Jewish Federation
OF NORTHEASTERN NEW YORK

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

UNITED JEWISH FEDERATION OF NORTHEASTERN NEW YORK, INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Jewish Federation of Northeastern New York, Inc.

Opinion

We have audited the accompanying financial statements of United Jewish Federation of Northeastern New York, Inc. (the Federation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

UHY LLP Certified Public Accountants

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

UHY LLP

Albany, New York
July 16, 2024

UNITED JEWISH FEDERATION OF NORTHEASTERN NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	**$ 1,302,472**	$ 966,905
Pledges receivable, net	**337,629**	472,669
Other receivables	**229,900**	91,252
Investments	**28,053,064**	25,128,282
Net cash value of life insurance	**1,208,099**	1,087,617
Net property and equipment	**1,034,936**	1,115,913
Right-of-use lease asset	**1,949,937**	1,969,870
Other assets	**18,798**	12,065
Total assets	**$ 34,134,835**	$ 30,844,573
LIABILITIES		
Accounts payable and accrued expenses	**$ 176,366**	$ 189,721
Lease liability	**2,602,024**	2,582,898
Other liabilities	**103,555**	112,144
Total liabilities	**2,881,945**	2,884,763
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restriction	**5,665,779**	5,296,795
With donor restriction:		
Time or purpose	**9,427,403**	8,236,258
Perpetual	**14,134,921**	13,616,881
Endowment returns subject to future appropriation	**2,115,422**	1,179,312
Underwater endowments	**(90,635)**	(369,436)
Total with donor restriction	**25,587,111**	22,663,015
Total net assets	**31,252,890**	27,959,810
Total liabilities and net assets	**$ 34,134,835**	$ 30,844,573

See notes to financial statements.

UNITED JEWISH FEDERATION OF NORTHEASTERN NEW YORK, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total All Funds	Without Donor Restriction	With Donor Restriction	Total All Funds
SUPPORT AND REVENUES						
Contributions:						
General campaign	$ 1,849,038	$ 308,994	**$ 2,158,032**	$ 1,634,380	$ 260,226	$ 1,894,606
Other contributions	22,828	3,013,920	**3,036,748**	33,135	755,826	788,961
Net assets released from general campaign contributions restrictions	260,226	(260,226)	**-**	518,906	(518,906)	-
Total contributions	2,132,092	3,062,688	**5,194,780**	2,186,421	497,146	2,683,567
Other revenues:						
Interest and dividends, net	78,958	449,518	**528,476**	69,674	346,086	415,760
Program and other revenue	513,279	-	**513,279**	370,231	-	370,231
Net assets released through satisfaction of program restrictions	2,858,946	(2,858,946)	**-**	1,421,746	(1,421,746)	-
Total other revenue	3,451,183	(2,409,428)	**1,041,755**	1,861,651	(1,075,660)	785,991
Total support and revenue	5,583,275	653,260	**6,236,535**	4,048,072	(578,514)	3,469,558
EXPENSES						
Program services	4,846,881	-	**4,846,881**	3,529,707	-	3,529,707
Management and general	385,622	-	**385,622**	372,578	-	372,578
Fund raising	425,428	-	**425,428**	408,861	-	408,861
Total expenses	5,657,931	-	**5,657,931**	4,311,146	-	4,311,146
CHANGE IN NET ASSETS BEFORE INVESTMENT TRANSACTIONS	(74,656)	653,260	**578,604**	(263,074)	(578,514)	(841,588)
Gain (loss) on sale of investments	17,225	88,321	**105,546**	(347,920)	(1,695,748)	(2,043,668)
Unrealized gain (loss) on investments	426,415	2,182,515	**2,608,930**	(593,359)	(2,725,930)	(3,319,289)
CHANGE IN NET ASSETS	368,984	2,924,096	**3,293,080**	(1,204,353)	(5,000,192)	(6,204,545)
Net assets, beginning of year	5,296,795	22,663,015	**27,959,810**	6,501,148	27,663,207	34,164,355
Net assets, end of year	$ 5,665,779	$ 25,587,111	**$ 31,252,890**	$ 5,296,795	$ 22,663,015	$ 27,959,810

See notes to financial statements.

