



Jewish Federation of the Lehigh Valley
Financial Statements

June 30, 2025 and 2024



Jewish Federation of the Lehigh Valley

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June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 21, 2026
Wyomissing, Pennsylvania

Jewish Federation of the Lehigh Valley

Statement of Financial Position

	June 30, 2025			June 30, 2024		
	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	\$ 513,422	\$ -	\$ 513,422	\$ 806,776	\$ -	\$ 806,776
Donations receivable	-	-	-	2,036,986	-	2,036,986
Accrued interest receivable	3	-	3	3	-	3
Cash surrender value of life insurance	264,601	-	264,601	244,733	-	244,733
Promises to give, net of allowance for uncollectible amounts 2025 \$67,669; 2024 \$67,671	914,230	-	914,230	759,289	-	759,289
Investments associated with agency funds	-	25,754,557	25,754,557	-	22,316,267	22,316,267
Prepaid expenses	51,895	-	51,895	52,531	-	52,531
Total Current Assets	1,744,151	25,754,557	27,498,708	3,900,318	22,316,267	26,216,585
Investments	20,156,810	10,878,516	31,035,326	16,350,504	9,622,379	25,972,883
Property and Equipment, Net of Accumulated Depreciation 2025 \$321,382; 2024 \$315,781	14,011	-	14,011	10,308	-	10,308
Total Assets	\$ 21,914,972	\$ 36,633,073	\$ 58,548,045	\$ 20,261,130	\$ 31,938,646	\$ 52,199,776

Jewish Federation of the Lehigh Valley

Statement of Financial Position (continued)

	June 30, 2025			June 30, 2024		
	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	\$ 81,588	\$ -	\$ 81,588	\$ 96,018	\$ -	\$ 96,018
Donations payable	1,849	-	1,849	-	-	-
Provisions for grants	533,372	-	533,372	481,418	-	481,418
Allocations payable	1,607,353	-	1,607,353	1,627,275	-	1,627,275
Deferred pledges	20,212	-	20,212	4,087	-	4,087
Liabilities under trust and annuity agreements	-	301,306	301,306	-	327,969	327,969
Agency funds held for others	-	25,754,557	25,754,557	-	22,316,267	22,316,267
Total Liabilities	2,244,374	26,055,863	28,300,237	2,208,798	22,644,236	24,853,034
Net Assets						
Without donor restrictions, undesignated	16,116,302	-	16,116,302	14,686,109	-	14,686,109
Without donor restrictions, board-designated	3,554,296	-	3,554,296	3,366,223	-	3,366,223
	19,670,598	-	19,670,598	18,052,332	-	18,052,332
With donor restrictions	-	10,577,210	10,577,210	-	9,294,410	9,294,410
Total Net Assets	19,670,598	10,577,210	30,247,808	18,052,332	9,294,410	27,346,742
Total Liabilities and Net Assets	\$ 21,914,972	\$ 36,633,073	\$ 58,548,045	\$ 20,261,130	\$ 31,938,646	\$ 52,199,776

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Activities

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	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	\$ 2,248,803	\$ -	\$ 2,248,803	\$ 2,231,806	\$ -	\$ 2,231,806
Other contributions	358,413	1,087,183	1,445,596	1,296,085	1,188,527	2,484,612
Net investment income	2,219,093	1,097,935	3,317,028	2,484,829	1,354,169	3,838,998
Event income	28,298	-	28,298	28,015	-	28,015
Hakol income	99,701	-	99,701	87,399	-	87,399
Pomegranate pin income	-	-	-	2,766	-	2,766
Other donations	247,286	-	247,286	826,848	-	826,848
Change in cash surrender value of life insurance	19,868	-	19,868	31,912	-	31,912
Total revenues	5,221,462	2,185,118	7,406,580	6,989,660	2,542,696	9,532,356
Net assets released from restrictions	902,318	(902,318)	-	887,550	(887,550)	-
Total revenues and other support	6,123,780	1,282,800	7,406,580	7,877,210	1,655,146	9,532,356
Functional expenses						
Program services	3,724,061	-	3,724,061	4,392,375	-	4,392,375
Supporting services						
Administrative	425,906	-	425,906	423,047	-	423,047
Fundraising	355,547	-	355,547	360,800	-	360,800
Total functional expenses	4,505,514	-	4,505,514	5,176,222	-	5,176,222
Change in Net Assets	1,618,266	1,282,800	2,901,066	2,700,988	1,655,146	4,356,134
Net Assets at Beginning of Year	18,052,332	9,294,410	27,346,742	15,351,344	7,639,264	22,990,608
Net Assets at End of Year	\$ 19,670,598	\$ 10,577,210	\$ 30,247,808	\$ 18,052,332	\$ 9,294,410	\$ 27,346,742

