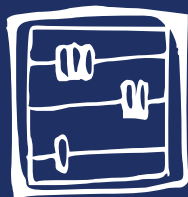


ROMANIAN-AMERICAN FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS



As of and for the year ended December 31, 2020

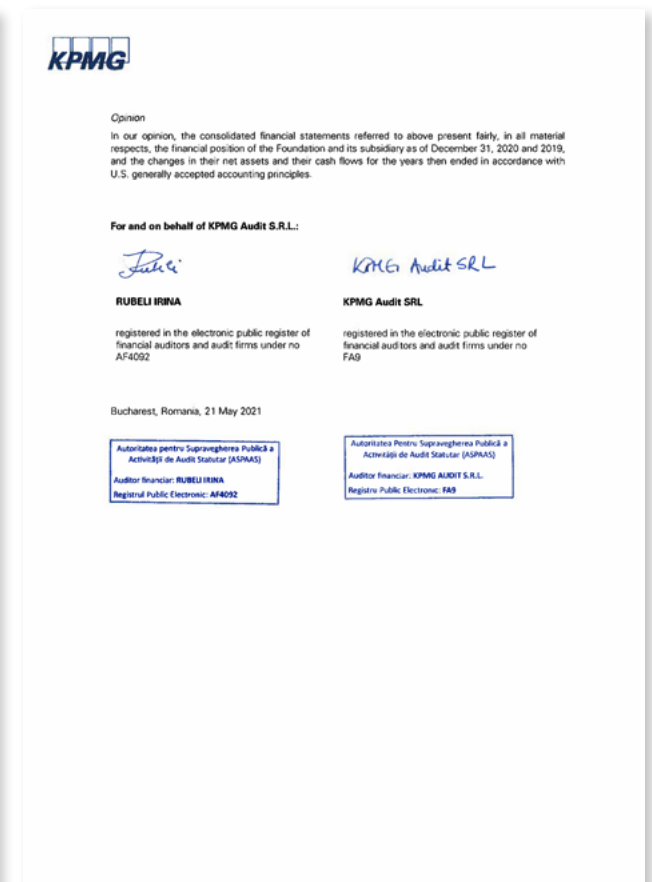
INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL
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ASSETS

DECEMBER 31,
2020 (\$)

DECEMBER 31,
2019 (\$)

Marketable Investments, at fair value (Notes 38):

Mutual Funds – Equity

88,061,516

79,957,138

Mutual Funds – Fixed Income

48,717,546

45,646,889

Mutual Funds – Other

22,901,852

20,393,856

Non-marketable investments, at fair value (Note 8)

2,231,624

611,770

Cash and cash equivalents (Note 3)

6,915,198

7,313,706

Cash restricted in bank deposits as collateral for student loans guarantee (Note 3)

16,500

16,500

Program related investments, committed (Note 3 and Note 9)

155,000

248,449

Prepaid expenses and other assets

2,885

230,059

Fixed Assets, net (Note 11)

3,377,029

3,328,199

TOTAL ASSETS

172,379,150

157,746,565

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses

138,922

112,735

Program related investments, payable (Note 3 and note 9)

-

50,000

Grants payable (Note 3 and Note 9)

1,224,162

1,468,144

TOTAL LIABILITIES

1,363,084

1,630,879

NET ASSETS (NOTE 5)

NET ASSETS WITHOUT DONOR RESTRICTIONS

Board Designated Endowment Fund (Note 6)

166,928,910

152,913,055

Fixed Assets, Net (Note 11)

3,377,029

3,328,199

Undesignated (Note 5)

710,128

(125,568)

TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS

171,016,066

156,115,686

TOTAL LIABILITIES AND NET ASSETS

172,379,150

157,746,565

CONSOLIDATED STATEMENTS OF ACTIVITIES

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CHANGES IN NET ASSETS	YEAR ENDED DECEMBER 31, 2020 (\$)	YEAR ENDED DECEMBER 31, 2020 (\$)	YEAR ENDED DECEMBER 31, 2020 (\$)
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
INCOME			
Realized gain on sale of non-marketable investments (Note 8)	476,490	-	476,490
Interest and dividend income, net (Note 8)	3,839,657	-	3,839,657
TOTAL INCOME	4,316,147	-	4,316,147
EXPENSES			
Employee compensation and benefits	647,299	-	647,299
Occupancy expenses	165,328	-	165,328
Professional services	301,348	-	301,348
Trustees' expenses	38,916	-	38,916
Administrative and other	152,754	-	152,754
Depreciation and amortization	101,196	-	101,196
TOTAL OPERATING EXPENSES (NOTE 10)	1,406,842	-	1,406,842
GRANTS AWARDED TO OTHER ORGANIZATIONS (NOTE 9)	3,785,709	-	3,785,709
INCOME IN EXCESS OF GRANTS AWARDED AND OPERATING EXPENSES	(876,403)	-	(876,403)
Net realized gain on marketable investments (Note 8)	2,584,560	-	2,584,560
Net unrealized gain on marketable investments (Note 8)	10,869,043	-	10,869,043
Net unrealized gain on non-marketable investments (Note 8)	2,231,624	-	2,231,624
Net currency remeasurement (losses)/gains (Note 3 and Note 8)	91,556	-	91,556
INCREASE IN NET ASSETS	14,900,380	-	14,900,380
NET ASSETS, BEGINNING OF YEAR	156,115,686	-	156,115,686
NET ASSETS, END OF THE YEAR	171,016,066	-	171,016,066



CONSOLIDATED STATEMENTS OF ACTIVITIES

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DECEMBER 31, 2020 AND 2019

CHANGES IN NET ASSETS	YEAR ENDED DECEMBER 31, 2019 (\$)	YEAR ENDED DECEMBER 31, 2019 (\$)	YEAR ENDED DECEMBER 31, 2019 (\$)
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
INCOME			
Realized gain on sale of non-marketable investments (Note 8)	681,458	-	681,458
Interest and dividend income, net (Note 8)	3,880,289	-	3,880,289
TOTAL INCOME	4,561,747	-	4,561,747
EXPENSES			
Employee compensation and benefits	670,451	-	670,451
Occupancy expenses	162,739	-	162,739
Professional services	273,204	-	273,204
Trustees' expenses	125,703	-	125,703
Administrative and other	220,109	-	220,109
Depreciation and amortization	98,438	-	98,438
TOTAL OPERATING EXPENSES (NOTE 10)	1,550,643	-	1,550,643
GRANTS AWARDED TO OTHER ORGANIZATIONS (NOTE 9)	3,560,262	-	3,560,262
INCOME IN EXCESS OF GRANTS AWARDED AND OPERATING EXPENSES	(549,158)	-	(549,158)
Net realized gain on marketable investments (Note 8)	899,040	-	899,040
Net unrealized gain on marketable investments (Note 8)	17,351,602	-	17,351,602
Net currency remeasurement (losses)/gains (Note 3 and Note 8)	(29,401)	-	(29,401)
INCREASE IN NET ASSETS	17,672,083	-	17,672,083
NET ASSETS, BEGINNING OF YEAR	138,443,603	-	138,443,603
NET ASSETS, END OF THE YEAR	156,115,686	-	156,115,686