UNITED JEWISH FEDERATION OF NORTHEASTERN NEW YORK, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 3,293,080**	$ (6,204,545)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**91,375**	94,792
Allowance for losses on campaign pledges	**(12,512)**	(8,880)
Net unrealized (gain) loss on investments	**(2,608,930)**	3,319,289
Realized (gain) loss on sale of investments	**(105,546)**	2,043,668
Donated securities	**(674,195)**	(156,660)
Changes in:		
Pledges receivable	**147,552**	(37,276)
Other receivables	**(138,648)**	86,070
Right-of-use lease asset	**19,933**	(1,969,870)
Other assets	**(6,733)**	(83)
Accounts payable and accrued expenses	**(13,355)**	(410)
Lease liability	**19,126**	2,582,898
Other liabilities	**(8,589)**	(583,156)
Net cash provided by (used in) operating activities	**2,558**	(834,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(4,646,872)**	(10,462,997)
Sales and maturities of investments	**5,110,761**	10,482,005
Change in cash value of life insurance	**(120,482)**	(70,007)
Purchase of property and equipment	**(10,398)**	(38,522)
Net cash provided by (used in) investing activities	**333,009**	(89,521)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**335,567**	(923,684)
Cash and cash equivalents, beginning of year	**966,905**	1,890,589
Cash and cash equivalents, end of year	**$ 1,302,472**	$ 966,905

See notes to financial statements.

UNITED JEWISH FEDERATION OF NORTHEASTERN NEW YORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Salaries/staffing	$ 798,108	$ 187,057	$ 261,879	**$ 1,247,044**	$ 806,168	$ 188,946	$ 264,524	$ 1,259,638
Benefits and payroll related costs	155,827	36,522	51,131	**243,480**	160,879	37,706	52,789	251,374
Total salaries and related expenses	953,935	223,579	313,010	**1,490,524**	967,047	226,652	317,313	1,511,012
Allocations to beneficiary organizations	3,402,004	-	-	**3,402,004**	2,163,758	-	-	2,163,758
Travel	3,075	-	2,252	**5,327**	3,247	-	1,085	4,332
Conferences	3,567	6,345	19	**9,931**	4,088	3,627	2,037	9,752
Data processing	1,756	15,802	-	**17,558**	1,758	15,818	-	17,576
Depreciation	58,480	13,706	19,189	**91,375**	60,667	14,219	19,906	94,792
Dues	1,605	4,093	-	**5,698**	4,649	3,855	95	8,599
Event	192,094	240	24,068	**216,402**	111,013	-	16,845	127,858
General insurance and related costs	23,471	34,818	-	**58,289**	24,740	31,643	-	56,383
Marketing	14,832	3,476	4,867	**23,175**	18,998	3,257	2,338	24,593
Meetings	3,073	739	2,312	**6,124**	1,628	538	1,188	3,354
Occupancy	101,769	23,852	33,392	**159,013**	93,560	21,928	30,699	146,187
Office	45,761	10,725	17,192	**73,678**	38,262	8,968	8,729	55,959
Postage	7,030	820	1,111	**8,961**	4,061	952	1,332	6,345
Printing	8,979	2,105	2,946	**14,030**	6,891	1,616	2,261	10,768
Professional fees	15,120	42,901	1,680	**59,701**	15,120	37,110	1,680	53,910
Telephone	10,330	2,421	3,390	**16,141**	10,220	2,395	3,353	15,968
Totals	$ 4,846,881	$ 385,622	$ 425,428	**$ 5,657,931**	$ 3,529,707	$ 372,578	$ 408,861	$ 4,311,146

Federation allocates certain functional expenses based on historical time studies and/or expense tracking. The remainder of functional expenses are allocated to each program and support function based on actual expense incurred.

See notes to financial statements.