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Functional Expenses

	Year Ended June 30, 2025				Year Ended June 30, 2024			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Administrative	Fundraising			Administrative	Fundraising	
Allocations and grants	\$ 3,121,152	\$ -	\$ -	\$ 3,121,152	\$ 3,816,694	\$ -	\$ -	\$ 3,816,694
Salaries and wages	300,640	246,679	223,552	770,871	302,251	248,001	224,750	775,002
Hakol expenses	113,746	-	-	113,746	83,168	-	-	83,168
Fringe benefits	46,876	38,462	34,856	120,194	43,550	35,733	32,383	111,666
Payroll taxes	23,290	19,110	17,319	59,719	22,288	18,288	16,573	57,149
Meetings and conferences	25,726	17,763	17,764	61,253	31,046	21,437	21,466	73,949
Retirement	21,689	17,796	16,127	55,612	20,335	16,685	15,122	52,142
Professional fees	-	45,704	-	45,704	-	44,154	-	44,154
Computer expense	19,310	28,907	11,803	60,020	19,420	28,758	11,557	59,735
Occupancy	15,280	12,538	11,362	39,180	13,602	11,161	10,115	34,878
Other	7,638	14,599	5,679	27,916	9,018	(1,221)	6,705	14,502
Continuing education	-	4,666	-	4,666	-	1,396	-	1,396
P2K	11,656	-	-	11,656	10,475	-	-	10,475
Israel missions	2,002	-	-	2,002	2,317	-	-	2,317
Insurance	6,635	5,444	4,935	17,014	3,993	3,276	2,970	10,239
Annuity payments	-	29,187	-	29,187	-	17,710	-	17,710
Staff interview and relocation	-	-	-	-	-	806	-	806
Office supplies	953	1,015	942	2,910	813	667	604	2,084
Public relations	3,341	3,341	3,442	10,124	8,216	8,216	8,465	24,897
Dues and subscriptions	-	2,415	-	2,415	-	1,732	-	1,732
Postage	1,245	886	1,507	3,638	1,360	1,172	1,852	4,384
Printing	1,626	1,974	1,266	4,866	2,235	4,007	1,738	7,980
Transportation	430	3,874	1,424	5,728	835	7,512	3,858	12,205
Repairs and maintenance	-	863	-	863	-	583	-	583
Telephone	826	826	852	2,504	759	759	783	2,301
Depreciation	-	5,601	-	5,601	-	8,258	-	8,258
Bank services fees	-	1,378	-	1,378	-	1,304	-	1,304
Donor cultivation	-	-	2,717	2,717	-	-	1,859	1,859
Expenses allocated to agency funds	-	(77,122)	-	(77,122)	-	(57,347)	-	(57,347)
	<u>\$ 3,724,061</u>	<u>\$ 425,906</u>	<u>\$ 355,547</u>	<u>\$ 4,505,514</u>	<u>\$ 4,392,375</u>	<u>\$ 423,047</u>	<u>\$ 360,800</u>	<u>\$ 5,176,222</u>

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Cash Flows

	Years Ended June 30,	
	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 2,901,066	\$ 4,356,134
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,601	8,258
Net unrealized and realized gains	(4,923,404)	(5,831,575)
(Increase) decrease in assets		
Donations receivable	2,036,986	(1,198,546)
Promises to give	(154,941)	47,001
Prepaid expenses	636	1,137
Increase (decrease) in liabilities		
Accounts payable	(14,430)	(34,717)
Donations payable	1,849	-
Provisions for grants	51,954	6,593
Allocations payable	(19,922)	35,972
Deferred pledges	16,125	(5,588)
Liabilities under trust and annuity agreements	(26,663)	(33,044)
Agency funds held for others	3,438,290	5,548,831
Net Cash Provided by Operating Activities	3,313,147	2,900,456
Cash Flows from Investing Activities		
Increase in cash surrender value of life insurance	(19,868)	(31,912)
Purchase of investments	(10,919,703)	(8,132,343)
Proceeds from sale of investments	7,342,374	5,866,395
Purchase of property and equipment	(9,304)	-
Net Cash Used in Investing Activities	(3,606,501)	(2,297,860)
Net Increase (Decrease) in Cash and Cash Equivalents	(293,354)	602,596
Cash and Cash Equivalents at Beginning of Year	806,776	204,180
Cash and Cash Equivalents at End of Year	\$ 513,422	\$ 806,776
Supplemental Cash Flows Information, Noncash Transactions		
Note receivable due from Jewish Community Center of Allentown paid by donations receivable	\$ -	\$ 838,440

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2025 and 2024

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 of \$1,000 or more 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 leasehold 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.

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, 2025 and 2024.

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.

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.

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 and supporting services, consisting of 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, 2025 and 2024, advertising expenses amounted to \$10,124 and \$24,897, 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, 2025 and 2024, 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 2022.

