

**THE JEWISH COMMUNITY FOUNDATION  
OF CENTRAL NEW YORK, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2022**

**(with comparative totals for June 30, 2021)**



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The Jewish Community Foundation of Central New York, Inc.  
DeWitt, New York

### ***Opinion***

We have audited the financial statements of The Jewish Community Foundation of Central New York, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flow for the year 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 Jewish Community Foundation of Central New York, Inc. as of June 30, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit 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 Jewish Community Foundation of Central New York, 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 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 Jewish Community Foundation of

Central New York, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 Jewish Community Foundation of Central New York, 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 The Jewish Community Foundation of Central New York, 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.

### **Report on Summarized Comparative Information**

We have previously audited The Jewish Community Foundation of Central New York's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grossman St Amour CPAs*

Syracuse, New York  
November 17, 2022

THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

Statement of Financial Position

June 30, 2022 (with comparative totals for June 30, 2021)

	ASSETS	
	June 30,	
	2022	2021
<b>Current assets:</b>		
Cash	\$ 498,323	\$ 525,983
Cash equivalents	1,682,830	2,346,115
Investments	19,500,050	19,637,795
Split-interest agreements	846,983	1,034,122
Cash surrender value of life insurance	179,161	172,921
Other assets	5,745	14,868
Total current assets	<u>22,713,092</u>	<u>23,731,804</u>
<b>Property and equipment, net</b>	<u>3,246</u>	<u>4,152</u>
	<u>\$ 22,716,338</u>	<u>\$ 23,735,956</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities:</b>		
Accrued payroll and other current liabilities	\$ 6,079	\$ 4,323
Charitable remainder annuity trust payable	145,721	170,623
Due to Agency Endowments	7,011,056	6,441,383
Due to UJC - Charitable gift annuities	6,770	8,610
Total liabilities	<u>7,169,626</u>	<u>6,624,939</u>
<b>Net assets:</b>		
Without donor restrictions	<u>2,070,858</u>	<u>2,369,300</u>
With donor restrictions		
Donor advised funds	5,671,943	6,578,236
Split-interest agreements	694,492	854,889
Life insurance trusts	179,161	172,921
Restricted endowment funds	<u>6,930,258</u>	<u>7,135,671</u>
Total net assets with donor restrictions	<u>13,475,854</u>	<u>14,741,717</u>
Total net assets	<u>15,546,712</u>	<u>17,111,017</u>
	<u>\$ 22,716,338</u>	<u>\$ 23,735,956</u>

The accompanying notes are an integral part of the financial statements.

THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

Statement of Activities

Year ended June 30, 2022 (with comparative totals for June 30, 2021)

	Without Donor Restriction	With Donor Restriction	2022 Total	2021 Total
<b>Revenue and other support:</b>				
Contributions	\$ 133,285	\$ 2,590,985	\$ 2,724,270	\$ 2,473,114
Change in value of split-interest agreements	-	(171,696)	(171,696)	181,980
Change in cash surrender value of life insurance	-	6,240	6,240	2,421
Interest and dividends	43,516	124,830	168,346	123,529
Realized and unrealized (loss) gain on investments	(333,917)	(1,719,414)	(2,053,331)	2,771,897
Other revenue	130,691	-	130,691	116,355
Net assets released from restriction	2,096,808	(2,096,808)	-	-
Total revenue and other support	2,070,383	(1,265,863)	804,520	5,669,296
<b>Allocations:</b>				
Allocation of donor advised funds	1,655,441	-	1,655,441	1,531,570
Allocation of endowment funds	441,367	-	441,367	313,025
Allocation from unrestricted fund	124,628	-	124,628	117,397
	2,221,436	-	2,221,436	1,961,992
<b>Expenses:</b>				
<b>Program Expenses:</b>				
Personnel	49,757	-	49,757	43,237
Marketing	16,848	-	16,848	16,554
Professional	5,328	-	5,328	11,167
General administration	1,984	-	1,984	1,747
	73,917	-	73,917	72,705
<b>Management and General Expenses:</b>				
Personnel	26,792	-	26,792	23,326
Professional	21,091	-	21,091	14,975
General administration	25,589	-	25,589	23,969
	73,472	-	73,472	62,270
Total expenses	147,389	-	147,389	134,975
Total allocations and expenses	2,368,825	-	2,368,825	2,096,967
<b>Change in net assets</b>	(298,442)	(1,265,863)	(1,564,305)	3,572,329
Net assets at beginning of year	2,369,300	14,741,717	17,111,017	13,538,688
Net assets at end of year	\$ 2,070,858	\$ 13,475,854	\$ 15,546,712	\$ 17,111,017