NOTE 1 – ORGANIZATION

United Jewish Federation of Northeastern New York, Inc. (the "Federation") is a non-profit tax exempt corporation, organized in 1986, to coordinate Jewish philanthropic, social service, welfare and communal activities, and to coordinate fund raising for national, overseas and local causes related to Jewish life. The Federation functions as the community's central agency for meeting Jewish needs and articulating Jewish concerns in the Capital Region, in Israel, nationally, and around the world.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting and financial statement presentation: The Federation follows accounting and reporting guidelines established by the Financial Accounting Standards Board which include established standards for external financial reporting, including the classification of resources into two net asset categories according to externally imposed restrictions:

> ***Net assets without donor restriction*** primarily consist of revenues generated from contributions to the Federation's annual campaign and contributions without donor imposed restriction.
>
> ***Net assets with donor restriction***
>
> ***Net assets restricted by time or purpose*** are primarily comprised of donor contributions restricted for the funding of certain Federation programs and functions. Time restricted net assets include contributions related to the Federation's Annual Campaign received in advance of the respective campaign years (in the approximate amounts of $309,000 and $260,000 at December 31, 2023 and 2022, respectively), the restriction on which is satisfied by the passage of time. Purpose restricted net assets include cumulative investment income and appreciation of the Endowment Fund, net of amounts appropriated for expenditures (see Note 9), and certain donor-advised funds, whereby donors are given the opportunity to make non-binding recommendations with respect to charitable distributions from their funds. Donor-advised funds approximated $3,143,000 and $2,673,000 at December 31, 2023 and 2022, respectively. Generally, purpose restrictions are satisfied by actions of the Federation.
>
> ***Net assets restricted in perpetuity*** consist of endowments established by various donors which are invested in perpetuity to provide a permanent source of income, the use of which is restricted according to the donors' instructions. All endowment investment income and unrealized and realized gains/losses are recorded as a component of net assets restricted by time or purpose.

***Recently adopted accounting pronouncement*:** In 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (ASC 326), which applies a current expected credit loss ("CECL") model, which is a new impairment model based on expected losses rather than incurred losses.

The expected credit losses and subsequent adjustments to such losses will be recorded through an allowance account deducted from the amortized cost basis of the financial asset, with the net carrying value of the financial asset presented on the balance sheets at the amount expected to be collected. The credit loss expense and subsequent adjustments to such losses are recorded as a provision for (or reversal of) credit loss expense in the statements of income. The CECL model is expected to result in more timely recognition of credit losses. With respect to private companies, the amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Federation adopted the updates on January 1, 2023, with no material impact on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently adopted accounting pronouncement: *(continued)*

The Federation adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning January 1, 2023, are presented under ASC 326, whereas prior periods continue to be reported under previously acceptable GAAP.

Cash and cash equivalents: Cash equivalents principally represent money market funds. The Federation places its cash and cash equivalents with high credit quality financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Total uninsured cash balances at December 31, 2023 and 2022 were $1,058,731 and $847,511, respectively. The Federation believes it is not exposed to any significant credit risk on its cash balances.

Pledges receivable: The Federation records unconditional promises to give (pledges) as receivables and revenue and, in addition, distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. As more fully disclosed under Note 3, the Federation reports pledges receivable as a component of its Annual Campaign. Pledges are stated net of an allowance to reduce pledges receivable to their estimated realizable value. Campaign contributions are recorded in the year pledged for financial reporting purposes and, as such, differ from the Federation's campaign year and related internal campaign reporting.

Other contributions: Other contributions represent support received for Federation activities, other than the Annual Campaign. Depending on the existence of any donor restrictions, such contributions are recorded as revenue with or without donor restriction.

Program and other revenues: Other revenues are principally comprised of grants, sponsorships, event income and fees for certain programs and services.

Investments: As more fully disclosed under Note 5, investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. To adjust the carrying value of investments, the change in fair market value is reflected in the financial statements.

Property and equipment: As more fully disclosed under Note 6, property and equipment are stated at cost, net of accumulated depreciation. Depreciation is recorded on the straight-line basis, over the estimated useful life of the asset, generally ranging from 3 to 30 years.

