JEWISH COMMUNITY FOUNDATION OF GREATER METROWEST N.J., INC.
Consolidated Financial Statements
June 30, 2023 and 2022
With Independent Auditor's Report

Jewish Community Foundation of Greater MetroWest N.J., Inc.
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June 30, 2023 and 2022

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Jewish Community Foundation of Greater MetroWest N.J., Inc.:

Opinion

We have audited the consolidated financial statements of Jewish Community Foundation of Greater MetroWest N.J., Inc. (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jewish Community Foundation of Greater MetroWest N.J., Inc. as of June 30, 2023 and 2022, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

WithumSmith+Brown, PC

December 22, 2023

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 7,902,972	$ 20,075,370
Restricted cash held in investment pool	28,763,436	205,653,196
Contributions receivable, current portion	60,500	26,000
Loans receivable, current portion	129,300	146,700
Loan participation interest receivable, current portion	-	2,000,000
Other current assets	753,525	569,060
Total current assets	37,609,733	228,470,326
Property and equipment, net	2,508,560	2,543,119
Other assets		
Investments, net of restricted cash held in investment pool	492,913,122	435,407,438
Contributions receivable, net of current portion	56,000	45,000
Loans receivable, net of current portion	892,000	1,013,000
Loan participation interest receivable, net of current portion	67,139,328	61,934,187
Cash surrender value of life insurance, net	7,692,183	7,696,880
Property and equipment, held for rental, net	314,768	331,361
Total other assets	569,007,401	506,427,866
Total assets	$ 609,125,694	$ 737,441,311
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 804,360	$ 623,107
Grants payable, current portion	10,458,059	11,784,228
Split interest agreements payable, current portion	237,833	189,524
Due to affiliated organizations, current portion	216,978	81,763
Other current liabilities	65,000	-
Deferred revenue	8,222	8,222
Total current liabilities	11,790,452	12,686,844
Long-term liabilities		
Grants payable, net of current portion and discount	21,934,968	23,284,026
Deferred revenue, net of current portion	1,276,325	1,284,547
Split interest agreements payable, net of current portion	1,295,139	1,010,991
Due to affiliated organizations, net of current portion	111,178,466	103,457,369
Due to other organizations	42,941,649	41,017,758
Total long-term liabilities	178,626,547	170,054,691
Total liabilities	190,416,999	182,741,535
Net assets		
Without donor restrictions	304,457,397	481,445,572
With donor restrictions	114,251,298	73,254,204
Total net assets	418,708,695	554,699,776
Total liabilities and net assets	$ 609,125,694	$ 737,441,311

The Notes to Consolidated Financial Statements are an integral part of these statements.

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and revenues						
Contributions	$ 23,456,751	$ 30,003,005	$ 53,459,756	$ 242,500,727	$ 3,775,175	$ 246,275,902
Bequests	1,391,164	-	1,391,164	-	-	-
Rental income	2,579,273	-	2,579,273	2,562,829	-	2,562,829
Investment return, net	36,155,591	9,239,974	45,395,565	(30,793,042)	(3,093,172)	(33,886,214)
Administrative fee revenue	1,027,771	-	1,027,771	984,413	-	984,413
Allocation of investment return to managed funds of affiliated and other organizations	(13,679,271)	-	(13,679,271)	6,331,969	-	6,331,969
Valuation allowances	24,302	(587,648)	(563,346)	(27,060)	(90,200)	(117,260)
	50,955,581	38,655,331	89,610,912	221,559,836	591,803	222,151,639
Net assets released due to satisfaction of purpose and time restrictions	3,333,237	(3,333,237)	-	4,426,531	(4,426,531)	-
	54,288,818	35,322,094	89,610,912	225,986,367	(3,834,728)	222,151,639
Expenses						
Program services	74,121,260	-	74,121,260	54,536,247	-	54,536,247
Management and general	1,882,406	-	1,882,406	1,822,130	-	1,822,130
Fundraising	462,199	-	462,199	410,171	-	410,171
	76,465,865	-	76,465,865	56,768,548	-	56,768,548
Changes in net assets from operating activities	(22,177,047)	35,322,094	13,145,047	169,217,819	(3,834,728)	165,383,091
Non-operating activities						
Reclassification due to change in donor designation	(5,675,000)	5,675,000	-	(21,400,000)	21,400,000	-
Transfer of assets due to closure of donor advised fund	(149,136,128)	-	(149,136,128)	-	-	-
Changes in net assets	(176,988,175)	40,997,094	(135,991,081)	147,817,819	17,565,272	165,383,091
Net assets						
Beginning of year	481,445,572	73,254,204	554,699,776	333,627,753	55,688,932	389,316,685
End of year	$ 304,457,397	$ 114,251,298	$ 418,708,695	$ 481,445,572	$ 73,254,204	$ 554,699,776