The accompanying notes are an integral part of the financial statements.

THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

Statement of Cash Flows

Year ended June 30, 2022 (with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,564,305)	\$ 3,572,329
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	906	378
Loss (gain) on investments	2,053,331	(2,771,897)
Change in value of split-interest agreements	187,139	(173,462)
Change in cash surrender value of life insurance, net of premiums	(6,240)	(2,421)
Donated stock	1,415,793	1,558,823
Changes in operating assets and liabilities:		
Other assets	9,123	4,501
Accrued payroll and other liabilities	1,756	(3,300)
Charitable remainder annuity trust payable	(24,902)	(15,848)
Due to UJC - charitable gift annuities	(1,840)	1,433
Due to agency endowments	569,673	1,317,704
Net cash provided by operating activities	<u>2,640,434</u>	<u>3,488,240</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	-	(4,530)
Proceeds from sales and maturities of investments	2,692,683	5,168,594
Purchase of investments	<u>(6,024,062)</u>	<u>(7,638,137)</u>
Net cash used in investing activities:	<u>(3,331,379)</u>	<u>(2,474,073)</u>
Net change in cash and cash equivalents	(690,945)	1,014,167
Cash and cash equivalents at beginning of year	<u>2,872,098</u>	<u>1,857,931</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 2,181,153</u>	<u>\$ 2,872,098</u>

The accompanying notes are an integral part of the financial statements.

# THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

## Notes to Financial Statements

---

### 1. Summary of Significant Accounting Policies

#### Nature of Operations

The Jewish Community Foundation of Central New York, Inc. ("Foundation") is a non-profit corporation which supports Jewish philanthropy. The Foundation strives to match the donor's philanthropic interests to the designated agency, organization or synagogue.

#### Financial Statements Presentation

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. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation financial statements for the year ended June 30, 2021, from which the summarized information was derived.

#### Classification of Net Assets

The net assets have been classified as without donor restriction or with donor restriction based on the existence and/or nature of any donor imposed restrictions. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions and net assets without donor restriction.

The Foundation has the following categories of net assets:

#### Net assets without donor restriction:

**General endowment** - consists of funds intended generally to be maintained, in whole or in part, in perpetuity or for a specified period of time to provide income and principal in some cases, for uses in furtherance of the charitable purposes of the Foundation or special charitable purposes indicated by a donor or by the Foundation.

**Trustee contributions** - consist of contributions received by the Foundation designated for purposes by the trustees.

**Unrestricted assets** - consists of contributions received and investment income earned that are available for general use.

THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Net assets with donor restrictions:

**Donor advised funds** - consist of contributions received and investment income earned. Donor advised funds are placed in a fund named by the donor. The Foundation will consider the donor's recommendation for disbursements from this fund to approved charitable organizations. All such recommendations shall be advisory only and shall not be binding on the Board of Trustees or the Foundation.

**Other restricted funds** - consists of contributions in the form of split-interest agreements, life insurance trusts, agency funds, and named or temporarily restricted endowment funds. Certain named endowment funds can include time limits during which the funds must be expended. Any unexpended funds will be reclassified as a liability when the time limits expire.

**Endowment funds** - consist of donor restricted nonexpendable contributions received and, if specified by donor, a portion of investment earnings. These restricted net assets shall generally be, those funds for which the income and/or principal are specifically restricted to uses within the charitable purposes of the Foundation which are specified in the gift instrument. Generally, the income of restricted funds shall be deemed to include not only investment income but also realized and unrealized appreciation on the initial principal.

