THE C.G. JUNG INSTITUTE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

THE C.G. JUNG INSTITUTE OF SAN FRANCISCO

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The C.G. Jung Institute

We audited the accompanying financial statements of The C.G. Jung Institute of San Francisco, a nonprofit California corporation (the "Institute"), which comprise the statements of financial position as of June 30, 2021 and 2020, and 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the 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 of 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 auditors' 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 the Institute as of June 30, 2021 and 2020, 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.



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***Report on Summarized Comparative Information***

We have previously audited the Institute's 2020 financial statements, and our report dated February 14, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Buckley Patchen

December 18, 2021
Walnut Creek, California

THE C.G. JUNG INSTITUTE OF SAN FRANCISCO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

## ASSETS

| | 2021 | 2020 |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | $ 70,328 | $ 510,711 |
| Accounts receivable, net | 80,137 | 98,949 |
| Prepaid expenses | 11,757 | 11,713 |
| Total Current Assets | 162,222 | 621,373 |
| Non-Current Assets: | | |
| Marketable securities (Note 4) | 9,695,311 | 9,914,516 |
| Property and equipment (Note 6) | 12,716,696 | 7,002,833 |
| Total Non-Current Assets | 22,412,007 | 16,917,349 |
| Total Assets | $ 22,574,229 | $ 17,538,722 |

## LIABILITIES AND NET ASSETS

| | 2021 | 2020 |
|---|---|---|
| Current Liabilities: | | |
| Accounts payable | $ 378,856 | $ 171,550 |
| Accrued vacation | 101,590 | 75,643 |
| Margin loan | 1,918,246 | - |
| Total Current Liabilities | 2,398,692 | 247,193 |
| Net Assets: | | |
| Without Donor Restrictions | | |
| Undesignated | 19,798,438 | 16,060,143 |
| With Donor Restrictions | | |
| Subject to purpose restrictions | 236,220 | 1,102,264 |
| Perpetual in nature (Note 12) | 140,879 | 129,122 |
| Total Net Assets | 20,175,537 | 17,291,529 |
| Total Liabilities and Net Assets | $ 22,574,229 | $ 17,538,722 |

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

THE C.G. JUNG INSTITUTE OF SAN FRANCISCO
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

| | 2021 | | | 2020 |
|---|---|---|---|---|
| | Without Restrictions | With Restrictions | Total | Total |
| Contributions: | | | | |
| Contributions | $ 78,117 | $ 1,550,548 | $ 1,628,665 | $ 320,908 |
| ARAS | 5,440 | - | 5,440 | 5,550 |
| Total Contributions | 83,557 | 1,550,548 | 1,634,105 | 326,458 |
| Revenue and Earned Income: | | | | |
| Member dues | 180,024 | - | 180,024 | 184,708 |
| Candidate tuition | 101,022 | - | 101,022 | 98,095 |
| Therapy income | 153,483 | - | 153,483 | 132,663 |
| Course fees | 207,213 | - | 207,213 | 108,472 |
| Royalties | 9,571 | - | 9,571 | 7,857 |
| Proceeds from PPP loan | - | 100,350 | 100,350 | 100,300 |
| Other income | 7,145 | - | 7,145 | 1,697 |
| Total Revenue and Earned Income | 658,458 | 100,350 | 758,808 | 633,792 |
| Investments Income: | | | | |
| Dividends and interest | 190,655 | 21,330 | 211,985 | 270,768 |
| Net realized gain/(loss) and unrealized gain/(loss) in marketable securities | 1,433,562 | - | 1,433,562 | (121,012) |
| Total Investments Income | 1,624,217 | 21,330 | 1,645,547 | 149,756 |
| Net assets released from restrictions | 2,526,515 | (2,526,515) | - | - |
| Total Contributions and Income | 4,892,747 | (854,287) | 4,038,460 | 1,110,006 |
| Expenses | | | | |
| Program expenses | 919,386 | - | 919,386 | 938,665 |
| Management and general | 162,848 | - | 162,848 | 159,285 |
| Fundraising | 72,218 | - | 72,218 | 75,066 |
| Total Expenses | 1,154,452 | - | 1,154,452 | 1,173,016 |
| Change in Net Assets | 3,738,295 | (854,287) | 2,884,008 | (63,010) |
| Beginning Net Assets | 16,060,143 | 1,231,386 | 17,291,529 | 17,354,539 |
| Ending Net Assets | $ 19,798,438 | $ 377,099 | $ 20,175,537 | $ 17,291,529 |

