



Jewish Federation of the Lehigh Valley
Financial Statements

June 30, 2024 and 2023



Jewish Federation of the Lehigh Valley

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June 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors
Jewish Federation of the Lehigh Valley
Allentown, Pennsylvania

Opinion

We have audited the financial statements of the Jewish Federation of the Lehigh Valley (the Organization), which comprise the statement of financial position as of June 30, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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 (GAAS). 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 Organization 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued or 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Organization'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 Organization'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.

RKL LLP

January 23, 2025
Wyomissing, Pennsylvania

Jewish Federation of the Lehigh Valley

Statement of Financial Position

	June 30, 2024			June 30, 2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 806,776	\$ -	\$ 806,776	\$ 204,180	\$ -	\$ 204,180
Donations receivable	2,036,986	-	2,036,986	-	-	-
Accrued interest receivable	3	-	3	3	-	3
Cash surrender value of life insurance	244,733	-	244,733	212,821	-	212,821
Promises to give, net of allowance for uncollectible amounts 2024 \$67,671; 2023 \$67,671	759,289	-	759,289	806,290	-	806,290
Investments associated with agency funds	-	22,316,267	22,316,267	-	16,767,436	16,767,436
Prepaid expenses	52,531	-	52,531	53,668	-	53,668
Total Current Assets	3,900,318	22,316,267	26,216,585	1,276,962	16,767,436	18,044,398
Investments	16,350,504	9,622,379	25,972,883	15,423,914	8,000,277	23,424,191
Note Receivable						
Jewish Community Center of Allentown	-	-	-	838,440	-	838,440
Property and Equipment, Net of Accumulated Depreciation 2024 \$315,781; 2023 \$307,523						
	10,308	-	10,308	18,566	-	18,566
Total Assets	\$ 20,261,130	\$ 31,938,646	\$ 52,199,776	\$ 17,557,882	\$ 24,767,713	\$ 42,325,595

Jewish Federation of the Lehigh Valley

Statement of Financial Position (continued)

	June 30, 2024			June 30, 2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 96,018	\$ -	\$ 96,018	\$ 130,735	\$ -	\$ 130,735
Provisions for grants	481,418	-	481,418	474,825	-	474,825
Allocations payable	1,627,275	-	1,627,275	1,591,303	-	1,591,303
Deferred pledges	4,087	-	4,087	9,675	-	9,675
Liabilities under trust and annuity agreements	-	327,969	327,969	-	361,013	361,013
Agency funds held for others	-	22,316,267	22,316,267	-	16,767,436	16,767,436
Total Liabilities	2,208,798	22,644,236	24,853,034	2,206,538	17,128,449	19,334,987
Net Assets						
Without donor restrictions, undesignated	14,686,109	-	14,686,109	12,257,697	-	12,257,697
Without donor restrictions, board-designated	3,366,223	-	3,366,223	3,093,647	-	3,093,647
	18,052,332	-	18,052,332	15,351,344	-	15,351,344
With donor restrictions	-	9,294,410	9,294,410	-	7,639,264	7,639,264
Total Net Assets	18,052,332	9,294,410	27,346,742	15,351,344	7,639,264	22,990,608
Total Liabilities and Net Assets	\$ 20,261,130	\$ 31,938,646	\$ 52,199,776	\$ 17,557,882	\$ 24,767,713	\$ 42,325,595

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Activities

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Change in Net Assets						
Revenues						
Annual campaign contributions	\$ 2,231,806	\$ -	\$ 2,231,806	\$ 2,201,488	\$ -	\$ 2,201,488
Other contributions	1,296,085	1,188,527	2,484,612	(168,652)	527,525	358,873
Net investment income	2,484,829	1,354,169	3,838,998	2,145,860	699,404	2,845,264
Event income	28,015	-	28,015	33,454	-	33,454
Hakol income	87,399	-	87,399	83,183	-	83,183
Pomegranate pin income	2,766	-	2,766	10	-	10
Other donations	826,848	-	826,848	354	-	354
Change in cash surrender value of life insurance	31,912	-	31,912	19,271	-	19,271
Total revenues	6,989,660	2,542,696	9,532,356	4,314,968	1,226,929	5,541,897
Net assets released from restrictions	887,550	(887,550)	-	823,542	(823,542)	-
Total revenues and other support	7,877,210	1,655,146	9,532,356	5,138,510	403,387	5,541,897
Functional expenses						
Programs	4,392,375	-	4,392,375	3,493,449	-	3,493,449
Administrative	423,047	-	423,047	418,284	-	418,284
Fundraising	360,800	-	360,800	336,603	-	336,603
Total functional expenses	5,176,222	-	5,176,222	4,248,336	-	4,248,336
Change in Net Assets	2,700,988	1,655,146	4,356,134	890,174	403,387	1,293,561
Net Assets at Beginning of Year	15,351,344	7,639,264	22,990,608	14,461,170	7,235,877	21,697,047
Net Assets at End of Year	\$ 18,052,332	\$ 9,294,410	\$ 27,346,742	\$ 15,351,344	\$ 7,639,264	\$ 22,990,608