The Notes to Consolidated Financial Statements are an integral part of these statements.

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating activities		
Changes in net assets	$(135,991,081)	$ 165,383,091
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation (operating and rental assets)	51,152	401,876
Change in cash surrender value of life insurance	4,697	(40,939)
Present value adjustment on grants payable	1,250,941	(778,589)
Net realized and unrealized (gains) losses on investments	(27,495,299)	48,044,138
Endowment contributions	(31,529,549)	(24,992,198)
Changes in assets and liabilities		
Contributions receivable	(45,500)	(7,668)
Other current assets	(184,465)	(81,467)
Accounts payable and accrued expenses	181,253	38,804
Grants payable	(3,926,168)	(2,470,488)
Split interest agreements payable	332,457	(181,886)
Due to affiliated organizations	7,856,312	(10,023,169)
Other current liabilities	65,000	-
Deferred revenue	(8,222)	(8,222)
Due to other organizations	1,923,891	3,452,543
Net cash (used in) provided by operating activities	(187,514,581)	178,735,826
Investing activities		
Payments received on loans receivable	138,400	130,600
Purchase of investments	(145,567,307)	(224,636,497)
Sale of investments	115,556,922	245,167,433
Investment in loan participation interest receivable	(3,205,141)	(35,238,614)
Net cash used in investing activities	(33,077,126)	(14,577,078)
Financing activity		
Endowment contributions	31,529,549	24,992,198
Net cash provided by financing activity	31,529,549	24,992,198
Net change in cash, cash equivalents and restricted cash	(189,062,158)	189,150,946
Cash, cash equivalents and restricted cash		
Beginning of year	225,728,566	36,577,620
End of year	$ 36,666,408	$ 225,728,566

The Notes to Consolidated Financial Statements are an integral part of these statements.

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023				2022			
	Program	**Management and General**	**Fundraising**	**Total**	**Program**	**Management and General**	**Fundraising**	**Total**
Salaries	$ 775,955	$ 849,856	$ 221,702	$ 1,847,513	$ 690,304	$ 756,047	$ 197,230	$ 1,643,581
Payroll taxes and fringe benefits	135,913	148,857	38,833	323,603	133,665	146,395	38,190	318,250
Grant expense	72,452,417	-	-	72,452,417	52,698,764	-	-	52,698,764
Office expense	266,057	291,396	76,017	633,470	255,184	279,487	72,910	607,581
Consultants	88,432	96,854	25,266	210,552	64,793	70,964	18,512	154,269
Occupancy expense	32,453	35,544	9,272	77,269	38,317	41,966	10,948	91,231
Travel and related expenses	17,820	19,517	5,091	42,428	5,843	6,400	1,669	13,912
Depreciation	51,152	-	-	51,152	401,876	-	-	401,876
Unrelated business income tax	-	110,648	-	110,648	-	249,798	-	249,798
Miscellaneous	301,061	329,734	86,018	716,813	247,501	271,073	70,712	589,286
	$ 74,121,260	$ 1,882,406	$ 462,199	$ 76,465,865	$ 54,536,247	$ 1,822,130	$ 410,171	$ 56,768,548

The Notes to Consolidated Financial Statements are an integral part of these statements.