CONSOLIDATED STATEMENTS OF CASH FLOWS

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	YEAR ENDED DECEMBER 31, 2020 (\$)	YEAR ENDED DECEMBER 31, 2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	14,900,380	17,672,083
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH USED BY OPERATING ACTIVITIES		
Net realized (gain)/loss on marketable investments	(2,584,560)	(899,040)
Net realized (gain)/loss on sales of non-marketable investments	(476,490)	(681,458)
Net unrealized (gain)/loss on marketable investments	(10,869,043)	(17,351,602)
Net unrealized (gain)/loss on non-marketable investments	(2,231,624)	-
Net unrealized FX (gain)/loss on non-marketable investments	(52,804)	13,610
Depreciation and amortization	101,196	98,438
Decrease/(Increase) in cash collateral guarantees	-	27,500
Decrease/(Increase) in program related investments, assets	93,449	156,650
Increase /(Decrease) in program related investments, payables	(50,000)	-
Increase/(Decrease) in grants payable	(243,983)	(488,762)
Decrease/(Increase) in prepaid expenses	227,174	(193,255)
Increase/(Decrease) in accounts payable and accrued expenses	26,188	(13,046)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,160,117)	(1,658,882)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable investments	38,070,350	36,233,166
Proceeds from sales of non-marketable investments	1,141,064	1,296,911
Cost of marketable investments purchased	(38,299,779)	(39,595,920)
Cost of fixed assets	(150,026)	(33,097)
Net cash provided by investing activities	761,609	(2,098,940)
Net decrease in cash and cash equivalents	(398,508)	(3,757,822)
Cash and cash equivalents, beginning of year	7,313,706	11,071,528
Cash and cash equivalents, end of year	6,915,198	7,313,706



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



1. ORGANIZATION

The Romanian-American Foundation (the Foundation or RAF) is a United States (“U.S.”) not-for-profit corporation originally filed in the State of Delaware on October 24, 2008 and thereafter amended and restated in its incorporation on September 29, 2009 pursuant to an agreement between the Romanian-American Investment Foundation [the former Romanian-American Enterprise Fund] (“RAEF” or the “Fund”) and the U.S. Government. The Foundation was formed to advance the purposes of the U.S. Foreign Assistance Act of 1961 and of the U.S. Support for East European Democracy act of 1989 (SEED Act) by building upon the programs established by the Romanian-American Enterprise Fund by furthering the development of the private sector through education, entrepreneurship and private sector philanthropy and volunteerism in Romania. The Foundation shall be operated in perpetuity.

The Foundation is capitalized with an endowment through a grant from the Fund. The Fund paid or transferred to the Foundation certain “RAEF proceeds”, such payments or transfers constituting in the aggregate the endowment of the Foundation (see Note 4). The original source of the grant funds provided by the Fund to the Foundation is the U.S. Government acting through USAID and the funds provided through the Foundation are therefore a gift from the American people to the citizens of Romania.

The Foundation’s mission is to be an effective leadership organization that strengthens and promotes conditions for a sustainable market economy and a democratic society that provides access to opportunities for all segments of the population in Romania. The Foundation aims to enable people and organizations in Romania to

take advantage of the opportunities presented by globalization and membership to the European Union.

The Foundation believes in a more engaged, entrepreneurial and prosperous society in Romania, in which people think innovatively and responsibly. In the long-term vision of the Foundation: communities are actively engaged in shaping their future; rural economy is a vibrant contributor to Romania; young people are empowered to become drivers of economic and social progress; innovation is a normal, integral part of day to day life and culture; philanthropy becomes a societal value of solidarity and trust. Accordingly, the Foundation allocates its resources to support several main program areas: Initiatives in Education, Technology and Innovation; Philanthropy and Civic Engagement; Rural Economy and Entrepreneurship.

The Foundation uses two approaches to fund its program strategies: grants and program related investments. The Foundation generally seeks an external program manager to execute the objectives of each individual grant, thereby leveraging the Foundation’s resources.

The Foundation also consider using program related investments, such as loans and repayable grants, to support the cash flow of qualified NGOs or other categories of individuals or organization, which have charitable purposes aligned with the Foundation’s mission. The Foundation does not have ownership or control of the external program managers.

The Foundation maintains offices in New York, NY, U.S.A. and in Bucharest, Romania, with the majority of the Foundation’s operations performed through its direct hired personnel in Romania. The Foundation incorporated a Romanian legal entity with its official



name Fundatia “Organizatia Nonprofit Romanian-American Foundation” Romania [“RAF Romania”], which was legally formed on January 11, 2011. In 2020 RAF Romania changed its legal name in Fundatia Romano-Americana. The consolidated financial statements of the Foundation include RAF Romania for the years ended December 31, 2019 and 2020.

2. BASIS OF PREPARATION

The Foundation prepares its consolidated financial statements in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Foundation’s consolidated financial statements are reported on a US dollar basis, the Foundation’s functional and reporting currency, rounded to the nearest dollar.

In 2017, the Foundation early adopted Financial Accounting Standard Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14 Not-for Profit Entities (Topic 958) “Presentation of Financial Statements of Not-for-Profit Entities” that makes several improvements to current reporting requirements.

The Foundation is required to classify information regarding its financial position and activities into two classes of net assets:

Net assets with donor restrictions: Contributions to the Foundation are reported as net assets with donor restrictions if received with donor stipulations that limit the use of the contribution. When a donor restriction expires, i.e. when the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as

net assets released from restrictions.

Net assets without donor restrictions: Net assets without donor restrictions are those net assets that are not restricted by donor imposed stipulations. Pursuant to the Grant Agreement between the Fund and the Foundation (see Note 4), at December 31, 2020 and at December 31, 2019 the entire balances of net assets received from the Fund are classified as net assets without donor restrictions.