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Functional Expenses

	Year Ended June 30, 2024				Year Ended June 30, 2023			
	Programs	Administrative	Fundraising	Total	Programs	Administrative	Fundraising	Total
Allocations and grants	\$ 3,816,694	\$ -	\$ -	\$ 3,816,694	\$ 2,930,812	\$ -	\$ -	\$ 2,930,812
Salaries and wages	302,251	248,001	224,750	775,002	287,807	236,149	214,010	737,966
Hakol expenses	83,168	-	-	83,168	83,032	-	-	83,032
Fringe benefits	43,550	35,733	32,383	111,666	36,024	29,558	26,786	92,368
Payroll taxes	22,288	18,288	16,573	57,149	20,273	16,635	15,075	51,983
Meetings and conferences	31,046	21,437	21,466	73,949	32,420	22,385	22,386	77,191
Retirement	20,335	16,685	15,122	52,142	19,838	16,277	14,751	50,866
Professional fees	-	44,154	-	44,154	-	40,525	-	40,525
Computer expense	19,420	28,758	11,557	59,735	15,083	22,436	9,076	46,595
Occupancy	13,602	11,161	10,115	34,878	12,121	9,946	9,013	31,080
Other	9,018	(1,221)	6,705	14,502	11,805	9,686	8,778	30,269
Continuing education	-	1,396	-	1,396	-	-	-	-
P2K	10,475	-	-	10,475	15,509	-	-	15,509
Israel missions	2,317	-	-	2,317	14,006	-	-	14,006
Contributions	-	-	-	-	-	23,183	-	23,183
Insurance	3,993	3,276	2,970	10,239	6,440	5,284	4,789	16,513
Annuity payments	-	17,710	-	17,710	-	16,283	-	16,283
Staff interview and relocation	-	806	-	806	-	2,744	-	2,744
Office supplies	813	667	604	2,084	2,013	1,652	1,496	5,161
Public relations	8,216	8,216	8,465	24,897	2,562	2,562	2,640	7,764
Dues and subscriptions	-	1,732	-	1,732	-	3,409	-	3,409
Postage	1,360	1,172	1,852	4,384	1,362	1,070	1,750	4,182
Printing	2,235	4,007	1,738	7,980	1,276	1,508	993	3,777
Transportation	835	7,512	3,858	12,205	234	2,104	815	3,153
Repairs and maintenance	-	583	-	583	-	1,432	-	1,432
Telephone	759	759	783	2,301	832	832	856	2,520
Depreciation	-	8,258	-	8,258	-	2,102	-	2,102
Bank services fees	-	1,304	-	1,304	-	564	-	564
Donor cultivation	-	-	1,859	1,859	-	-	3,389	3,389
Expenses allocated to agency funds	-	(57,347)	-	(57,347)	-	(50,042)	-	(50,042)
	\$ 4,392,375	\$ 423,047	\$ 360,800	\$ 5,176,222	\$ 3,493,449	\$ 418,284	\$ 336,603	\$ 4,248,336

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Cash Flows

	Years Ended June 30,	
	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 4,356,134	\$ 1,293,561
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	8,258	2,102
Net unrealized and realized gains	(5,831,575)	(4,081,964)
(Increase) decrease in assets		
Donations receivable	(1,198,546)	-
Promises to give	47,001	27,766
Prepaid expenses	1,137	(15,340)
Increase (decrease) in liabilities		
Accounts payable	(34,717)	9,301
Provisions for grants	6,593	40,373
Allocations payable	35,972	197,245
Deferred pledges	(5,588)	(4,272)
Liabilities under trust and annuity agreements	(33,044)	226,831
Agency funds held for others	5,548,831	1,764,224
	<u>2,900,456</u>	<u>(540,173)</u>
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities		
Increase in cash surrender value of life insurance	(31,912)	(19,271)
Purchase of investments	(8,132,343)	(7,793,008)
Cash proceeds from sale of investments	5,866,395	7,577,996
	<u>(2,297,860)</u>	<u>(234,283)</u>
Net Cash Used in Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
	602,596	(774,456)
Cash and Cash Equivalents at Beginning of Year	<u>204,180</u>	<u>978,636</u>
Cash and Cash Equivalents at End of Year	<u>\$ 806,776</u>	<u>\$ 204,180</u>
Supplemental Cash Flows Information, Noncash Transactions		
Note receivable due from Jewish Community Center of Allentown to be paid by donations receivable	<u>\$ 838,440</u>	<u>\$ -</u>
Imputed interest income on note receivable	<u>\$ -</u>	<u>\$ 23,183</u>
Contribution expense for imputed interest	<u>\$ -</u>	<u>\$ 23,183</u>