Net assets with donor restrictions as of June 30 are:

	<u>2022</u>	<u>2021</u>
Donor advised funds	\$ 5,671,943	\$ 6,578,236
Split-interest agreements	694,492	854,889
Life insurance trusts	179,161	172,921
Restricted endowment funds	6,930,258	7,135,671
	<u>\$ 13,475,854</u>	<u>\$ 14,741,717</u>

**Liquidity**

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in investments. Although the Foundation does not intend to spend from their investments, amounts without restrictions could be made available if necessary to help manage unanticipated liquidity needs.

**Availability of Resources**

At June 30, 2022 and 2021, the Foundation had \$9,079,002 and \$8,795,986, respectively, of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures. At June 30, 2022 and 2021, these respectively consist of cash and cash equivalents of \$2,181,153 and \$2,872,098, investments of \$19,500,050 and \$19,637,795, and net of donor advised and restricted endowment funds, which total \$12,602,201 and \$13,713,907.



Notes to Financial Statements

---

1. **Summary of Significant Accounting Policies** (continued)

**Revenue Recognition and Contributions**

The Foundation follows FASB ASU 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, revenues from customers is recognized when the underlying performance obligation is satisfied by transferring control of a product or service to a customer at an amount expected to be entitled to in exchange for those products or services provided. The Foundation does not have any material sources of revenue within the scope of ASU 2014-09.

Contributions received are recorded as net assets with or without donor restrictions based on the existence or absence of donor restrictions. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Reserves are recorded when specific receivables are deemed to be uncollectible. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions.

**Methods Used for Allocation of Expenses among Program and Management and General**

The financial statements present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. Certain categories of expenses are attributable to program and/or management and general. In most cases, such expenses have been allocated based on personnel time spent.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all short-term investments, when applicable, with an original maturity of three months or less to be cash equivalents.

**Investments**

The Foundation's investments consist primarily of publicly traded mutual funds and U.S. government securities. These investments are subject to varying degrees of market risk. The investments are managed by the Foundation investment committee as well as outside investment advisors. Investment income, realized and unrealized gains are allocated to the applicable funds on a monthly basis. During fiscal 2022, net investment activity, including income, realized and unrealized gains and losses, resulted in a loss of approximately \$1,885,000. Conversely, during fiscal 2021 a net gain of approximately \$2,895,000 resulted.

# THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

## Notes to Financial Statements

---

### 1. Summary of Significant Accounting Policies (continued)

#### Investments (continued)

The Foundation accounts for its investments at fair value. Net appreciation or depreciation in the fair value of investments consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments and is recognized in the Statement of Activities. The fair value of publicly traded mutual funds is based upon quoted market prices and U.S. government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

The board of trustees designates only a portion of Foundation's total investment return for support of current operations; the remainder is retained in the endowment fund to support operations of future years and to offset potential market declines. The amount determined under the spending policy of the investment pool, and all investment income earned by investing cash in excess of daily requirements, are used to support current operations and donor-stipulated activities.

#### Split-Interest Agreements

The Foundation is a beneficiary of one charitable remainder annuity trust and various charitable gift annuities. The Foundation's beneficial interests are measured at the discounted value of its expected future cash flows. Liabilities are recorded at the present value of future cash flows using discount rates and are expected to be paid to the designated beneficiary or beneficiaries. At the end of the trust and other split-interest agreements, the remaining assets will become available for the Foundation's use. The Foundation is the trustee of the charitable remainder annuity trust and manages the assets. The charitable gift annuities are held and managed by the Jewish Federations of North America.

#### Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation under Section 509(a) of the Code.