1. NATURE OF ACTIVITY

Jewish Community Foundation of Greater MetroWest N.J., Inc. (the “Foundation”), a wholly owned subsidiary of the Jewish Federation of Greater MetroWest N.J. (“Federation”), was incorporated in 1949 as a New Jersey not-for-profit corporation. The Foundation’s primary function is to receive, administer and allocate funds and property for Federation and its beneficiary agencies. The Foundation operates a bequest and endowment program which conducts educational and promotional activities for the development of funds for capital purposes and special projects, and a philanthropic fund which promotes the philanthropic interests and activities of Federation through the grant making process. The Foundation is comprised of 808 individual funds. In addition, the Foundation holds and invests funds for the benefit of other affiliated and non-affiliated organizations. Investments by affiliated and non-affiliated organizations in certain funds administered by the Foundation are subject to significant withdrawal restrictions. The Foundation and Federation are related organizations, affiliated by means of overlapping Boards of Trustees and management. A substantial portion of the Foundation’s revenue is derived from contributions and investment earnings.

There are nine and ten supporting foundations of the Foundation at June 30, 2023 and 2022, respectively, which support the charitable activities of the Foundation. These supporting organizations are included in the accompanying consolidated financial statements and are included in net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include Jewish Community Foundation of Greater MetroWest N.J., Inc. and its supporting foundations, all of which are affiliated by means of overlapping Boards of Trustees control and management. Collectively, the organizations are hereafter referred to in this report as “the Foundation.” All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Foundation’s resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions: Net assets include expendable resources that are used to carry out the Foundation’s operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Foundation or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of the Foundation or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Releases of net assets with donor restrictions which include either the satisfaction of a donor requirement or the passage of time are reported as net assets released from restrictions in the consolidated statements of activities and changes in net assets.

Measure of Operations

The accompanying consolidated statements of activities and changes in net assets distinguish between operating and non-operating activities. Operating activities include all revenues and expenses that are an integral part of Foundations programs and supporting activities. Non-operating activities include other reclassifications and transfers that are considered to be outside of regular operating activities.

Revenue and Support Recognition and Related Receivable

Contributions and Receivables

The Foundation recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. The Foundation's governing documents further provide that, absent contrary directions given in the transferring instrument regarding the use of principal, all, or part of the principal of any fund may be used subject to certain conditions, including approval of the Board of Trustees. Therefore, such contributions are reported as assets without donor restrictions. Bequests are recognized when the respective will has been declared valid. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Donated securities, equipment and works of art are recorded at fair value on the date of donation.

Contribution receivables are recorded at fair value upon notification of the contribution. It is the policy of management to review the outstanding receivable periodically, as well as the receivable write offs experienced in the past, and establish an allowance for uncollectible receivables based on a four-year historical average, adjusted by management's estimates of current economic factors. Contributions with expected collection past 1 year are discounted at net present value based on risk-free rates as of the date of the contribution.

Cash, Cash Equivalents and Restricted Cash

The Foundation considers all highly liquid debt instruments with a maturity of three months or less at time of purchase to be cash equivalents. Such instruments consist primarily of certificates of deposit and money market funds which are recorded at cost, which approximates fair value. Amounts included in restricted cash held in investment pool represent donor and custodial funds held for either investment or for philanthropic use at the direction of the donors. Withdrawals are subject to restrictions based on the contract terms for the custodial funds held for others and for donor funds. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows as of June 30:

	2023	2022
Cash and cash equivalents	$ 7,902,972	$ 20,075,370
Restricted cash held in investment pool	28,763,436	205,653,196
Total cash, cash equivalents and restricted cash shown in consolidated statements of cash flows	$ 36,666,408	$ 225,728,566

Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the consolidated statements of financial position or published net asset values for alternative investments with characteristics similar to a mutual fund. Other alternative investments (nontraditional, not readily marketable vehicles), such as certain limited partnerships, hedge funds, private equity, alternative hedged strategies, and real assets are reported at net asset value, as a practical expedient for estimated fair value, as provided by the investment managers of the respective funds. Money market funds consist of cash and cash equivalents and are shown as restricted cash in the consolidated statements of financial position. Investments other than the money market funds shown in restricted cash are shown as long-term based on withdrawal restrictions noted in the fund agreements and the long-term donative intent of the philanthropic funds and management has no intent to utilize these funds during the subsequent year. Donated investments are recorded at the fair value at the date of receipt. Certain investment pools include withdrawal restrictions that limit the amount of withdrawals to 25% of the fund holder’s balance annually, subject to board approval.

