

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.**

**December 31, 2024**



**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.**

**For the Year Ended December 31, 2024**

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## **Independent Auditors' Qualified Opinion**

To the Board of Directors  
Jewish Federation of Somerset,  
Hunterdon and Warren Counties, Inc.  
Bridgewater, New Jersey

### Qualified Opinion

We have audited the accompanying financial statements of Jewish Federation of Somerset, Hunterdon and Warren Counties, Inc. (a non-profit organization), which comprise of the Statement of Financial Position as of December 31, 2024, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended, and the related Notes to the Financial Statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Somerset, Hunterdon and Warren Counties, Inc. as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Qualified Opinion

As explained in Note 2 of the financial statements, certain pledges are not being recognized as revenue in the year of the pledge. Accounting principles generally accepted in the United States of America require unconditional promises to give to be recorded in the year the pledge is made. The effects on the accompanying financial statements of the failure to record the pledges when made is to understate pledge receivables by approximately \$119,000 and restricted net assets by approximately \$280,000.

The financial statements do not reflect the value of free use of facilities. Accounting principles generally accepted in the United States of America require recording the donation of the use of the facilities and a related expense. The effects on the accompanying financial statements of the failure to record the revenue and expense are each estimated to be approximately \$21,000.

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to 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 Jewish Federation of Somerset, Hunterdon and Warren Counties, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Jewish Federation of Somerset, Hunterdon and Warren Counties, Inc.'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 Jewish Federation of Somerset, Hunterdon and Warren Counties, Inc.'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.



**BKC, CPAs PC**

September 30, 2025  
Flemington, New Jersey

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.**  
**Statement of Financial Position**  
**December 31, 2024**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 423,671
Certificates of deposit	104,102
Investments	300,877
Pledges receivable, less allowance for doubtful pledges of \$14,000	79,136
Prepaid expenses	15,138
Total current assets	922,924
Property and equipment, net of accumulated depreciation of \$30,211	18,227
Investments restricted by donors	1,089,454
Total assets	\$ 2,030,605

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable and accrued expenses	\$ 78,675
Deferred revenue	160,735
Total liabilities - all current	239,410
Net assets	
Without donor restrictions	337,677
With donor restrictions	1,453,518
Total net assets	1,791,195
Total liabilities and net assets	\$ 2,030,605

See accompanying notes to the financial statements.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 540,098	\$ 1,513,034	\$ 2,053,132
Program revenue	330	-	330
Fundraising revenue	77,593		77,593
Net assets released from restrictions	1,509,836	(1,509,836)	-
Total revenue	<u>2,127,857</u>	<u>3,198</u>	<u>2,131,055</u>
Functional expenses			
Program services	1,974,101	-	1,974,101
Management and general expenses	75,572	-	75,572
Fundraising	94,403	-	94,403
Total functional expenses	<u>2,144,076</u>	<u>-</u>	<u>2,144,076</u>
Other income			
Bad debts	(1,535)	-	(1,535)
Unrealized gain on investments	5,499	92,858	98,357
Investment income, net	13,875	24,454	38,329
Total other income	<u>17,839</u>	<u>117,312</u>	<u>135,151</u>
Increase in net assets	1,620	120,510	122,130
Net assets - beginning of year	<u>336,057</u>	<u>1,333,008</u>	<u>1,669,065</u>
Net assets - end of year	<u>\$ 337,677</u>	<u>\$ 1,453,518</u>	<u>\$ 1,791,195</u>

See accompanying notes to the financial statements.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2024**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and temporary staff	\$ 188,738	\$ 40,721	\$ 44,391	\$ 273,850
Payroll taxes	15,632	3,373	3,677	22,682
Professional fees/outside services	-	13,237	-	13,237
Awards and assistance	1,696,728	-	-	1,696,728
Employee benefits	23,479	5,065	5,522	34,066
Insurance	1,737	456	476	2,669
Conferences and meetings	-	2,887	-	2,887
Materials and supplies	18,685	1,624	2,540	22,849
Dues and membership fees	908	427	780	2,115
Other operating expenses	18,555	864	30,618	50,037
Postage and shipping	319	320	2,556	3,195
Printing and publications	7,354	408	409	8,171
Telephone	925	463	3,239	4,627
Transportation and travel	1,041	65	195	1,301
Depreciation	-	5,662	-	5,662
Total functional expenses	<u>\$ 1,974,101</u>	<u>\$ 75,572</u>	<u>\$ 94,403</u>	<u>\$ 2,144,076</u>

See accompanying notes to the financial statements.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2024**

Cash flows from operating activities	
Increase in net assets	\$ 122,130
Adjustments to reconcile increase in net assets to net cash used in operating activities	
Bad debts	1,535
Depreciation	5,662
Reinvested earnings, net	(29,964)
Unrealized gain on investments	(98,357)
(Increase) decrease in assets	
Pledges receivable	(42,632)
Prepaid expenses	(9,367)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	54,884
Deferred revenue	(10,187)
Total adjustments	<u>(128,426)</u>
Net cash used in operating activities	(6,296)
 Cash flows from investing activities	
Purchase of equipment	(1,682)
Purchase of investments	(50,537)
Proceeds from sale of investments	24,093
Net cash used in investing activities	<u>(28,126)</u>
 Decrease in cash and cash equivalents	(34,422)
 Cash and cash equivalents - beginning of year	<u>458,093</u>
 Cash and cash equivalents - end of year	<u><u>\$ 423,671</u></u>