***Right-of-use lease asset and lease liability*:** As more fully disclosed under Note 11, the Federation has a ground lease with the Daughters of Sarah Foundation, Inc. (DoS). The Federation determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Federation has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the or the risk free rate. The risk free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Federation's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use lease asset and lease liability*: (continued)*

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. The ground lease contains escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on straight-line basis over the lease term.

Cash value of life insurance: The Federation is the owner and beneficiary of certain life insurance policies (generally contributed in prior years, by donors). The sum of all death benefits, which are recorded in the financial statements only to the extent of the underlying cash value, were $3,330,000 and $3,206,000 for years ending December 31, 2023, and 2022, respectively. Upon the death of the insured, the death benefits are expected to be added to the Federation's Endowment Fund.

Allocations to beneficiary agencies: Allocations to beneficiary agencies are authorized by the Federation's Board of Directors and recorded in the year of commitment. Such allocations are determined based on pledges and contributions expected to be received during each campaign year, net of appropriate reductions for operating expenses and a provision for uncollectible pledges.

Contributed services: A substantial number of volunteers have donated significant amounts of their time in support of the Federation's fundraising activities, programs and administrative services. These contributed services have not been quantified and, as such, no revenue or expense has been recognized in the accompanying financial statements.

Endowment spending policy: As more fully disclosed under Note 9, the Federation has an endowment spending policy which is applied to the Federation's perpetually restricted investments. The policy is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of perpetually restricted investments made available annually is based on various financial and economic factors specified in the endowment spending policy.

Income tax status: The Federation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. The Federation follows the guidance issued by the Financial Accounting Standards Board regarding accounting for uncertainty in income taxes. This guidance requires an assessment of the likelihood of a tax position being sustained upon examination by the taxing authorities and prescribes the minimum recognition level. The Federation believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date. None of the Federation's federal or state information returns are currently under examination by the Internal Revenue Service or New York State authorities.

Subsequent events**:** Subsequent events have been evaluated through July 16, 2024, the date the financial statements were available to be issued.

Estimates and assumptions**:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain 2022 financial statement line items have been reclassified to conform with the current year presentation.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable, which are stated in the Statements of Financial Position net of an allowance for losses on campaign pledges, are comprised of the following:

	December 31	
	2023	2022
Annual campaign pledges receivable	$ 348,511	$ 496,063
Less allowance for losses on campaign pledges	(10,882)	(23,394)
Annual campaign, net	$ 337,629	$ 472,669

NOTE 4 – OTHER RECEIVABLES

Other receivables are comprised of the following:

	December 31	
Category of Receivable	2023	2022
Accrued investment income	$ 20,754	$ 18,417
Accrued corporate sponsorships	6,500	37,335
Receivable from Grinspoon Foundation relating to the Life & Legacy program	50,000	10,000
Grants receivable	36,000	-
Note receivable from Capital District Community Loan Fund	18,750	20,000
Note receivable from VAAD	-	5,500
Note receivable from Jewish Family Services	20,000	-
Emergency fund (Israel) pledges receivable	37,827	-
Other receivables	40,069	-
	$ 229,900	$ 91,252

NOTE 5 – INVESTMENTS

Overview: The Federation's investments are managed by independent investment advisors, with the oversight of the Federation's Endowment Investment Committee. The primary investment goal is to maximize the growth of the fund so that, over time, the fund will grow at a rate equal to the payout rate, plus the rate of inflation. The Committee establishes investment and fiscal policies which provide, among other things, broad guidance to the investment advisors in allocating investments between equity and fixed income securities. The long-term benchmark for evaluating investment performance is the S&P 500 Index (with a 60% allocation) and the Barclay's Capital Credit Index (with a 40% allocation).

Valuation: The Federation provides for Fair Value Measurements for investments, a practice which establishes a framework for measuring fair value under generally accepted accounting principles and providing disclosures about fair value measurements. The framework emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset.

NOTE 5 – INVESTMENTS (Continued)

Equity and debt securities (including U.S. government securities) are valued at the closing price reported on the active market on which the individual securities are traded. State of Israel bonds are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (an amount which, generally, approximates par value). Other securities are valued based on other observable inputs from similar investments (an amount which approximates an annual valuation driven redemption value).