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

THE C.G. JUNG INSTITUTE OF SAN FRANCISCO
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

| | Library | Extended Education | Membership | Clinic | Training Institute | Jung Journal | Other Programs | Program Expenses | Management and General | Fundraising | 2021 Total | 2020 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expenses: | | | | | | | | | | | | |
| Salaries, wages, benefits and payroll taxes | $ 87,142 | $ 94,874 | $ 83,979 | $ 154,310 | $ 52,817 | $ 11,337 | $ 31,820 | $ 516,279 | $ 16,557 | $ 45,260 | $ 578,095 | $ 543,028 |
| Professional services | 20,902 | 18,153 | 5,948 | 50,286 | 8,858 | 27,408 | 11,403 | 142,958 | 32,043 | - | 175,001 | 178,714 |
| Honorarium, editorial asst. and president fee | - | 17,997 | 10,000 | 1,500 | - | 23,574 | 700 | 53,771 | - | 1,759 | 55,530 | 45,340 |
| Bank charges | 4 | 9,479 | 2,245 | 13 | 653 | - | 94 | 12,487 | 360 | 2,203 | 15,050 | 8,234 |
| Insurance | 733 | 7,769 | 278 | 10,195 | 1,074 | - | 738 | 20,786 | 7,481 | 1,508 | 29,775 | 42,798 |
| Retirement plan | 4,838 | 3,279 | 931 | 3,655 | 3,579 | - | 491 | 16,774 | 18,679 | 2,200 | 37,653 | 33,833 |
| Information technology | 2,800 | - | - | - | - | - | - | 2,800 | 36,797 | - | 39,597 | 31,567 |
| Supplies | 156 | 2,065 | - | 667 | - | - | 1,499 | 4,387 | 4,199 | 518 | 9,104 | 23,098 |
| Copier and other equipment | 1,730 | 2,480 | 812 | 3,329 | 1,210 | 945 | 757 | 11,263 | 3,760 | - | 15,024 | 13,869 |
| Printing and postage | - | 8,841 | - | 11 | 1,465 | - | 386 | 10,704 | 282 | 16,358 | 27,344 | 41,131 |
| IAAP dues | - | - | 19,116 | - | - | - | - | 19,116 | - | - | 19,116 | 18,564 |
| Conferences and meeting expenses | - | 20,120 | - | 1,723 | 5,147 | - | 4,396 | 31,386 | 207 | 66 | 31,660 | 64,005 |
| Building expense | - | 5,306 | - | 10,233 | 3,032 | - | 2,085 | 20,656 | 23,496 | 1,387 | 45,539 | 57,479 |
| Book and periodical purchases | 10,155 | - | - | - | - | - | - | 10,155 | - | 148 | 10,303 | 12,623 |
| Scholarship awards | - | - | - | - | 8,596 | - | 2,000 | 10,596 | - | - | 10,596 | 14,714 |
| Interest expense | - | - | - | - | - | - | - | - | 7,086 | - | 7,086 | - |
| Other expense | 4,461 | 4,156 | 2,615 | 853 | 3,459 | 9,598 | 4,122 | 29,264 | 7,900 | 284 | 37,446 | 21,230 |
| Total Expenses, Excluding Depreciation | 132,920 | 194,519 | 125,923 | 236,775 | 89,890 | 72,862 | 60,492 | 913,383 | 158,846 | 71,691 | 1,143,919 | 1,161,821 |
| Depreciation expense | 1,369 | 1,159 | 211 | 2,423 | 737 | - | 105 | 6,004 | 4,003 | 527 | 10,533 | 11,195 |
| Total Expenses | $ 134,290 | $ 195,677 | $ 126,134 | $ 239,198 | $ 90,628 | $ 72,862 | $ 60,597 | $ 919,386 | $ 162,848 | $ 72,218 | $ 1,154,452 | $ 1,173,016 |

