Net assets with donor restrictions in the table above, when added to the perpetual trusts amounted to $20,242,858.

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2018:

	Without donor restrictions		With donor restrictions		
	Board Designated	Operating	Endowment Earnings	Endowment Corpus	Total 2018
Investment activity:					
Interest and dividends	$ 555,339	$ -	$ 56,700	$ -	$ 612,039
Investment fees	(190,787)	-	(19,480)	-	(210,267)
Realized gain	1,562,501	-	159,533	-	1,722,034
Unrealized loss	(5,764,167)	-	(588,526)	-	(6,352,693)
Total investment activity	(3,837,114)	-	(391,773)	-	(4,228,887)
Board appropriations (7%)	(2,796,894)	3,155,000	(358,106)	-	-
Transfer (to limit the 7% available funds)	-	(198,207)	198,207	-	-
Subtotal	(6,634,008)	2,956,793	(551,672)	-	(4,228,887)
Releases	-	(3,155,000)	-	-	(3,155,000)
Change in endowment net assets	(6,634,008)	(198,207)	(551,672)	-	(7,383,887)
Endowment net assets, beginning of year	8,063,603	(288,046)	551,672	5,115,798	13,443,027
Endowment net assets, end of year	$ 1,429,595	$ (486,253)	$ -	$ 5,115,798	$ 6,059,140

Endowment net assets of $6,059,140 are included in the investments account in the accompanying statements of financial position. Net assets with donor restrictions in the table above, when added to the perpetual trusts amounted to $18,165,272.

NOTE 11 – INCOME TAXES

FPWA believes it has no uncertain tax positions as of December 31, 2019 and 2018 in accordance with Accounting Standards Codification (“ASC”) 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – CONCENTRATIONS

Cash and cash equivalents that potentially subject FPWA to a concentration of credit risk include cash accounts with two banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits ($250,000 per depositor) by approximately $849,000 and $1,213,000 as of December 31, 2019 and 2018, respectively. Such excess includes outstanding checks.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of the financial position through June 16, 2020, the date the financial statements were issued.

In March 2020, a global pandemic impacted the country and there is uncertainty as to if any of FPWA’s programs will be disrupted as well as the resulting impact on FPWA’s revenues. As of June 16, 2020, FPWA’s investments have depreciated by approximately 9%.

On March 27, 2020, in response to the pandemic, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. FPWA applied for this loan through an authorized lender and received approximately $533,000 in April 2020.