IMPACT OF COVID-19 PANDEMIC ON THE ACTIVITY OF THE FOUNDATION

On March 11, 2020, the World Health Organization declared that the outbreak of the corona virus (“COVID-19”) is a pandemic, and the President of Romania announced a state of emergency on March 16, 2020. Responding to the potentially serious threat that COVID-19 presents for public health, government authorities have taken steps to contain the epidemic, including introducing restrictions on cross-border movement of people, entry restrictions on foreign visitors and the “lock-down” of certain industries. In particular, the activity of schools, universities and restaurants as well as cultural, sports and entertainment activities with a public of more than 100 persons was suspended at that time. Some Romanian companies have also instructed the employees to stay at home and have curtailed or temporarily suspended business operations. Starting 15 May 2020, following the state of emergency, the state of alert was established which involved relaxation to a certain extent of the measures previously taken to control the pandemic, including resuming passenger transportation and allowing certain commercial activities previously restricted to be carried on under certain conditions.

The wider economic impacts of these events include: the decrease or the interruption of the commercial operations and of the economic activity in Romania and the United States, with a cascading impact on the supply chains; significant disruptions for companies in certain industries, as well as on export-oriented businesses, with a high dependence on foreign markets - the distressed industries included trade and transportation, travel and tourism, entertainment, production, construction, retail, other than food insurance and education; significant decrease in demand for non-essential goods and services; an increase in economic uncertainty, reflected in more volatile asset prices and foreign exchange rates.

Management has taken actions to address the effects of COVID19 outbreak on the activity of the Foundation, such as limiting travelling to the office or to partners, delivering the mandatory official documentation and reports electronically, agreeing to redirect grants to project-segments of partners affected by the COVID19 outbreak. Having reached out to our partner organizations to assure them of our assistance and funding through this unpredictable period, program directors worked with every partner organization, assessing the state of their operations, the ways in which the pandemic affects programming, trying to gain an understanding of sponsor reactions, and developing strategies for redress.

RAF’s Board of Trustees and management are aware of the New York Stock Exchange volatility which affects the fair value of our investment portfolios. We considered the fluctuation is within the normal economic cycles of business and did not consider the medium-term average yield of the portfolios to be significantly affected. The Board of Trustees constantly

monitored the structure of investments and act in accordance with the Investment Policy should it decide to mitigate the risks by changing the holdings' structure. During 2020 pandemic year the quasi-endowment invested funds performed at a net rate of return of 11.7% versus a typical spending rate of 5.8% (i.e. CPI + 4.5%).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from those estimates.

CONSOLIDATION

The operations of the Foundation's Bucharest office are primarily managed through a wholly owned and consolidated subsidiary RAF Romania. The accompanying consolidated financial statements reflect the consolidation of the accounts of the Foundation and RAF Romania. All material intercompany transactions and balances have been eliminated in consolidation.

INVESTMENTS, AT FAIR VALUE

The Foundation engages professional investment managers who make investment decisions according to the Foundation's investment policy and monitor the Foundation's investments. The Foundation's marketable

investments are managed through investment management accounts (the "managed accounts") with Alex Brown – a division of Raymond James and Fund Evaluation Group (the "investment managers"). Interest and dividend income earned and unrealized and realized gains and losses on investments are reported in the consolidated statement of activities (see Note 8 for fair value of investments).

The Foundation's non-marketable investments consist of 36.36% ownership interest of RAF in Balkan Accession Fund ("BAF"), a partnership investment organized under the laws of Netherlands Antilles that is currently under liquidation.

In 2011 the Foundation adopted Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 820 "Fair Value Measurements". ASC 820 (i) defines fair value, (ii) establishes a framework for measuring fair value under current accounting pronouncements that require or permit fair value measurement and (iii) enhances disclosures about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in such asset's or liability's principal or most advantageous market, in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date;

Level 2: Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date

and fair value can be determined through the use of models or other valuation methodologies; and

Level 3: Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes its own estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The inputs into the determination of fair value require significant judgment. Due to inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets and liabilities existed.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Certain instruments are valued using the net asset value ("NAV") of the investment vehicle.

The following is a description of the valuation methodology used for the Foundation's investments carried at fair value, including the general classification of such instruments within the valuation hierarchy:

- **Marketable Investments - Mutual Funds:** The Foundation's marketable investments consist of public mutual funds, valued using the NAV. The NAV for these funds is based on quoted prices in an active market with no redemption restrictions and, as such, are classified within Level 1 of the fair value hierarchy.
- **Non-Marketable Investments – Partnership Investments:** The Foundation's non-marketable investments are private investment vehicles valued using the financial information of the partnership



and the Foundation's ownership interest. These assets are classified within Level 3 of the valuation hierarchy as there is no observable data on which to base the valuation.

The general policy of the Foundation is to carry the non-marketable investments at cost less provision for estimated impairment losses. The cost less provisions for estimated impairment losses is used to represent the fair values of the investments in the absence of information that would support the need for a lower or higher valuation. The Foundation records unrealized capital gains or losses related to non-marketable investments in case of higher or lower valuation needed based on specific information available. In determining carrying values, management considers relevant qualitative and quantitative information available. The values assigned to investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future development inherent in long-term investments. These values are subject to change over time and are reviewed periodically. As adjustments become necessary, they are reported in the period in which they become known. Due to the inherent uncertainty of the valuation, those estimated carrying values may differ from the values that would have been used had a ready market for the investments existed, and the differences could be material. There is limited precedent for valuing such investments in the region. Therefore, there is little experience upon which to base the estimate of risk and amount of possible losses.

CONCENTRATION OF RISK

The Foundation's marketable investments are held in managed accounts with Alex Brown – a division of Raymond James, and Fund Evaluation Group. The

managed accounts seek income and capital growth as well as preservation of principal. It is intended to have an average level of risk and may experience moderate levels of volatility, therefore the risk tolerance of the managed accounts is moderate. The Investment Policy Statement (IPS) states a long term perspective strategic allocation by asset classes with targets of 45% Global Equity, 19% Diversifying Strategies, 31% Global Fixed Income and 5% Cash. The IPS also states ranges around the strategic allocation for each asset class: 35-55% Global Equity, 5-30% Diversifying Strategies, 20-40% Global Fixed Income and 0-10% Cash. On a periodic basis, the actual allocation is compared to the strategic allocation and the Finance and Investment Committee of RAF develop a plan of action to rebalance the portfolio in consultation with the investment managers.