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 - Nature of Activities

The Jewish Federation of the Lehigh Valley (the Organization) furthers the welfare of the Jewish community; solicits, collects, and otherwise raises money for philanthropic, social, cultural, educational, and religious purposes; reviews and determines the obligations, responsibilities, and effectiveness of all agencies requesting appropriations; and coordinates the fundraising activities of Jewish agencies, local, national, and overseas to foster their cooperation.

The Lehigh Valley Jewish Foundation is a committee of the Organization, which raises and maintains the investments of the Organization.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

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

Basis of Presentation

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, *Not-for-Profit Entities-Presentation of Financial Statements*. Under the accounting guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for particular purposes by action of the Board of Directors, or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions

Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor 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.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all cash balances, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less, to be cash and cash equivalents on the accompanying statement of financial position. This excludes cash and cash equivalents held for long-term investment purposes.

Receivables

Receivables are carried at original invoice amount, less an estimate made for doubtful receivables, based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts based on the current and historical experience of uncollectible amounts charged off. Management determines the allowance for doubtful accounts by regularly evaluating individual donor receivables and considering a donor's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Investments

Investments with readily determinable fair values are reported at fair value, based on quoted market prices. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment at the date of gift is similarly capitalized. Depreciation is computed by the straight-line method over the estimated useful lives:

Buildings and improvements	10 to 50 years
Vehicles	3 to 5 years
Equipment	3 to 10 years

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gain or loss is included in operations.

The Organization's policy is to capitalize property and equipment expenditures of \$1,000 or more.

Note 2 - Summary of Significant Accounting Policies (continued)

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discounted rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during the years ended June 30, 2024 and 2023.

Revenue Recognition

Contributions

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Contributions are recognized when the donor makes an unconditional promise to give cash or services to the Organization. Contributions are recorded as an increase to net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions. All donor-restricted support is recorded as an increase in net assets with donor restrictions depending on the nature of the restrictions. When a donor expiration expires, that is, when a stipulated time restriction ends or stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs, administrative, and fundraising activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs, administrative, and fundraising activities benefited.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation that is consistently applied. Expenses are generally allocated on the basis of estimated time and effort or the basis of square footage.

Advertising

The Organization expenses advertising costs as incurred. For the years ended June 30, 2024 and 2023, advertising expenses amounted to \$24,897 and \$7,764, respectively.

Income Taxes

As a not-for-profit organization, the Organization is generally exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income.

The Organization recognizes penalties and interest accrued related to income tax liabilities in the provision (benefit) for income taxes in its statement of activities. For the years ended June 30, 2024 and 2023, there were no accruals for the payment of penalties and interest.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statement of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Organization files tax returns in the U.S. Federal jurisdiction. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years ending before 2021.

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Leases

The Organization follows FASB ASC Topic 842, *Leases*, and determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset. Additionally, ASC 842 classifies leases from the standpoint of the lessee at the inception of the lease as finance or operating leases. The determination of whether an arrangement is (or contains) a finance lease is based on the substance of the arrangement at the inception date and is assessed in accordance with the criteria set in ASC 842. If none of the criteria is met, leases are accounted for as operating leases. Operating leases are included in right-of-use assets, and current portion of lease liability and noncurrent portion of lease liability, as appropriate. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. ASC 842 allows a lessee to make an accounting policy election for short-term leases. A short-term lease is a lease that, as of the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Under the accounting policy election, a lessee does not recognize short-term leases on the statement of financial position. Instead, the lessee recognizes lease expense on a straight-line basis over the lease term. The Organization has elected the short-term lease expedient. As of June 30, 2024, the Organization does not have any material finance or operating leases subject to ASC 842.