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2025 and 2024

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>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents	\$ 513,422	\$ 806,776
Donations receivable	-	2,036,986
Promises to give, net	914,230	759,289
Investments associated with agency funds	25,754,557	22,316,267
Investments	<u>31,035,326</u>	<u>25,972,883</u>
Total Financial Assets	<u>58,217,535</u>	<u>51,892,201</u>
Amounts that are Internally Designated or Externally Restricted		
Financial assets held for agency funds	(25,754,557)	(22,316,267)
Financial assets subject to donor restrictions	(10,577,210)	(9,294,410)
Financial assets board-designated for specified purpose	<u>(3,554,296)</u>	<u>(3,366,223)</u>
Total Amounts that are Internally Designated or Externally Restricted	<u>(39,886,063)</u>	<u>(34,976,900)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 18,331,472</u>	<u>\$ 16,915,301</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>2025</u>	<u>2024</u>
Unrestricted promises to give due in less than one year, net of allowance for uncollectible amounts of \$67,669 and \$67,671 at 2025 and 2024, respectively	<u>\$ 914,230</u>	<u>\$ 759,289</u>

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2025 and 2024

Note 5 - Donations Receivable

During the year ended June 30, 2024, the Organization was notified that it would 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 (see Note 8). The remaining amount was recorded as income. The total amount of cash was received in July 2024.

Note 6 - Investments

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	<u>\$ 202,205</u>	<u>\$ 213,763</u>
Mutual funds	48,809,412	41,552,914
Debt securities	7,726,164	6,469,575
Annuity	<u>52,102</u>	<u>52,898</u>
	<u>56,587,678</u>	<u>48,075,387</u>
	<u>\$ 56,789,883</u>	<u>\$ 48,289,150</u>

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

	<u>2025</u>	<u>2024</u>
Interest and dividends, net	<u>\$ 1,043,951</u>	<u>\$ 849,032</u>
Net unrealized and realized gains	<u>4,923,404</u>	<u>5,831,575</u>
	<u>5,967,355</u>	<u>6,680,607</u>
Investment income associated with agency funds held for others	<u>(2,650,327)</u>	<u>(2,841,609)</u>
	<u>\$ 3,317,028</u>	<u>\$ 3,838,998</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.

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2025 and 2024

Note 7 - Fair Value of Financial Instruments (continued)

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.

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, 2025				
	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	\$ 34,582,345	\$ -	\$ -	\$ 34,582,345
High yield bond	5,467,016	-	-	5,467,016
Small blend	5,836,761	-	-	5,836,761
Corporate bond	2,923,290	-	-	2,923,290
Debt Securities				
International	-	5,250,000	-	5,250,000
U.S. Government agency, Moody's Aaa	-	2,476,164	-	2,476,164
Annuity	-	-	52,102	52,102
	\$ 48,809,412	\$ 7,726,164	\$ 52,102	\$ 56,587,678

Fair Value Measurements at June 30, 2024				
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
	\$ 41,552,914	\$ 6,469,575	\$ 52,898	\$ 48,075,387

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2025 and 2024

Note 7 - Fair Value of Financial Instruments (continued)

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

Mutual funds - Fair value of mutual 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.

Annuity - Fair value is based on the present value of the estimated future cash flows under the terms of the agreement.

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, 2025 and 2024, there were no significant transfers between fair value levels.

Note 8 - Note Receivable, Jewish Community Center of Allentown

The Organization had a secured promissory note receivable in the maximum amount of \$840,000 with the JCC. The note was dated June 10, 2010, bore 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. 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>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 49,867	\$ 49,867
Office equipment	170,126	160,822
Computer software	44,481	44,481
Leasehold improvements	<u>70,919</u>	<u>70,919</u>
	335,393	326,089
Accumulated depreciation	<u>(321,382)</u>	<u>(315,781)</u>
	<u>\$ 14,011</u>	<u>\$ 10,308</u>

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Notes to Financial Statements

June 30, 2025 and 2024

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 six charitable gift annuities. The trust assets are recognized as donor restricted investments of \$1,362,918 and \$1,018,419 held in trust at June 30, 2025 and 2024, respectively. Donor restricted liabilities of \$301,306 and \$327,969 at June 30, 2025 and 2024, 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%.

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 \$264,601 and \$244,733 at June 30, 2025 and 2024, respectively.

Note 12 - Agency Funds Held for Others

Amounts held by the Organization as agency funds for other organizations were \$25,754,557 and \$22,316,267 at June 30, 2025 and 2024, 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 \$3,554,296 and \$3,366,223 were available as of June 30, 2025 and 2024, respectively.

Note 14 - Net Assets With Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose		
Supporting foundations	\$ 3,013,591	\$ 2,819,813
Trusts and annuities	1,113,714	743,345
Donor designated	5,723,179	5,081,483
Other funds	726,726	649,769
	<u>\$ 10,577,210</u>	<u>\$ 9,294,410</u>

Jewish Federation of the Lehigh Valley

Notes to Financial Statements

June 30, 2025 and 2024

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, 2025 and 2024, the Organization contributed an amount equal to 7% of the employees' compensation, which was \$55,612 and \$52,142, 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 \$56,789,883 and \$48,289,150 at June 30, 2025 and 2024, 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 \$914,230 and \$759,289 at June 30, 2025 and 2024, 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 \$39,180 and \$34,878 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024.

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Notes to Financial Statements

June 30, 2025 and 2024

Note 18 - Subsequent Events

The Organization has evaluated subsequent events through January 21, 2026. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2025 were noted.