See accompanying notes to the financial statements.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

Nature of activities

Jewish Federation of Somerset, Hunterdon and Warren Counties, Inc. (the Federation) is the convener of the area's Jewish community. The Federation brings together agencies, organizations and communities to support and fulfill the needs of Jewish people. The Federation raises funds through its annual campaign and allocates the contributions it receives to improve the quality of life of Jewish people locally, in Israel and in many other countries around the world.

Basis of presentation

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

DBA

The Federation has received authority to operate under doing business as (DBA) Jewish Federation of West-Central New Jersey.

Income taxes

The Federation has been notified by the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Federation is further classified as a federation that is not a private federation under Section 509(a)(3) of the Code. The most significant tax positions of the Federation are its assertions that it is exempt from income taxes and its determination that no amounts are subject to unrelated business income tax (UBIT). Income generated by activities that would be considered unrelated to the Federation's mission would be subject to income tax.

The Federation follows the guidance of Accounting Standards Codification (ASC) Topic 740, *Accounting for Income Taxes*, related to uncertain income tax provisions, which prescribes a threshold of more likely than not, for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has determined that it is more likely than not, that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded. The Federation files a Form 990, Return of Organization Exempt From Tax, annually with the Internal Revenue Service, as well as a State equivalent filing. Both filings are subject to audit by the appropriate authority. The Federation's returns before the year ended December 31, 2021, are no longer subject to examination by Federal or State authorities due to the statute of limitations.

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 amounts of assets and liabilities, and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Federation considers all investments instruments with a maturity date of three months or less to be cash equivalents.

Pledges receivable

In accordance with Generally Accepted Accounting Principles, (GAAP), pledges receivable are to be recorded as revenue when the pledge is made. The Federation has elected an accounting policy where this standard is not followed. This departure was one of the reasons the auditors' report was qualified.

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful life of each asset. Depreciation is provided by use of the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Lease improvements	10 years
Furniture and equipment	5 - 10 years

Additions and improvements, which extend the useful lives of the respective assets, are charged to asset accounts, and are depreciated accordingly, while general repairs and maintenance are expensed as incurred. There is no formal capitalization policy. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are included in the changes in net assets.

Net asset classification

Net assets are classified based on the existence or absence or donor-imposed restrictions. Net assets are defined as follows:

- Net assets without donor restrictions are net assets not subject to donor-imposed stipulations or the donor-imposed restrictions have expired.
- Net assets with donor restrictions include assets for which donor-imposed restrictions have not been met.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and services benefited. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Federation. Indirect expenses have been allocated based on salary expenditures and specific identification.

Donated services

Volunteers have contributed significant amounts of time to the activities of the Federation without compensation. The financial statements do not reflect the value of those contributed services.

Note 2 - Revenue recognition and deferred revenue

Contributions of cash and other assets, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor and are recognized as revenue in the period the unconditional promise is given. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Gifts of cash and other noncapital assets are reported as donor restricted support if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as without restrictions.

Under generally accepted accounting principles, pledges made to be used in a future period should be recorded in the period the pledge is made.

The Federation has elected to defer revenue recognition on pledges made for future periods. This method of revenue recognition is not in accordance with generally accepted accounting principles; the auditor issued a qualified opinion for this matter.

Deferred revenue on December 31, 2024, consists of the following:

Future campaign income deferred	\$ 279,638
Future campaign pledge receivable	(118,903)
Cash received for future campaigns	<u>\$ 160,735</u>

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 2 - Revenue recognition and deferred revenue (continued)

The Federation has elected not to report the value of rent-free facilities used in 2024 and ever in the future. This election is not in accordance with generally accepted accounting principles. The amount of this misstatement was estimated at \$21,500. The auditor issued a qualified opinion for this matter.

Note 3 - Concentrations of risk

The Federation maintains its cash in bank accounts, which at times may exceed federally insured limits. At December 31, 2024, the Federation had approximately \$1,011,000 of cash that exceeded the federally insured limit.

One contributor accounted for approximately 57% of the total contributions pledged for the year ended December 31, 2024. One contributor accounted for 60% of the pledge of the pledge receivable at December 31, 2024.

Note 4 - Certificates of deposit

As of December 31, 2024, the Federation has four certificates of deposit totaling \$104,102. The certificate of deposit bears an interest at rates ranging from 3.68% to 4.89%.

Note 5 - Investments

Investments are reported at fair value. Net investment income from investments totaled \$25,925. Some interest income, dividends, gains, and losses are restricted. Investment expenses of \$13,560 are netted with investment income.

Unrealized gains and losses are reported as a separate component of net operating income.