The Foundation's non-marketable investments, namely the ownership interest in Balkan Accession Fund (BAF) partnership, is managed by the fund manager (Axxess Capital). The Finance and Investment Committee of RAF is reported twice a year by the fund manager and the Foundation delegates one of its Trustees as a member of the Supervisory Board of BAF partnership. On March 31, 2018 BAF started its liquidation procedure and discontinued its registration with Curacao Commercial Register. Upon liquidation, BAF adopted a distribution plan according to which the limited partnership will pay all its debts at short notice and the remaining liquidation balance will be paid to the investors in accordance with the stipulations in the articles of incorporation of the limited partnership.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of financial position and of cash flows, the Foundation considers all highly liquid financial instruments purchased with an

original maturity of three months or less when purchased to be cash equivalents. Cash equivalents include cash held in investment managed accounts.

CASH COLLATERAL IN BANK DEPOSITS FOR STUDENT LOANS GUARANTEES

For purposes of the consolidated statements of financial position and of cash flows, the Foundation considers all cash collateral guarantees pledged to the bank for student loans granted by Raiffeisen Bank to Romanian students to be cash restricted in bank deposits with an original maturity higher than three months.

As of December 31, 2020 there were \$16,500 in one such bank deposit that is denominated in U.S. dollars and is bearing interest of 2.45% p.a. As of December 31, 2019 there were \$16,500 in a number of one such bank deposits that are denominated in U.S. dollars and are bearing interests of 2.45% p.a.

PROGRAM RELATED INVESTMENTS (PRI)

Program related investments are loans signed with Romanian non-governmental organizations. The PRIs are recorded in the consolidated statements of financial position as assets when loans are approved in accordance with policies set by the Board of Trustees, negotiations have been finalized with the borrower, and the parties have signed the loan agreement. In practice, the Foundation generally disburses loans to borrowers over time, as funds are required to meet certain contractual clauses. As a result, the Foundation also records a PRI payable when the agreement is signed as such PRIs usually have multiple disbursements. See Note 9 for Program Related Investments.

SUPPORT AND CONTRIBUTION INCOME

Amounts received from the Fund are conditioned on the Foundation's compliance with the requirements of the RAIF Grant and the SEED Act, which imposes certain U.S. policy objectives and reporting obligations. Such income is recognized as unrestricted contributions when received, as management of the Foundation believes that on receipt it is unlikely those conditions will not be met and that all restrictions on the expenditure of such funds are for the general purposes and programs of the Foundation.

INTEREST AND DIVIDEND INCOME

Interest and dividend income is recorded in the period in which is earned.

GRANTS EXPENSES AND GRANTS PAYABLE

Grants are recorded as grants expense in the consolidated statements of activities and grants payable in the consolidated statements of financial position when the grant is approved in accordance with policies set by the Board of Trustees, negotiations have been finalized with the grantee, and the parties have signed the grant agreement. In practice, the Foundation generally disburse grants to grantees over time, as funds are required to meet the costs of each program. As a result, the amount recorded as grants expenses in the consolidated statements of activities generally does not equal the amount of grants disbursed by the Foundation in a fiscal period. See Note 9 for Grants and Grants Payable.

FOREIGN CURRENCY

The functional currency of the Romanian American Foundation is the United States Dollar. The Foundation's transactions are initiated in U.S. dollars

and exchanged for Romanian lei and/or EURO ("EUR") only when needed. Revenues and expenses transacted in Romanian lei and/or EURO are re-measured into U.S. dollars at the bank exchange rate resulted from the forex tender. All of the Foundation's Romanian lei and EUR assets and liabilities are re-measured into U.S. dollars at the period's end official National Bank exchange rate. The functional currency of RAF Romania is the Romanian Leu ("RON"). Re-measurement and translation adjustments are reflected in the consolidated statements of activities.

DONATED SERVICES

Members of the Foundation's U.S. Board of Trustees donate significant amounts of their time to the Foundation's work. No amounts have been reflected in the accompanying consolidated financial statements for such donated services because there is no objective basis available to measure the value of such services.

FIXED ASSETS

Office building and building improvements are recorded at cost. Depreciation of the building is calculated on a straight-line basis over fifteen years, less residual value. Building improvements are amortized on a straight-line basis over their estimated useful lives. Office equipment and capitalized software are recorded at cost. Depreciation is calculated on a straight-line basis over the estimated useful life of the equipment and software, generally two to five years. Land is recorded at cost based on the market value when received by donation and is not depreciated. Land and building held at cost are periodically tested for impairment.

OPERATING EXPENSES

Employee compensation and benefits, professional services, expenses of Board of Trustees meetings, expenses for travel, lodging and meals incurred in connection with the Foundation's operations and administrative expenses are classified as operating expenses.

4. ROMANIAN-AMERICAN INVESTMENT FOUNDATION "RAIF" (THE FORMER ROMANIAN-AMERICAN ENTERPRISE FUND "RAEF" OR "THE FUND") GRANT

On September 29, 2009 the Foundation entered into a Grant Agreement with the Fund. The Fund has begun the process of liquidating its investment portfolio, and an estimated \$140 million in proceeds was expected to be generated from the sale, transfer or liquidation of its equity investments, loans and other assets. At the date of the Grant Agreement the Fund has also committed to repay \$25 million to the U.S. Treasury as return of capital to USAID. It was the consensus of the Board of Directors of the Fund, in consultation with USAID, the U.S. Department of States and the U.S. Congress, that, following payment to the U.S. Treasury, all the Fund's proceeds should be contributed to the Foundation to build upon the work of the Fund. According to the terms of the Grant Agreement the Fund shall from time to time pay or transfer to the Foundation the Fund's proceeds, such payments or transfers constituting in the aggregate the endowment amount which shall constitute the endowment of the Foundation.

Since the inception of the Foundation, there has been a total of \$131,122,684 contributed by RAIF to the Foundation and \$25,000,000 paid by RAIF to U.S. Treasury as of December 31, 2020.



In 2020 and 2019 there were no contributions made by RAIF to the Foundation.

According to the terms of the Grant Agreement, the Fund has the right to suspend payment or transfer of all or any portion of the RAIF proceeds and to require repayment or transfer of all or any portion of the endowment amount, together with any endowment proceeds, if foreign policy grounds exist as described in the Foreign Assistance Act and the SEED Act.

During 2018 the RAIF completed the disposition of its remaining investments and filed a Certificate of Dissolution on September 28, 2018 ("Dissolution Date") with the Secretary of State of the State of Delaware. The Plan of Complete Liquidation and Dissolution of the Fund ("the Plan") was approved and adopted by the Board of Trustees of the Fund on April 27, 2018. The Plan was intended to accomplish the complete liquidation of RAIF. Under the Plan, the Fund shall pay or make reasonable provisions to pay all claims and obligations and distribute any remaining assets to RAF no later than the three-year anniversary of the Dissolution Date. As of December 31, 2018 RAIF distributed all of its remaining assets to the Romanian American Foundation.