Note 3 - Liquidity and Availability

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

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 806,776	\$ 204,180
Donations receivable	2,036,986	-
Promises to give, net	759,289	806,290
Investments associated with agency funds	22,316,267	16,767,436
Investments	25,972,883	23,424,191
Total Financial Assets	<u>51,892,201</u>	<u>41,202,097</u>

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 3 - Liquidity and Availability (continued)

	<u>2024</u>	<u>2023</u>
Amounts that are Internally Designated or Externally Restricted		
Financial assets held for agency funds	\$ (22,316,267)	\$ (16,767,436)
Financial assets subject to donor restrictions	(9,294,410)	(7,639,264)
Financial assets board-designated for specified purpose	<u>(3,366,223)</u>	<u>(3,093,647)</u>
Total Amounts that are Internally Designated or Externally Restricted	<u>(34,976,900)</u>	<u>(27,500,347)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 16,915,301</u>	<u>\$ 13,701,750</u>

Financial assets included in board-designated net assets are not available for general expenditures, but could be made available if necessary through Board of Directors' actions. The Organization manages its liquidity following three spending principles: operating within a responsible range of financial soundness and stability, maintaining adequate liquid assets to meet near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 4 - Promises to Give

Promises to give to the Organization consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Unrestricted promises to give due in less than one year, net of allowance for uncollectible amounts of \$67,671 at both 2024 and 2023	<u>\$ 759,289</u>	<u>\$ 806,290</u>

Note 5 - Donations Receivable

During the year ended June 30, 2024, the Organization was notified that it will be receiving \$2,036,986 from an individual's estate. As part of the amount to be received, \$838,440 was a donation to the Jewish Community Center of Allentown (JCC) to pay off the note receivable due to the Organization. The remaining amount is recorded as income. The total amount of cash was received in July 2024 and is accrued as of June 30, 2024.

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 6 - Investments

The following is a summary of the Organization's investments as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 213,763	\$ 122,343
Mutual funds	41,552,914	35,106,902
Debt securities	6,469,575	4,908,726
Annuity	52,898	53,656
	<u>48,075,387</u>	<u>40,069,284</u>
	<u>\$ 48,289,150</u>	<u>\$ 40,191,627</u>

Investment income consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends, net	\$ 849,032	\$ 802,173
Net unrealized and realized gains	5,831,575	4,081,964
	<u>\$ 6,680,607</u>	<u>\$ 4,884,137</u>

Note 7 - Fair Value of Financial Instruments

The Organization defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurement. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 7 - Fair Value of Financial Instruments (continued)

The following tables present the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

Fair Value Measurements at June 30, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds				
Large growth	\$ 28,397,568	\$ -	\$ -	\$ 28,397,568
High yield bond	5,039,718	-	-	5,039,718
Small blend	4,928,446	-	-	4,928,446
Corporate bond	3,187,182	-	-	3,187,182
Debt Securities				
International	-	3,390,000	-	3,390,000
U.S. Government agency, Moody's Aaa	-	3,079,575	-	3,079,575
Annuity	-	-	52,898	52,898
	<u>\$ 41,552,914</u>	<u>\$ 6,469,575</u>	<u>\$ 52,898</u>	<u>\$ 48,075,387</u>
Fair Value Measurements at June 30, 2023				
Mutual Funds				
Large growth	\$ 25,013,515	\$ -	\$ -	\$ 25,013,515
High yield bond	3,853,491	-	-	3,853,491
Small blend	3,401,630	-	-	3,401,630
Corporate bond	2,838,266	-	-	2,838,266
Debt Securities				
International	-	3,040,000	-	3,040,000
U.S. Government agency, Moody's Aaa	-	1,868,726	-	1,868,726
Annuity	-	-	53,656	53,656
	<u>\$ 35,106,902</u>	<u>\$ 4,908,726</u>	<u>\$ 53,656</u>	<u>\$ 40,069,284</u>

The following valuation techniques were used to measure fair value of assets in the table above on a recurring basis:

Mutual funds and equity securities - Fair value of mutual funds and exchange traded funds was based on quoted market prices for the identical securities.

International debt securities are valued at cost, which approximates fair value.

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

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 7 - Fair Value of Financial Instruments (continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. For the years ended June 30, 2024 and 2023, there were no significant transfers between fair value levels.

The fair value of the Level 3 asset is based on the present value of the estimated future cash flows under the terms of the agreement.