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

THE C.G. JUNG INSTITUTE OF SAN FRANCISCO
STATEMENTS OF CASH FLOWS
JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|---|---|
| **Operating Activities:** | | |
| Change in net assets | $ 2,884,008 | $ (63,010) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 10,533 | 11,195 |
| Net realized and unrealized (gain)/loss on investments | (1,433,562) | 121,012 |
| Stock donations | (1,402,190) | (15,325) |
| (Increase)/Decrease in Operating Assets | | |
| Accounts receivable | 18,812 | 961,257 |
| Prepaid expenses | (44) | 8,180 |
| Increase/(Decrease) in Operating Liabilities | | |
| Accounts payable | 207,306 | 123,302 |
| Accrued liabilities | 25,947 | 22,624 |
| Deferred revenue | - | - |
| Net Cash Provided by/(used in) Operating Activities | 310,810 | 1,169,235 |
| **Investing Activities:** | | |
| Jung relocation related expenses (asset holding account) | (5,724,396) | (739,601) |
| Purchases of investments | (3,654,683) | (5,636,128) |
| Sales of investments | 6,709,640 | 4,479,931 |
| Net Cash Provided by/(used in) Investing Activities | (2,669,439) | (1,895,798) |
| **Financing Activities:** | | |
| Margin loan borrowing | 1,918,246 | - |
| Net Cash Provided by/(used in) Financing Activities | 1,918,246 | - |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (440,383) | (726,563) |
| Cash and Cash Equivalents - Beginning of Year | 510,711 | 1,237,274 |
| Cash and Cash Equivalents - End of Year | $ 70,328 | $ 510,711 |
| Supplemental Cash Flow Disclosure: | | |
| Interest Paid | $ 7,086 | $ - |
| Income Taxes Paid | $ - | $ - |

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

Note 1 Organization:

The C.G. Jung Institute of San Francisco (the "Institute") was founded to advance a viewpoint vital to the conscious, ethical practice and utilization of analytical psychology and to disseminate knowledge central to that end. The Institute trains psychotherapists to become Jungian analysts and maintains a collegial society to provide continuing education and ethical review for member analysts. It offers education and information to other professionals and the general public and promotes research about Jungian analysis and psychotherapy.

The Institute maintains the Virginia Allan Detloff Library and the Archive for Research in Archetypal Symbolism (ARAS) as educational resources. ARAS maintains an extensive library of slides, reproductions of slides and reproductions of art objects having symbolic cross-cultural significance. No dollar amounts have been included for the ARAS collection since a value for it cannot be established.

The Institute operates the James Goodrich Whitney clinic to provide access to Jungian psychotherapy to those who are unable to afford the cost of private treatment.

Note 2 Summary of Significant Accounting Policies:

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial statement presentation

Net Assets
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor-imposed restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or to other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Note 2 Summary of Significant Accounting Policies (continued):

Cash equivalents
For purposes of the statement of cash flows, the Institute considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Tax-exempt status
The Institute is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. The Institute is subject to routine audits by taxing jurisdictions; however, currently, there are no audits in progress. The Institute is no longer subject to income tax examination for years prior to 2014. The Institute has no uncertain tax positions as of June 30, 2021 and 2020.

Property and equipment
The Institute capitalizes property and equipment with a cost of over $5,000 and an estimated life of three years or more. Property and equipment are stated at cost and are being depreciated using the straight-line method over their estimated useful lives, which range from 5 to 40 years. Minor renewals or replacements and maintenance and repairs are expensed. Major replacements and improvements are capitalized.

Contributions
Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In-kind contributions
The Institute records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Note 2 Summary of Significant Accounting Policies (continued):

The Institute's clinical program is operated by unpaid volunteers. The value of the contributed time is not reflected in the accompanying financial statements.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Institute provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Institute's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. For the years ended June 30, 2021 and 2020, allowance for doubtful accounts totaled $4,100 and $4,100, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Allocations to Functional Expenses

Salaries and related employee expenses which apply to more than one functional category have been allocated between programs, management and administrative services and fundraising based on the time spent on these functions by specific employees as estimated by management. The remaining expenses are directly charged whenever practical, or are allocated based on other relevant factors.

Reclassifications

Certain 2020 balances have been reclassified to conform with 2021 presentation. These reclassifications have no impact on changes in net assets.

Note 3 Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalent | $ 70,328 | $ 510,711 |
| Accounts receivable | 80,137 | 98,949 |
| Investment at Fair value | 9,695,311 | 9,914,516 |
| Restricted Assets | (377,099) | (1,231,386) |
| Total | $ 9,468,677 | $ 9,292,790 |

Note 3 Liquidity and Availability (Continued):

Donor-restricted assets are not available for general expenditures. Investments are not classified as a current asset on the Statement of Financial Position; however, the Institute routinely liquidates investments and transfers funds for the general operating expenses.

Note 4 Fair Value Measurements:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that provides the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and

the lowest priority to unobservable inputs (level 3 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 the plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology include:

- Valuation methodology is 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.