5. NET ASSETS CLASIFICATION

NET ASSETS	YEAR ENDED DECEMBER 31, 2020 (\$)	YEAR ENDED DECEMBER 31, 2019 (\$)
	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS
CURRENT UNRESTRICTED		
Board Designated Endowment Funds:		
Investment Managed Funds, marketable investments	159,680,915	145,997,882
Investment Managed Funds, non-marketable investments	2,231,624	611,770
Investment Managed Funds, cash	5,016,371	6,303,403
Cash set aside for quasi-endowment investments in following year	-	-
TOTAL QUASI-ENDOWMENT	166,928,910	152,913,055
Fixed Assets, Net	3,377,029	3,328,199
Undesignated	710,128	(125,568)
CURRENT RESTRICTED	-	-
TOTAL NET ASSETS	171,016,066	156,115,686

The Foundation did not hold net assets with donor restrictions as of December 31, 2020 and 2019, either by purpose, time or perpetual in nature. The total net assets of the Foundation as of December 31, 2020 and 2019 are net assets without donor restrictions. However, there are several self-imposed limits on the use of resources of the Foundation (i.e. Board Designated Endowment Funds).

6. BOARD DESIGNATED ENDOWMENT FUNDS OR "QUASI-ENDOWMENT"

As required by U.S. GAAP, net assets associated with endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowment), are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment consists of funds designated by the Board of Trustees to function as endowments or the "quasi-endowment". The governing documents of the Foundation allow the governing board to appropriate so much of an endowment fund as is prudent considering the following relevant factors: the duration and preservation of the endowment fund, the purposes of the Foundation, general economic conditions, the possible effect of the inflation or deflation, the expected total return from income and the appreciation of investments, the Foundation's other resources, and the Foundation's investment policy.

The Board of Trustees of RAF decides on the quasi-endowment funds, i.e. on appropriation of funds to either increase or decrease the quasi-endowment and on the cash held or repositioned for further investments, as well as on capital expenditures and on funds appropriated for the following year operating budget; remaining net assets are Undesignated net assets. The Foundation's Board of Trustees approve the annual operating budgets, the annual capital expenditures and its related cash-flows projections and plan for annual withdrawals from quasi-endowment funds to assure the necessary liquid funds (Note 7).

6. BOARD DESIGNATED ENDOWMENT FUNDS OR "QUASI-ENDOWMENT" (cont)

Endowment Net Assets Composition by Type of Fund (all Without Donor Restrictions) as of December 31, 2020 and 2019:

ENDOWMENT NET ASSETS	YEAR ENDED DECEMBER 31, 2020 (\$)	YEAR ENDED DECEMBER 31, 2019 (\$)
QUASI-ENDOWMENT FUNDS		
Investment Managed Funds, marketable investments	159,680,915	145,997,882
Investment Managed Funds, non-marketable investments	2,231,624	611,770
Investment Managed Funds, cash	5,016,371	6,303,403
Cash set aside for quasi-endowment investments in following year	-	-
TOTAL QUASI-ENDOWMENT	166,928,910	152,913,055
DONOR-RESTRICTED ENDOWMENT FUNDS	-	-
TOTAL ENDOWMENT	166,928,910	152,913,055

Changes in Endowment Net Assets (all Without Donor Restrictions) for the Fiscal Years Ended December 31, 2020 and 2019:

ENDOWMENT NET ASSETS	YEAR ENDED DECEMBER 31, 2020 (\$)	YEAR ENDED DECEMBER 31, 2019 (\$)
QUASI-ENDOWMENT NET ASSETS, BEGINNING OF YEAR	152,913,055	144,498,681
Disposition of marketable investments	38,070,350	36,233,166
Proceeds from sale of non-marketable investments	664,574	615,453
Net realized gain on sale of non-marketable investments	476,490	681,458
Purchase of marketable investments	(38,299,779)	(39,595,920)
Net realized FX gain (loss) on non-marketable investments	52,804	(13,610)
Net realized gain on marketable investments	2,584,560	899,040
Net unrealized appreciation (depreciation) on marketable investments	10,869,043	17,351,602
Net unrealized appreciation (depreciation) on non-marketable investments	2,231,624	-
Interest and dividend income, net	3,839,657	3,880,289
Contributions i.e. cash reinvested	232,170	2,751,856
Appropriation of endowment assets for expenditure (i.e. cash withdrawn)	(6,705,638)	(4,296,911)
QUASI-ENDOWMENT NET ASSETS, END OF YEAR	166,928,910	152,913,055

The Foundation has adopted an investment policy and a spending model for its quasi-endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain

the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the quasi-endowment assets are invested in a manner in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The expected return objective of the Foundation's investment portfolio is to achieve a total return, net of fees, equal to or greater than spending, administrative fees, and inflation. RAF expects its quasi-endowment funds, over time, to provide an average rate of return higher than 4.5% percent over CPI annually. RAF seek to outperform its return target over full market cycles and does not expect that all investment objectives will be attained in each year; actual returns in any given year may vary from this amount. For this reason, investment returns are evaluated over a full market cycle (for measurement purposes: rolling five-year and seven-year periods).

The annual spending of the Foundation supports both administrative and operational expenses which include grants and Program Related Investments. Generally, the Foundation seek to not exceed a current annual draw rate from its endowment of 4.5% multiplied by the average of the prior twelve quarter-ending portfolio values. The Board of Trustees sets the spending policy with input from the Finance and Investment Committee. Spending is reviewed annually by the Board of Trustees and adjusted as appropriate according to the needs of the Foundation, the current market climate and opportunities arisen for RAF to expand its mission.



7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's working capital and cash flows have annual variations attributable to the annual budgets approved by the Board of Trustees and financed through cash receipts from sale of investments and from return on investments. To manage liquidity the Foundation plans annual withdrawals from board-designated endowment funds according to the budgets and its related cash flows projections approved by the Board of Trustees. See Note 6 for disclosing the spending policy and Note 9 for disclosing grant awards and program related investments disbursements. Although RAF does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, additional amounts from its quasi-endowment could be made available with the governing board approval, if necessary.