Note 8 - Note Receivable, Jewish Community Center of Allentown

The Organization entered into a secured promissory note in the maximum amount of \$840,000 with the JCC. The note is dated June 10, 2010, bears no interest, and was advanced over five years. The loan was amended on March 30, 2015 and then again on October 19, 2020 to extend the loan to be due December 2028. Interest income was imputed on the note at the applicable federal rate in the amount of \$23,183 and recorded as a contribution to the JCC of the same amount for the year ended June 30, 2023. The balance outstanding on the note was \$838,440 for the year ended June 30, 2023. The note was settled during the year ended June 30, 2024.

Note 9 - Property and Equipment

A summary of property and equipment is as follows at June 30:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 49,867	\$ 49,867
Office equipment	160,822	160,822
Computer software	44,481	44,481
Leasehold improvements	<u>70,919</u>	<u>70,919</u>
	326,089	326,089
Accumulated depreciation	<u>(315,781)</u>	<u>(307,523)</u>
	<u>\$ 10,308</u>	<u>\$ 18,566</u>

Note 10 - Investments Held in Trust and Liabilities under Trust and Annuity Agreements

The Organization is currently serving as the trustee and beneficiary of a charitable remainder unitrust and seven charitable gift annuities. The trust assets are recognized as donor restricted investments of \$1,018,416 and \$847,596 held in trust at June 30, 2024 and 2023, respectively. Donor restricted liabilities of \$327,969 and \$361,013 at June 30, 2024 and 2023, respectively, under trust and annuity agreements represent the present value of expected future cash flows to be paid to the donor based on the donors' life expectancies at interest rates ranging from 4.6% to 8.5%.

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2024 and 2023

Note 11 - Cash Surrender Value of Life Insurance

The Organization is the owner and beneficiary of life insurance policies which were contributed to the Organization and have a face value of \$715,000, and cash values of \$244,733 and \$212,821 at June 30, 2024 and 2023, respectively.

Note 12 - Agency Funds Held for Others

Amounts held by the Organization as agency funds for other organizations were \$22,316,267 and \$16,767,436 at June 30, 2024 and 2023, respectively.

Note 13 - Net Assets Without Donor Restrictions

Board-designated net assets of the Organization consist of funds that are not subject to donor-imposed stipulations, but have been designated by the Board of Directors for specific purposes. These purposes include scholarships, housing, and cultural designations. Board-designated net assets totaling \$3,366,223 and \$3,093,647 were available as of June 30, 2024 and 2023, respectively.

Note 14 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Supporting foundations	\$ 2,819,813	\$ 2,661,225
Trusts and annuities	743,345	540,239
Donor designated	5,081,483	3,969,114
Other funds	649,769	468,686
	<u>\$ 9,294,410</u>	<u>\$ 7,639,264</u>

Note 15 - Retirement Plan

The Organization has established a defined contribution retirement plan for the benefit of its employees. The plan is noncontributory and is administered by a local securities broker. Under the plan, a predetermined contribution is made to the account of each individual employee, based on annual compensation levels, and accrued for their benefit. An employee must have reached the age of 21 and have one year of service with the Organization before they can participate in the plan. For the years ended June 30, 2024 and 2023, the Organization contributed an amount equal to 7% of the employees' compensation, which was \$52,142 and \$50,866, respectively.

Note 16 - Contingencies

Credit Risk

Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Organization has investments of \$48,289,150 and \$40,191,627 at June 30, 2024 and 2023, respectively, which are managed by professional advisors and are subject to the Organization's investment policies. The degree and concentration of credit risk varies by type of investment; however, the Organization does not anticipate any accounting loss. The major classes of investments are summarized in Note 6.

Promises to Give

The Organization has promises to give of \$759,289 and \$806,290 at June 30, 2024 and 2023, respectively, from individuals and businesses located primarily in the Lehigh Valley area of Pennsylvania. The Organization has credit risk due to the geographic concentration of its donors; however, the Organization does not anticipate any accounting loss.

Note 17 - Related Party Transactions

The Organization has had, and may be expected to have in the future, transactions in the ordinary course of business with directors and organizations with which they are associated on substantially the same terms as those prevailing at the time for comparable transactions with others. The aggregate amounts of these transactions are not significant to the financial statements.

The Organization has six common Board members with the JCC and has paid rent of \$34,878 and \$31,080 for the years ended June 30, 2024 and 2023, respectively. This rent is considered short-term in nature. Additionally, the Organization has provided annual support of \$350,000 to the JCC for both years ended June 30, 2024 and 2023. The Organization also had a note receivable with the JCC as described in Note 8.

Note 18 - Subsequent Events

The Organization has evaluated subsequent events through January 23, 2025. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2024 were noted.