Note 4 Fair Value Measurements (continued):

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of June 30, 2021 and 2020:

| | June 30, 2021 | | | |
|---|---|---|---|---|
| | Cost | Level 1 | Level 2 and 3 | Total |
| Equity Securities | $ 2,606,176 | $ 5,137,541 | $ - | $ 5,137,541 |
| Government Bonds | 2,599,778 | 2,598,298 | - | 2,598,298 |
| Corporate Bonds | 1,921,424 | 1,959,473 | - | 1,959,473 |
| Total Investments | $ 7,127,377 | $ 9,695,311 | $ - | $ 9,695,311 |

| | June 30, 2020 | | | |
|---|---|---|---|---|
| | Cost | Level 1 | Level 2 and 3 | Total |
| Equity Securities | $ 3,347,991 | $ 4,877,122 | $ - | $ 4,877,122 |
| Mutual Funds | 1,476,949 | 1,476,949 | - | 1,476,949 |
| Government Bonds | 895,389 | 905,301 | - | 905,301 |
| Corporate Bonds | 2,592,219 | 2,655,144 | - | 2,655,144 |
| Total Investments | $ 8,312,548 | $ 9,914,516 | $ - | $ 9,914,516 |

The Institute paid investment management fees totaling $53,617 and $50,651 for the years ended June 30, 2021 and 2020, respectively.

Methodology Used to Determine Fair Value of Investments

*Level 1 Investments* – Quoted market price.

Although the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5 Bank Line of Credit:

The Institute had a $1 million line of credit expiring in May 2022 with Bank of San Francisco that bears interest at an annual rate at prime (3.25% as of June 30, 2021) plus 0.75% with a floor rate of 4% and is secured by the Institute's real estate located in San Francisco. As of June 30, 2021, the outstanding credit line balance was $0.

Note 6 Property and Equipment:

Property and equipment consisted of the following as of June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Land | $ 3,573,800 | $ 3,573,800 |
| Improvements | 2,346,843 | 2,346,843 |
| Furniture and Equipment | 40,689 | 40,689 |
| Total, Gross | 5,961,332 | 5,961,332 |
| Less: Accumulated Depreciation | (431,665) | (421,132) |
| Institute Relocation (not in service) | 7,187,029 | 1,462,633 |
| Total, Net | $12,716,696 | $ 7,002,833 |

Depreciation expense for the years ended June 30, 2021 and 2020 was $10,533 and $11,195, respectively.

Note 7 Risk and Uncertainties:

The Institute maintains cash and investment balances at various financial institutions. Cash accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. Throughout the year, the cash balances exceeded the FDIC insured limits. The Institute has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash for the years ended June 30, 2021 and 2020.

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, the President of the United States declared a national emergency relating to the disease. In addition to the President's declaration, state and local authorities have recommended social distancing and have imposed quarantine and isolation measures on large portions of the population, including mandatory business closures. These measures are designed to protect the overall public health, however are expected to have material adverse impacts on domestic and foreign economies and may result in the United States entering a period of recession.

As a result of COVID-19, there has been heightened market risk and volatility associated with the pandemic, and this could materially affect the amounts reported in the statements of net assets and the statements of changes in net assets, as mentioned above. Because of the uncertainty of the markets during this time, the management is unable to estimate the total impact the pandemic will have.

Note 8 Functional Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 9 Margin Loan:

The Institute had added margin feature to its Charles Schwab investment account and was authorized to maintain a short and margin account to purchase securities and fund the Institute's new building construction located in San Francisco. As of June 30, 2021, the outstanding margin loan balance was $1,918,246 with an interest rate of 1.25%. The Institute is in good standing of the loan.

Note 10 Net Assets With Donor Restrictions:

The following net assets are subject to purpose restrictions for the year ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Friends of ARAS (Endowment) | $ 105,612 | $ 96,614 |
| Ayer Lectureship (Endowment) | 35,267 | 32,508 |
| Bradway - Child Fund | 30,069 | 34,369 |
| SF Foundation | 7,087 | 7,087 |
| East Bay Foundation | - | 30,618 |
| Brickyard (Various) | 105,356 | 85,329 |
| Library | 2,294 | 10,400 |
| Detloff Fund | - | 2,500 |
| Building Fund | - | 805,060 |
| International Student | 24,965 | 31,350 |
| Van Loben Sels | 61,449 | 70,551 |
| Anonymous Donation | 5,000 | 5,000 |
| Child Training | - | 20,000 |
| Total | $ 377,099 | $ 1,231,386 |

Note 10 Net Assets With Donor Restrictions (Continued):