FINANCIAL ASSETS, AT YEAR END	DECEMBER 31, 2020 (\$)	DECEMBER 31, 2019 (\$)
Marketable Investments, at fair value	159,680,915	145,997,882
Non-marketable Investments, at fair value	2,231,624	611,770
Cash and cash equivalents	6,915,198	7,313,706
Cash restricted in bank deposits as collateral for student loans guarantee	16,500	16,500
Program Related investments, committed	155,000	248,449
Program Related investments, payable	-	(50,000)
TOTAL FINANCIAL ASSETS, AT YEAR END	168,999,237	154,138,307
LESS THOSE UNAVAILABLE FOR GENERAL EXPENDITURES WITHIN ONE YEAR, DUE TO:		
Cash restricted in bank deposits as collateral for student loans guarantee	(16,500)	(16,500)
Program Related Investments, net receivables	(155,000)	(198,449)
Board Designations for Quasi-Endowment:		
Marketable & Non-marketable Investments	(161,912,539)	(146,609,652)
Cash held in investment managed accounts	(5,016,371)	(6,303,403)
Cash set-aside for investments in following year	-	-
FINANCIAL ASSETS AVAILABLE AT BALANCE SHEET DATE	1,898,827	1,010,303
Add back amounts available for expenditure in following year, i.e. amounts to be withdrawn from quasi-endowment as per Board approval	5,000,000	5,000,000
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR EXPENDITURES WITHIN ONE YEAR	6,898,827	6,010,303

The Foundation had \$168,999,237 in financial assets as of December 31, 2020, reduced by amounts not available for general use within one year because of internal designations. Assets available include the Board approved appropriation from the quasi-endowment invested managed funds for the following year of \$5,000,000 and cash existent in operating bank accounts of \$1,898,827 as of December 31, 2020 for a total available financial assets of \$6,898,827.

As of December 31, 2020 the Foundation held cash and cash equivalents of \$5,074,384 with three large United States commercial banking institutions and \$1,835,816 with one large European commercial banking institution, which includes cash held in foreign currencies (RON and EUR) valued at \$1,439,131 and the remaining are in USD. In addition, as of December 31, 2020, the Foundation held petty cash valued at \$4,997, out of which cash in foreign currencies (RON and EUR) valued at \$3,386 and the remaining are in USD.

8. INVESTMENTS AT FAIR VALUE

See Note 3 "Investments at Fair Value" for a presentation of the basis for determining the fair value of the Foundation's investments. The cost and fair value of the Foundation's investments at December 31, 2020 and 2019, as well as the accumulated unrealized gains (losses) and realized gains (losses) for the years ended December 31, 2020 and 2019 are presented in the tables below:

Investments as of December 31, 2020

MARKETABLE INVESTMENTS:	COST (\$)	FAIR VALUE (\$)	ACCUMULATED UNREALIZED GAINS (LOSSES) (\$)	REALIZED GAINS (LOSSES) (\$)
Mutual Funds – Equity	67,810,419	88,061,516	20,251,097	2,579,325
Mutual Funds – Fixed Income	47,336,070	48,717,546	1,381,477	57,016
Mutual Funds – Other	21,652,673	22,901,852	1,249,179	(87,766)
Tax costs adjustments and wash sales	-	-	-	35,984
Non-Marketable Investments: Partnership investments	-	2,231,624	2,231,624	476,490
	136,799,162	161,912,539	25,113,377	3,061,050

Investments as of December 31, 2019

MARKETABLE INVESTMENTS:	COST (\$)	FAIR VALUE (\$)	ACCUMULATED UNREALIZED GAINS (LOSSES) (\$)	REALIZED GAINS (LOSSES) (\$)
Mutual Funds – Equity	69,183,996	79,957,138	10,773,141	951,461
Mutual Funds – Fixed Income	45,239,684	45,646,889	407,204	(201,919)
Mutual Funds – Other	19,542,853	20,393,856	851,003	149,284
Tax costs adjustments and wash sales	-	-	-	213
Non-Marketable Investments: Partnership investments	611,770	611,770	-	681,458
	134,578,304	146,609,652	12,031,348	1,580,498

The unrealized gains (losses) on investments for the years-ended December 31, 2020 and 2019 are presented in the table below:

	ACCUMULATED UNREALIZED GAINS (LOSSES) AS OF DECEMBER 31, 2019	UNREALIZED GAINS (LOSSES) FOR THE YEAR ENDED DECEMBER 31, 2020	ACCUMULATED UNREALIZED GAINS (LOSSES) AS OF DECEMBER 31, 2020
Mutual Funds – Equity	10,773,141	9,477,956	20,251,097
Mutual Funds – Fixed Income	407,204	974,272	1,381,477
Mutual Funds – Other	851,003	398,176	1,249,179
Partnership Investments	-	2,231,624	2,231,624
Tax costs adjustments	(175,857)	-	(175,857)
	11,855,491	13,082,028	24,937,520
Tax costs adjustments posted to prior year	157,218	18,639	175,857
	12,012,710	13,100,667	25,113,377



During fiscal year 2020 the investment managers posted tax costs adjustments to prior year period reports for a total of \$18,639.

Set forth in the table below are the Foundation's investments as of December 31, 2020 and 2019, at fair value on a recurring basis, by the hierarchy levels described in Note 3:

Investments as of December 31, 2020

	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Mutual Funds – Equity	88,061,516	-	-	88,061,516
Mutual Funds – Fixed Income	48,717,546	-	-	48,717,546
Mutual Funds – Other	22,901,852	-	-	22,901,852
Partnership investments	-	-	2,231,624	2,231,624
	\$159,680,915	0	\$2,231,624	\$161,912,539
% total	98.62%	0%	1.38%	100%

Investments as of December 31, 2019

	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Mutual Funds – Equity	79,957,138	-	-	79,957,138
Mutual Funds – Fixed Income	45,646,889	-	-	45,646,889
Mutual Funds – Other	20,393,856	-	-	20,393,856
Partnership investments	-	-	611,770	611,770
	145,997,882	0	611,770	146,609,652
% total	99.58%	0%	0.42%	100%

A summary of Level 3 activity for the year ended December 31, 2019 and 2020 is as follows:

Balance, December 31, 2018	1,240,833
Hurdle amounts received from BAF under liquidation	(1,296,911)
Realized gain (loss) on sales of investments	681,458
Realized Exchange Rate gain (loss)	(13,610)
Balance, December 31, 2019	611,770
Hurdle amounts received from BAF under liquidation	(1,141,064)
Realized gain (loss) on sales of investments	476,490
Unrealized gain (loss) on partnership investment	2,231,624
Realized Exchange Rate gain (loss)	52,804
Balance, December 31, 2020	2,231,624

In accordance with its Limited Partnership Agreement, on termination date, i.e. March 31, 2018, BAF was dissolved and appointed the General Partner BAMC NV as its liquidator. The General Partner submitted to the Limited Partners (RAF is a 36.36% interest limited partner) the plan regarding the liquidation of BAF starting at the termination date. According to the plan the remaining invested portfolio companies are expected to be exited in approximately two years and so the liquidation process of BAF shall be fully completed during the year 2021. The liquidation proceeds to RAF included a EUR 1,090,800 or USD 1,240,833 equivalents escrow amount that was retained in BAF during the exit of a major investment prior to the liquidation date and not reconciled as of December 31, 2018.