The Federation's investments, which include certain investments held under deferred giving arrangements (see Note 8), are comprised of the following:

	December 31, 2023		
	Cost	Fair Value	Unrealized (Loss) Gain
Cash Equivalents	$ 42,698	$ 42,698	$ -
State of Israel Bonds	3,315,000	3,315,000	-
Equity Securities	17,626,854	16,564,928	(1,061,926)
Debt Securities	7,526,861	7,398,220	(128,641)
Other Securities	218,266	732,218	513,952
	$ 28,729,679	$ 28,053,064	$ (676,615)

	December 31, 2022		
	Cost	Fair Value	Unrealized (Loss) Gain
Cash Equivalents	$ 13,672	$ 13,672	$ -
State of Israel Bonds	3,315,000	3,315,000	-
Equity Securities	18,092,507	14,570,512	(3,521,995)
Debt Securities	6,774,442	6,591,587	(182,855)
Other Securities	218,206	637,511	419,305
	$ 28,413,827	$ 25,128,282	$ (3,285,545)

Fair Value Measurements: The inputs for valuing the Federation's investments are not necessarily an indication of the risk associated with investing in those investments. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment. The following section describes the valuation techniques used by Federation:

Level 1: Investments in securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. Fair value of exchange-traded contracts are based upon exchange settlement prices. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Investments in corporate bonds and government obligations are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy.

NOTE 5 – INVESTMENTS (Continued)

Fair Value Measurements *(Continued)*

Level 3: Investments which are not readily marketable are classified as Level 3 in the fair value hierarchy. The Federation holds certain other non-marketable investments. Since there is no active market which provides for the redemption of these investments, they are classified as Level 3 in the fair value hierarchy.

The following tables summarizes the valuation of the Federation's investments under the fair value hierarchy:

	Assets at Fair Value as of December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash Equivalents	$ 42,698	$ -	$ -	$ 42,698
State of Israel Bonds	-	3,315,000	-	3,315,000
Equity Securities	16,564,928	-	-	16,564,928
Debt Securities	7,398,220	-	-	7,398,220
Other Securities	1,228	-	730,990	732,218
	$ 24,007,074	$ 3,315,000	$ 730,990	$ 28,053,064

	Assets at Fair Value as of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash Equivalents	$ 13,672	$ -	$ -	$ 13,672
State of Israel Bonds	-	3,315,000	-	3,315,000
Equity Securities	14,570,512	-	-	14,570,512
Debt Securities	6,591,587	-	-	6,591,587
Other Securities	-	-	637,511	637,511
	$ 21,175,771	$ 3,315,000	$ 637,511	$ 25,128,282

Changes to Other Securities, measured at fair value using unobservable (Level 3) inputs, for the years ended December 31, 2023 and 2022 are as follows:

	2023	**2022**
Balance, January 1	$ 637,511	$ 418,679
Unrealized gain relating to securities held	93,479	218,832
Balance, December 31	$ 730,990	$ 637,511

Federation's investments are exposed to various market uncertainties, including interest rate and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in these statements.

NOTE 6 – NET PROPERTY AND EQUIPMENT

Net property and equipment is comprised of the following:

	December 31	
	2023	**2022**
Building and improvements	$ 2,174,138	$ 2,174,138
Office equipment	360,052	360,052
Furniture and fixtures	308,980	298,582
	2,843,170	2,832,772
Less accumulated depreciation	1,808,234	1,716,859
	$ 1,034,936	$ 1,115,913

The Federation's Community Services Building, an office and community resource facility, was developed in 2007 and is the principal component of property and equipment. As more fully disclosed under Note 11, this facility was developed on land owned by Daughters of Sarah Foundation, Inc. and is subject to a long-term ground lease.

Depreciation expense approximated $91,400 and $94,800 for the years ended December 31, 2023 and 2022, respectively.