The Foundation follows *FASB ASC Sub-Topic 740-19, Income Taxes*, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return including maintaining tax-exempt status. The Foundation believes its financial statements do not include any uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the year ended June 30, 2022 and 2021. It is the Foundation's policy to recognize any interest and penalties in the functional expenses. The Foundation's tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

#### Contributed Services

A number of unpaid volunteers have made significant contributions of their time and services to the Foundation's programs. The value of these contributions is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

# THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

## Notes to Financial Statements

---

### 1. Summary of Significant Accounting Policies (continued)

#### Will, Trusts and Estates

The Foundation is the beneficiary under various wills and trust agreements, the total realizable value of which is not presently determinable; therefore, these amounts are not recorded until the donor is deceased and no longer able to change their beneficiary.

#### Estimates

The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 (“COVID-19”) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of the virus globally since that time has caused business disruption throughout the United States, the area in which the Foundation primarily operates. Therefore, while the Foundation expects this matter to have an impact on its financial condition, results of operations and cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

### 2. Fair Value Measurement

The Foundation's investments are reported at fair value in the statement of financial position. The Foundation follows FASB ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, effective January 1, 2020. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

**THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.**

**Notes to Financial Statements**

**2. Fair Value Measurement (continued)**

The degree of judgement exercised in determining fair value is greatest for instruments categorized in Level 3. The fair value of the split-interest agreements are derived using the present value of the projected fair market value of the Foundation's interest in charitable remainder annuity trusts and charitable gift annuities using prevailing market rates and IRS published mortality rates. The fair value of the life insurance interests are derived based on the cash surrender value as provided by the respective insurance companies as of June 30, 2022 and 2021.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs ( Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments:</u>				
Publicly traded mutual funds	\$ 18,378,390	\$ 18,378,390	\$ -	\$ -
Publicly traded stocks, options and ETFs	644,004	644,004	-	-
Treasury notes	477,656	477,656	-	-
Total investments	<u>19,500,050</u>	<u>19,500,050</u>	<u>-</u>	<u>-</u>
<u>Split-interest agreements</u>				
Exchange traded funds	776,775	776,775	-	-
Other gift annuity investments	60,747	-	-	60,747
Money market funds	9,461	9,461	-	-
Total split-interest agreements	<u>846,983</u>	<u>786,236</u>	<u>-</u>	<u>60,747</u>
Cash surrender value of life insurance	<u>179,161</u>	<u>-</u>	<u>-</u>	<u>179,161</u>
	<u>\$ 20,526,194</u>	<u>\$ 20,286,286</u>	<u>\$ -</u>	<u>\$ 239,908</u>

THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

Notes to Financial Statements

2. Fair Value Measurement (continued)

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments:</u>				
Publicly traded mutual funds	\$ 19,377,970	\$ 19,377,970	\$ -	\$ -
Treasury notes	259,825	259,825	-	-
Total investments	19,637,795	19,637,795	-	-
<u>Split-interest agreements</u>				
Exchange traded funds	948,207	948,207	-	-
Other gift annuity investments	75,751	-	-	75,751
Money market funds	10,164	10,164	-	-
Total split-interest agreements	1,034,122	958,371	-	75,751
Cash surrender value of life insurance	172,921	-	-	172,921
	\$ 20,844,838	\$ 20,596,166	\$ -	\$ 248,672

3. Split-Interest Agreements

Split-interest agreements consisted of the following at June 30:

	2022		2021	
	Asset	Liability	Asset	Liability
Charitable remainder annuity trust	\$ 786,236	\$ 145,721	\$ 958,371	\$ 170,623
Charitable gift annuities	60,747	6,770	75,751	8,610
	\$ 846,983	\$ 152,491	\$ 1,034,122	\$ 179,233

4. Endowment Funds

The Foundation's endowments consist of 69 individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as indicated in the statement of financial position.