During fiscal year 2019 an amount of EUR 545,400 or USD 615,453 equivalents has been released from the escrow account and refunded to RAF as part of the total hurdle amounts distributed to RAF of \$1,296,911. All other liquidation proceeds received by RAF from

BAF in excess of the escrow amounts are considered realized gain from sale of non-marketable investments.

During fiscal year 2020 an amount of EUR 545,400 or USD 664,574 equivalents has been released from the escrow account and refunded to RAF as part of the total hurdle amounts distributed to RAF of \$1,141,064. All other liquidation proceeds received by RAF from BAF in excess of the escrow amounts are considered realized gain from sale of non-marketable investments.

Based on the liquidator's report and on the current market climate in the Balkans region the management of RAF considers that the value of EUR 1,817,600 or \$2,231,624 is a reasonable market fair value as of 31 December 2020 for the remaining liquidation proceeds on BAF investment. The following were considered:

- The Foundation assessed the value of the underlying asset, as presented in the liquidator's report, namely a real estate which was evaluated at an amount at least higher than EUR 7,140,000 representing BAF's investment in a local project in liquidation;
- Considering the conclusions of a public real estate market report issued by a globally certified valuation company which presented the difficulties of selling real estate properties in the current environment, the management decided to apply a 30% fire-sale haircut to the estimated total value of the asset, from EUR 7,14 million to EUR 5million;
- The valuation reflected in a 25% reduction of BAF's NAV, as RAF's quota of the investment is 36.36%, thus reaching a current value of EUR 1,817,600, excluding the value of the escrow account.

Such a reduction in RAF's own estimation of the future liquidation proceeds from BAF would count for the actual COVID-19 status of the economies in the Balkan region and would be prudent in estimating the liquidation of the last assets in BAF's portfolio. RAF recorded in fiscal year 2020 the amount of \$2,231,624 as unrealized capital gain on non-marketable investments, i.e. on BAF partnership investment

INCOME FROM INVESTMENTS

Included in the amount reported as interest and dividend income in the consolidated statements of activities for the year ended December 31, 2020 is \$3,839,316 that represents amounts distributed from the Foundation's various mutual fund investments as interest and dividend income, net after custodial fees of \$384,324. Interest earned on operating bank accounts as of the year ended December 31, 2020 was in amount of \$341.

Included in the amount reported as interest and dividend income in the consolidated statements of activities for the year ended December 31, 2019 is \$3,879,760 that represents amounts distributed from the Foundation's various mutual fund investments as dividend income, net after custodial fees of \$381,354. Interest earned on operating bank accounts as of the year ended December 31, 2019 was in amount of \$529.

Included in the amount reported as realized gain on sales of investments in the consolidated statements of activities for the year ended December 31, 2020 is \$476,490 that represents hurdle amounts received from Balkan Accession Fund as distribution of proceeds from BAF under liquidation.

Included in the amount reported as realized gain on sales of investments in the consolidated statements

of activities for the year ended December 31, 2019 is \$681,458 that represents hurdle amounts received from Balkan Accession Fund as distribution of proceeds from BAF under liquidation. Upon liquidation, BAF adopted a distribution plan according to which the limited partnership will pay all its debts at short notice and the remaining liquidation balance will be paid to the investors in accordance with the stipulations in the articles of incorporation of the limited partnership.

9. GRANTS AWARDED AND PROGRAM RELATED INVESTMENTS

For the year ended December 31, 2020 the Foundation signed 37 new grant agreements and amended 26 grant agreements signed in previous years for a total of \$3,795,486 grant awards in the focus areas of education, technology innovation, entrepreneurship and community development and civil society. During 2020 the Foundation reversed \$9,777 of previous years contracted grant awards as the funds were not entirely used by recipients and subsequently cancelled, the grants awarded during the year and recorded through the consolidated statement of activities amounting to \$3,785,709. The net grants disbursed during the year ended December 31, 2020 consisted of \$4,029,691 and the outstanding signed grant agreements not yet disbursed until year end amounted to \$1,224,162.

As of December 31, 2020 the Program Related Investments ("PRIs") consisted of \$155,000 committed funds in loans signed with 3 Romanian non-governmental organizations as non-bearing interest loans that are payable to the borrowers in multiple tranches. As of December 31, 2020 there were no loan tranches payable to the borrowers. During 2020 the Foundation signed one PRI loan of \$40,000, decreased



with \$50,000 a previous year loan committed and disbursed \$40,000. During 2020 the Foundation collected \$83,449 as repayments of loans.

The total outstanding principal balance of the PRIs was \$155,000 as of December 31, 2020. Repayments of loans were made according to the repayment schedules and there were no past dues recorded as of December 31, 2020.

For the year ended December 31, 2019 the Foundation signed 31 new grant agreements and amended 46 grant agreements signed in previous years for a total of \$3,600,073 grant awards in the focus areas of education, technology innovation, entrepreneurship and community development and civil society. During 2019 the Foundation reversed \$39,811 of previous years contracted grant awards as the funds were not entirely used by recipients and subsequently cancelled, the grants awarded during the year and recorded through the consolidated statement of activities amounting to \$3,560,262. The net grants disbursed during the year ended December 31, 2019 consisted of \$4,049,024 and the outstanding signed grant agreements not yet disbursed until year end amounted to \$1,468,144.

As of December 31, 2019 the Program Related Investments ("PRIs") consisted of \$248,449 committed funds in loans signed with 4 Romanian non-governmental organizations as non-bearing interest loans that are payable to the borrowers in multiple tranches. As of December 31, 2019 there were \$50,000 not yet disbursed. During 2019 the Foundation signed two PRI loans of \$140,000, decreased with \$50,000 a previous year loan committed and disbursed \$90,000. During 2019 the Foundation collected \$246,650 as repayments of loans. The total outstanding principal

balance of the PRIs was \$198,449 as of December 31, 2019. Repayments of loans were made according to the repayment schedules and there were no past dues recorded as of December 31, 2019.