NOTE 7 – RETIREMENT PLAN

The Federation maintains a defined contribution retirement plan covering substantially all employees who complete one year of service and work in excess of 1,000 hours annually. The plan is non-contributory and has a seven year vesting period in which a participant vests 20% each year beginning in year three of participation in the plan. The Federation contributed approximately $124,000 and $122,000 to the plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 – DEFERRED GIVING ARRANGEMENTS

The Federation enters into deferred giving agreements with donors to accept and administer charitable gift annuities, charitable remainder trusts, charitable lead trusts and other split-interest arrangements, the beneficiaries of which include the Federation. The Federation manages and invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed. In addition, the Federation is the beneficiary of other deferred giving arrangements that are held and administered by others. Certain of these other deferred giving arrangements are not quantifiable.

Split-interest agreements provide for payments to the donors or their beneficiaries based upon either the income earned on related investments or specified annuity amounts. Assets held under these arrangements, which approximated $425,000 and $405,000 at December 31, 2023 and 2022, respectively, have been recorded in accordance with the provisions of New York State's gift annuity statute. These gift annuity investments are reported as a component of investments in the accompanying Statements of Financial Position. Contribution revenue is recognized at the date the trust or annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities for these arrangements, which approximated $17,000 and $22,000 at December 31, 2023 and 2022, respectively, are adjusted annually for amortization of the discount and other changes in the estimates of future payments. Such liabilities are reported as a component of other liabilities in the accompanying Statements of Financial Position.

NOTE 9 – ENDOWMENT FUNDS

In 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Act replaced and supplements previous New York law and applies to all endowment funds. The Act is applicable on a fund-by-fund basis, with provisions that specific written donor intentions may override some of the Act's restrictions and restrict some institutional discretion.

NYPMIFA requires institutions to adopt written investment policies and for institutions to consider specific factors when making decisions on investments in endowments and other institutional funds. These factors include general economic conditions, possible effects of inflation and deflation, possible tax consequences of investments, effect of each investment on the overall investment portfolio, expected total return from income and appreciation from investments, needs of the Federation to make distributions while preserving capital and an asset's special relationship or value to the Federation, if any. The Act also provides standards for the delegation of investment and management functions to outside professionals.

NYPMIFA follows the concept of balancing the desires of donors to both support an institution on a current basis while maintaining the purchasing power of an endowed fund for the benefit of future generations. For gift instruments executed on or after the effective date of NYPMIFA, the statute establishes a rebuttable presumption of imprudence where there is an appropriation for expenditure in any year of an amount greater than 7% of the fair market value of an endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than five years immediately preceding the year in which the appropriation for expenditure is made.

The Federation has adopted the guidelines of NYPMIFA and calculates yearly expenditures using a twenty quarter rolling average of its endowment fund and disburses 4.0% of the average. For endowed funds held less than four quarters on the date the twenty quarter rolling average concludes, a gift will be distributed in the year after the funds have been held for four quarters; the amount to be distributed will be calculated using the four quarters that Federation has held the funds. Along with a 1% management fee, the maximum disbursement on the endowment fund is capped at 5.0%.

The following table presents the composition of Federation's endowment net assets, by type of fund (net of underwater endowments):

	December 31, 2023		
	Endowment Returns Subject to Future Appropriation	**Restricted in Perpetuity**	**Total**
Endowment net assets, beginning of year	$ 809,876	$ 13,616,881	$ 14,426,757
Contributions	-	455,170	455,170
Transfers from restricted donor advised funds	-	62,870	62,870
Investment income and net appreciation	1,859,878	-	1,859,878
Amounts appropriated for expenditure	(644,967)	-	(644,967)
Endowment net assets, end of year	$ 2,024,787	$ 14,134,921	$ 16,159,708

NOTE 9 – ENDOWMENT FUNDS (Continued)

	December 31, 2022		
	Endowment Returns Subject to Future Appropriation	**Restricted in Perpetuity**	**Total**
Endowment net assets, beginning of year	$ 4,243,197	$ 13,446,881	$ 17,690,078
Contributions	-	164,299	164,299
Transfers from restricted donor advised funds	-	5,701	5,701
Investment income and net depreciation	(2,829,021)	-	(2,829,021)
Amounts appropriated for expenditure	(604,300)	-	(604,300)
Endowment net assets, end of year	$ 809,876	$ 13,616,881	$ 14,426,757