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:
Purpose Restrictions:

| | 2021 | 2020 |
|---|---|---|
| Friends of ARAS | $ 9,573 | $ 4,089 |
| Bradway - Child Fund | 4,300 | 4,000 |
| Bradway - Archive | - | 3,079 |
| East Bay Foundation | - | 4,382 |
| Brickyard (Various) | 55,591 | 29,248 |
| Library | 8,106 | - |
| Detloff Fund | 2,500 | - |
| Building Fund | 2,309,114 | 566,765 |
| International Student | 6,385 | 2,283 |
| Van Loben Sels | 10,596 | 13,854 |
| Child Training | 20,000 | - |
| PPP Loan | 100,350 | 100,300 |
| Total | $ 2,526,515 | $ 728,000 |

Note 11 Retirement Plan:

The Institute adopted a 403(b) retirement plan (the "Plan"). The Institute's contribution to the plan is six percent of annual compensation for each participant, or ten percent if matched by the employee. Certain employees are presently covered by the retirement Plan. Funding is made on a monthly basis. Employer contributions to the Plan totaled $37,653 and $33,833 for the years ended June 30, 2021 and 2020, respectively.

Note 12 Endowment:

On July 1, 1990, a donor established the Friends of the ARAS endowment fund in honor of Joseph L. Henderson.

On February 5, 1996 the estate of Carmelia Ayer bequeathed $30,000 to create the Elizabeth W. Ayer Lectureship. The income from this fund shall be used for an annual lecture given in the field of psychiatry or a closely related field.

**Interpretation of Relevant Law**
The Board of Directors of the Institute has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Note 12 Endowment (continued):

As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Institute

considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Institute and the endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Institute.
(7) The investment policies of the Institute.

**Return Objectives and Risk Parameters**
The Institute is in the process of adopting formal investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, the endowment assets are invested assuming a conservative level of investment risk.

**Strategies Employed for Achieving Objectives**
To satisfy its long-term rate-of-return objectives, the Institute 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). The Institute 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.

Listed below is a summary of the endowment activity for the years ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Endowment Net Assets, Beginning of Year | $ 129,122 | $ 131,784 |
| Contributions | - | - |
| Investment Income | 21,330 | 1,427 |
| Expenditures | (9,573) | (4,089) |
| Transfers | - | - |
| Endowment Net Assets, End of Year | $ 140,879 | $ 129,122 |

Note 13 Jung Institute Relocation:

The Board approved the relocation of the Jung Institute to a site to be determined. The Institute has incurred various expenses in connection with relocation efforts. For the years ended June 30, 2021 and 2020, accumulated expenses associated with the relocation efforts totaled $7,187,029 and $1,462,633, respectively. These fees were capitalized and will be depreciated upon completion of the relocation. Of these expenses, $41,967 was paid to a consultant to oversee the design and construction of the new building of the Institute for the fiscal year June 30, 2021. The consultant overseeing the relocation is also a non-voting member of the finance committee, a related party.

Note 14 Paycheck Protection Program:

The Institute received loan proceeds of $100,350 and $100,300 for the fiscal years ended June 30, 2021 and 2020, respectively, from promissory notes issued by Bank of San Francisco, under the Paycheck Protection Program ("PPP") which was established under the CARES Act and is administered by the U.S. Small Business Administration. The term on the loans is two years and the annual interest rate is 1%. Payments of principal and interest will be deferred. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Institute applied and was forgiven for both loans. Proceeds received under the PPP are recognized as revenue when the Institute has incurred expenditures in compliance with the promissory note provisions. For the years ended June 30, 2021 and 2020, the Institute recognized $100,350 and $100,300, respectively in Paycheck Protection Program grant revenue based on qualifying expenditures under the PPP program that were forgiven.

Note 15 Peter Sheldon Estate Contribution:

The Institute was made aware of a sizable bequest during the current fiscal year. The Institute is one of seventy-six equal charitable beneficiaries of the residuary estate. The assets of the estate are worth over six hundred million dollars and made up of tangible assets in the form of cash, stocks, securities, bonds and other investments, numerous real estate holding and forty safe deposit boxes containing thousands of articles of value, all of which need to be recorded and valued. A portion of this estate will be going to the deceased spouse before being divided up among the charities. A complete and accurate accounting of all assets has not been completed, as a consequence it is impractical to estimate how much the beneficiaries will receive.

Note 16 Subsequent Events:

Subsequent events were evaluated through December 18, 2021, which is the date the financial statements were available to be issued. Management has not identified any subsequent events that would require an adjustment to the financial statements or disclosure as required under generally accepted accounting principles.