10. STATEMENT OF FUNCTIONAL EXPENSES AND EXPENSE ALLOCATION

The Foundation's consolidated financial statements as of December 31, 2020 and 2019 report certain categories of expenses that are attributable to more than one program or supporting function. Therefore these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated

include depreciation, occupancy, other office administrative expenses which are allocated on a square-footage basis as well as employees' compensation and benefits which are allocated on the basis of estimates of time and effort.

The following table presents the functional expenses for the year ended December 31, 2020:

	PROGRAM ACTIVITIES				SUPPORTING ACTIVITIES	
	EDUCATION, TECHNOLOGY & INNOVATION (\$)	PHILANTHROPY, COMMUNITY DEVELOPMENT AND CIVIC ENGAGEMENT (\$)	RURAL ECONOMY AND ENTREPRENEURSHIP (\$)	PROGRAMS SUBTOTAL (\$)	MANAGEMENT AND GENERAL EXPENSES (\$)	TOTAL EXPENSES (\$)
Employee salaries, taxes and benefits	217,552	170,520	90,780	478,853	168,446	647,299
Employee business expenses	9,760	3,172	3,527	16,458	1,185	17,643
Occupancy expenses	73,935	31,217	42,718	147,870	17,458	165,328
Professional fees	116,828	21,387	81,950	220,165	81,183	301,348
Trustees' expenses	-	-	-	-	38,916	38,916
Other general and administrative	47,914	21,137	26,619	95,670	39,442	135,111
Depreciation	45,538	19,227	26,310	91,076	10,120	101,196
TOTAL OPERATING EXPENSES	511,527	266,661	271,905	1,050,093	356,749	1,406,842
Grants awarded to other organizations	1,668,822	1,022,396	1,094,491	3,785,709	-	3,785,709
TOTAL EXPENSES	2,180,349	1,289,057	1,366,396	4,835,802	356,749	5,192,551

The following table presents the functional expenses for the year ended December 31, 2019:

	PROGRAM ACTIVITIES				SUPPORTING ACTIVITIES	
	EDUCATION, TECHNOLOGY & INNOVATION (\$)	PHILANTHROPY, COMMUNITY DEVELOPMENT AND CIVIC ENGAGEMENT (\$)	RURAL ECONOMY AND ENTREPRENEURSHIP (\$)	PROGRAMS SUBTOTAL (\$)	MANAGEMENT AND GENERAL EXPENSES (\$)	TOTAL EXPENSES (\$)
Employee salaries, taxes and benefits	211,995	156,563	145,388	513,946	156,505	670,451
Employee business expenses	14,994	7,001	18,437	40,431	4,661	45,093
Occupancy expenses	70,898	29,935	40,963	141,796	20,944	162,739
Professional fees	139,010	10,807	28,543	178,360	94,844	273,204
Trustees' expenses	-	-	-	-	125,703	125,703
Other general and administrative	62,311	28,679	37,301	128,291	46,725	175,016
Depreciation	44,297	18,703	25,593	88,594	9,844	98,438
TOTAL OPERATING EXPENSES	543,505	251,687	296,225	1,091,418	459,225	1,550,643
Grants awarded to other organizations	1,675,479	1,014,110	870,673	3,560,262	-	3,560,262
TOTAL EXPENSES	2,218,984	1,265,798	1,166,898	4,651,680	459,225	5,110,905

11. PROPERTY, NET

As of December 31, 2020 and 2019, net property consisted of:

AS OF DECEMBER 31, 2020	COST (\$)	ACCUMULATED DEPRECIATION/ AMORTIZATION (\$)	NET BOOK VALUE (\$)	AS OF DECEMBER 31, 2019	COST (\$)	ACCUMULATED DEPRECIATION/ AMORTIZATION (\$)	NET BOOK VALUE (\$)
Land	537,273	-	537,273	Land	537,273	-	537,273
Office building and improvements	3,715,580	891,492	2,824,088	Office building and improvements	3,565,555	802,195	2,763,360
Automobiles, furniture and equipment	309,725	294,057	15,668	Automobiles, furniture and equipment	309,725	282,159	27,566
Software	-	-	-	Software	-	-	-
TOTAL	4,562,579	1,185,550	3,377,029	TOTAL	4,412,553	1,084,354	3,328,199

12. CONTINGENT LIABILITIES

During fiscal year 2019, RAF sued in Romanian courts one of its neighbors who started to demolish a building jointed to RAF office building in Bucharest, Romania. RAF claimed in court that the owner of the demolished building should stop the demolition process and should protect RAF building's walls exposed to rain and snow falls. RAF won all the initial cases in court and the demolishing process was stopped by the judge. As of December 31, 2019 the owner of the demolished building initiated a reconciliation procedure with RAF expressing its intent to proceed and execute the protective works to RAF building. During fiscal year 2020 the reconciliation procedure did not conclude with any agreement between parties. RAF initiated by its own costs the protective construction works to its building in July 2020, finished all such works by October 31, 2020 and claimed in court related costs in an aggregate amount of EUR 95,000. As of December 31, 2020 there were no court decisions that would entitle RAF to receive any of such claims and the litigation procedure continued by following the appropriate legal actions in Romanian courts.



13. RELATED PARTY TRANSACTIONS

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or are part of the same group of affiliated companies under common control. During the fiscal years 2020 and 2019 the Foundation has not been involved in any transaction with related parties.

14. TAX STATUS

UNITED STATES

The Foundation is exempt from U.S. Federal income taxes under the provisions of Section 501(c)(4) of the Internal Revenue Code. In addition, the Foundation is exempt from payments of state and local income taxes in the U.S.

ROMANIA

RAF Romania is a Romanian not-for-profit legal entity and is not required to pay corporate income tax according to Romanian tax laws, as it does not perform economic activities.

15. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 20, 2021, the date the consolidated financial statements were authorized to be issued and has determined there were no additional events requiring consideration as adjustments to the consolidated financial statements for the year ended December 31, 2020.

Management continued taking actions to address the effects of COVID19 outbreak on the activity, such as limiting travelling to the office or to partners, delivering the mandatory official documentation and reports electronically, agreeing to redirect grants to project-segments of partners affected by the COVID19 outbreak.

As of May 20, 2021 the Foundation withdrew \$5,000,000 from its investment managed accounts at Alex Brown and Fund Evaluation Group as a quasi-endowment decrease to cover its expenditures in fiscal 2021.



THANK
YOU!

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