The Foundation has utilized New York State's *Advice for Non-For-Profit Corporations on the Appropriation of Endowment Fund Appreciation* to develop its interpretation of the current requirements as they relate to endowment fund assets and the maintenance of historical dollar value (HDV) of individual endowments. In addition, the Foundation considers the New York Prudent Management of Institutional Funds Act (NYPMIFA) when New York implemented the regulations. In accordance with NYPMIFA regulations, the Foundation records all accumulated appreciation of endowment assets as net assets with

**THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.**

**Notes to Financial Statements**

**4. Endowment Funds** (continued)

donor restriction until the funds are appropriated for spending. Depreciation of endowment assets reduces net assets with donor restrictions to the extent unrealized gains have been accumulated and then reduces net assets without donor restriction. Under NYPMIFA guidelines, the Foundation, with donor approval, has the option to spend below the HDV of the individual endowments; however, it is the Foundation's interpretation is that it is prudent to maintain the HDV of all endowment funds and to attempt to maintain purchasing power of the donor-restricted endowment funds.

Should the market value of an individual endowment fund account fall below its HDV, unless the endowment grant specifically requests that the Foundation must at all times maintain HDV, the Foundation is not required to immediately replace any lost value below HDV. In the event that current value, as shown at the year-end annual reporting date does fall below HDV, it is the Foundation's intention to be mindful of the HDV, but to continue to spend funds unless requested otherwise by the donor. As of this date, no such requests have been made.

Under NYPMIFA, unless an endowment fund grant instrument specifically requires the Foundation to maintain the purchasing power of such fund, the Foundation is not charged with doing so.

An underwater endowment fund exists when the fair value is less than the original gift or less than the amount required to be maintained by the donor. The Foundation's policy on underwater endowment funds is to return the fund to the value required to be maintained by the donor. This is done by decreasing the approved spending by the amount needed to maintain the fund at the required donor level. The Foundation currently has no underwater endowment funds.

The changes in endowment net assets for the fiscal year ended June 30, 2022 and 2021 is as follows:

	2022	2021
	With Donor Restriction	With Donor Restriction
	<u>                    </u>	<u>                    </u>
Endowment net assets, beginning of year	\$ 7,135,671	\$ 5,857,902
Investment return:		
Investment income (net of fees)	77,765	59,483
Net appreciation (realized and unrealized)	<u>(1,054,427)</u>	<u>1,453,492</u>
Total investment appreciation	<u>(976,662)</u>	<u>1,512,975</u>
Contributions	1,204,816	67,897
Transfers from donor-advised funds	7,800	9,922
Appropriation of endowment assets for expenditure	<u>(441,367)</u>	<u>(313,025)</u>
Endowment net assets, end of year	<u>\$ 6,930,258</u>	<u>\$ 7,135,671</u>

# THE JEWISH COMMUNITY FOUNDATION OF CENTRAL NEW YORK, INC.

## Notes to Financial Statements

---

### 4. **Endowment Funds** (continued)

The Foundation classifies the funds as net assets with donor restrictions, which includes (a) the original value of the gifts donated to the fund, (b) any additional future gifts to the fund, and (c) accumulation of unrealized and realized gains and losses on the underlying investments.

#### **Return Objectives and Risk Parameters**

The Foundation has adopted an investment policy for the endowment funds that seeks to maintain the purchasing power of the funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Foundation.

#### **Strategies Employed for Achieving Objectives**

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

### 5. **Commitment**

The Foundation receives monies to be invested on behalf of various nonprofit agencies for which the Foundation receives a fee. These funds, which approximate \$7,011,000 and \$6,441,000 at June 30, 2022 and 2021, respectively. These are recorded as an investment asset and corresponding liability on the accompanying statement of financial position.

### 6. **Concentrations of Credit Risk**

The Foundation has cash balances at financial institutions located in Central New York. Accounts at these institutions are insured up to the Federal Deposit Insurance Corporation limits.

### 7. **Related Party**

The President/CEO of the Jewish Federation of Central New York, Inc. (the Federation), which has investments in a pooled endowment fund administered by the Foundation, also serves as the Executive Director (and non-voting member) on the Board of the Foundation. Two voting board members of the Federation are also voting board members on the Board of the Foundation. In addition, two employees of the Federation provide accounting and administrative services to the Foundation for a fee which is then reimbursed to the Federation.

### 8. **Subsequent Events**

Management has evaluated subsequent events through November 17, 2022, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure within these financial statements.