A donor-restricted endowment fund is considered to be ‘underwater’ if the fair value of the fund is less than either the original gift amount or the amount required to be maintained by the donor or by law. At times, the Federation may have individual donor-restricted endowment funds that are underwater, due to market performance in conjunction with the spending formula as aforementioned in this Note. In accordance with U.S. GAAP, underwater funds are reported in net assets with donor restriction. The amount by which funds were underwater was calculated as follows:

	December 31	
	2023	**2022**
Aggregate original gift amount	$ 2,589,124	$ 5,740,558
Aggregate fair value	2,498,489	5,371,122
Aggregate deficiency	$ (90,635)	$ (369,436)

NOTE 10 – PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Federation entered into a Paycheck Protection Program (PPP) loan with the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan was for $283,300 and matured in 24 months with interest of 1%. Under the terms of the PPP, all of the principal would be forgiven if the loan proceeds were used for qualifying expenses as described in the CARES Act, such a payroll costs, benefits, rent, and utilities. In July 2021, the lender and the SBA approved the PPP loan for full forgiveness. As a result, the Federation recorded a gain on extinguishment of debt in the Statement of Activities and Changes in Net Assets for the year ended December 31, 2021.

According to the rules of the SBA, the Federation is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Federation’s judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Federation may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 11 – RIGHT-OF-USE LEASE ASSET AND LEASE LIABILITY

The Federation's Community Services Building was developed on land owned by Daughters of Sarah Foundation, Inc. (DoS) and is subject to a ground lease under which the Federation will pay DoS approximately $25,000 annually (with future year escalations) over the term of the lease. The lease has a non-cancelable lease term through August 2031 and contains provisions to renew the lease for 15 additional 5-year terms through August 2106. The Federation recorded a right-to-use lease asset of $1,949,937 and $1,969,870, and a lease liability of $2,602,024 and $2,582,898 at December 31, 2023 and 2022 respectively. The Federation records annual rent expense on a straight-line basis over the term of the lease, a computation which approximates $72,000 each year (a component of occupancy expense on the statements of functional expenses). Cash paid for amounts included in the measurement of lease liabilities approximated $33,000 at both December 31, 2023 and 2022 (operating cash flows from operating leases).

At December 31, 2023, the future minimum lease payments under the DoS land lease is comprised of the following:

2024	$ 32,966
2025	32,966
2026	34,065
2027	36,263
2028	36,263
Thereafter	6,433,581
Total future lease payments	6,606,104
Less: present value discount	4,004,080
Present value of lease liability	$ 2,602,024

The discount rate utilized by the Federation for calculating the lease liability and right-of-use asset under ASC 842 was 2.01%. Lease payments in the table above include approximately $6,337,000 related to options to extend the lease terms that are reasonably certain to be exercised.

NOTE 12 – RISKS AND UNCERTAINTIES

The Federation's equity and debt securities, mutual funds, and other investments are exposed to a variety of uncertainties, including market, interest rate, and credit risks. The level of risk is such that it is possible that the market's extreme volatility, due in part to the COVID-19 pandemic, ongoing conflicts and trade disruptions, and other economic uncertainties, could result in declines to the values of the Federation's investments in the near term. Other issues, including potentially negative trends in future donor pledges, contributions, and collections, may also impact the Federation.

The Federation continues to explore hybrid opportunities for bringing community and donors, including both program events and fundraising events. The Federation, along with its investment advisors, will also continue to monitor the Federation's investments as they have successfully done in the past.

NOTE 13 – LIQUIDITY AND AVAILABILITY

The Federation's significant financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	$ 1,302,472
Pledges receivable, net	337,629
Other receivables	229,900
Net assets available for general expenditures	$ 1,870,001

Additionally, at December 31, 2023 the Federation had investments without restriction approximating $3,674,000, of which approximately $42,700 was held in money market funds.