Investments at December 31, 2024, consist of the following:

	Fair Value	Unrealized gains
Stocks	\$ 178	\$ -
Pooled investments	1,390,153	66,910
Total investments	<u>\$ 1,390,331</u>	<u>\$ 66,910</u>

Note 6 - Fair value measurement

The Federation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 6 - Fair value measurement (continued)

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Federation has the ability to access at the measurement date.
- Level 2 Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable inputs for the asset or liability.

The valuation techniques and inputs used for valuing Level 3 investments are determined by the Fund Manager.

The assets 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.

The following table sets forth by level, within the fair value hierarchy, the Federation's investments at fair value at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 178	\$ -	\$ -	\$ 178
Pooled investments	-	-	1,390,153	1,390,153
Total investments	<u>\$ 178</u>	<u>\$ -</u>	<u>\$ 1,390,153</u>	<u>\$ 1,390,331</u>

A reconciliation of assets and liabilities measured at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) is as follows:

Fair value - beginning of year	\$ 1,289,465
Purchases	500
Investment income, net	25,925
Realized gains reinvested	-
Unrealized gains	98,357
Redemptions	(24,094)
Fair value - end of year	<u>\$ 1,390,153</u>

The restricted portion of the investments represents assets with donor restrictions. \$45,000 is permanently restricted and only the interest earned can be utilized for support for the Institute of Holocaust and Genocide Studies at Raritan Valley Community College. The balance of \$1,044,454 is time restricted with the annual distribution being limited to no more than 5% of the average ending market value for the twelve previous prior quarters.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 7 - Pledges receivable

Pledges receivable at December 31, 2024, consist of the following:

	Gross	Uncollectible Allowance	Net
Campaign pledges - 2022	\$ 14,537	\$ 2,037	\$ 12,500
Campaign pledges - 2023	78,599	11,963	66,636
Total pledge receivable	\$ 93,136	\$ 14,000	\$ 79,136

Bad debts for uncollectable pledges are provided for using the allowance method, based upon historical experience and management's evaluation of outstanding receivables.

Note 8 - Property and equipment

Property and equipment on December 31, 2024, consists of the following:

Lease improvements	\$ 14,157
Furniture and equipment	34,281
Total property and equipment	48,438
Less: accumulated depreciation	30,211
Property and equipment, net	\$ 18,227

Depreciation expense for the year ended December 31, 2024, was \$5,662.

Note 9 - Net assets with donor restrictions

Subject to expenditure for a specific purpose:

Holocaust and Genocide (H&G)	\$ 176,773
Holocaust survivors	93,600
Restricted for specific purpose	93,691
Time restricted donation	1,044,454
Holocaust and Genocide (H&G)	45,000
Total net assets with donor restrictions	\$ 1,453,518

Note 10 - Related party activity

The Federation shares certain administrative expenses with a related party, the Shimon and Sara Birnbaum Jewish Community Center (JCC). During the year ended December 31, 2024, \$1,143 was paid to the JCC for shared expenses.

The Federation gave the JCC \$76,116 to be used for various programs during the year ended December 31, 2024.

The Federation entered into a ten-year lease agreement with the JCC that is renewable for ten-year terms. The space is provided at no cost, and the Federation only needs to maintain the space.

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 11 - Retirement plan

The Federation provides a 401(k) plan for all eligible employees. Participants may make voluntary contributions to the plan of up to \$23,000 of their compensation. Employees age 50 and over may contribute an additional \$7,500 catch-up contribution. The Federation's contributions to the plan are an amount equal to 3% of the employees' salaries. The Federation's contribution for the year ended December 31, 2024, was \$7,757.

Note 12 - Liquidity and availability of financial assets

The Federation's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from pledges which result in a concentration of receipts near the calendar year end. To manage liquidity, the Federation addresses same via two procedures. Firstly, the Federation maintains a "reserve account" which is accessible for operating expenses as necessary, but the aim of which is to have adequate funds set aside so as to cover any cash flow shortcomings caused by normal fluctuations. The account is not restricted, but the intention is, if possible, to not make use of it. The other procedure is that a significant portion of the Federation's expenditures are to organizations which it supports. pledges of contribution and support to these organizations are generally based on an annual amount, with no specific payment terms or timeframes mandated. Thus, if necessary, the payment of the Federation's allocations can be delayed so as to time it the same with the Federation's receipt of fund.

The following reflects the Federation's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Not available includes amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves such action.

The following reflects the financial assets for December 31, 2024.

Cash and certificates of deposit	\$	527,773
Investments		1,390,331
Pledge receivables		79,136
Total financial assets		1,997,240
Less: restricted net assets		(1,453,518)
Financial assets available to meet cash needs for general expenditures for the next year	\$	543,722

**JEWISH FEDERATION OF SOMERSET,  
HUNTERDON AND WARREN COUNTIES, INC.  
Notes to the Financial Statements**

Note 13 - Commitments

The Federation has entered into a three year agreement that expires in June of 2026 for software to maintain the donations. The annual fee ranges from approximately \$11,000 to \$12,750.

Note 14 - Subsequent events

The Federation's management has determined that no material events or transactions have occurred subsequent to December 31, 2024, and through September 30, 2025, the date of this report, which requires additional financial disclosure in the Federation's financial statements