Investment Return, Net

Investment return, net includes realized and unrealized gains and losses on investments and interest and dividends net of investment fees and is included in assets without donor restrictions unless the income or loss is restricted by donor or law. Except for those funds which have specifically identified investments associated with them, the majority of the investments are held in pooled funds at the Foundation. Each fund is assigned a unit value, and its ownership interest is based on the allocation of the fair value of the fund’s units to the total fair value of the investment pool. The pools are revalued monthly and income and gains or losses are allocated to each fund based on its units.

Loans Receivable

The Foundation carries its loans receivable at net realizable value. The Foundation evaluated the loans receivable and determined no loss allowance is required as of June 30, 2023 and 2022.

Property, Equipment and Depreciation

Property and equipment purchases are recorded at cost, except for donated items, which are recorded at fair value on the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports the expiration of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred.

The depreciable years utilized by major asset categories are as follows:

Description	Estimated Life (Years)
Buildings	40
Building improvements	30
Furniture and equipment	5-10

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment of long-lived assets, the Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that there was no impairment for the periods presented in these consolidated financial statements.

Cash Surrender Value of Life Insurance

The Foundation is the owner of certain life insurance policies from various donors who have named the Foundation as the beneficiary. These policies are valued at their cash surrender value.

Grants and Grants Payable

Grants are recorded when approved by the Board of Trustees. The Foundation recognizes grants made, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met. Grants payable are recorded at fair value at the date the promise is made to the recipient organization as established by the Foundation. Grants payable that are expected to be paid after one year are discounted at a risk-free interest rate when material and amortization of the discount is included in grant expenses.

Split Interest Agreements

Split-interest agreements consist of charitable gift annuities and charitable remainder unitrusts. Such split-interest agreements provide for payments to the donors, and/or their beneficiaries based upon either the income earned on related investments, or the specified annuity amounts. Assets held under these arrangements are reported at fair value in the accompanying consolidated statements of financial position. Contribution revenue is recognized at the date of the trust, or the annuity contract are established, and liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimate of future payments.

Functional Expenses

Expenses are reported in the consolidated statements of functional expenses based on the nature and function of the expenses as a program service or supporting function. The Foundation incurs expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Grants are directly charged to program expense. Salaries are allocated based on time spent in each of the functional categories for each employee. Fringe benefits and other administrative costs are allocated using the weighted average of salaries in each category.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include the valuation of split-interest agreements, investments at net asset value, investments in loan participation receivables, allowance for uncollectible accounts, cash surrender value of life insurance and grants payable. It is reasonably possible that these estimates could change in the near future.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for federal or state income taxes has been recorded in the consolidated statements of activities and changes in net assets other than for unrelated business income tax, which is due based on pass-through taxable income received from investments in alternative investments, which amounted to $110,648 and $249,798 for the years ended June 30, 2023 and 2022, respectively. Management has determined that there are no uncertain tax positions at the Foundation at June 30, 2023 and 2022. In addition, the Foundation did not have any income tax related penalties or interest for the periods reported in these consolidated financial statements.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform with the presentation in the current year consolidated financial statements. The reclassifications had no effect on the changes in net assets.

New Accounting Pronouncements Adopted in the Current Year

In February 2016, the Financial Accounting Standards Board issued an Accounting Standards Update amending the accounting for leases, which requires the recognition of a "right to use" asset and a lease liability, measured at the present value of the lease payments, on the statement of financial position for all of the Foundation's lease obligations. The Foundation adopted the new standard effective July 1, 2022, using the modified retrospective approach and the implementation of this standard did not have an effect on the consolidated financial statements and related disclosures.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30:

	2023
Contributions receivable	
Due within one year	$ 60,500
One to five years	777,500
	838,000
Less: Allowance for uncollectible amounts	(721,500)
Contributions receivable, net	$ 116,500

4. LOANS RECEIVABLE

Loans receivable consisted of the following at June 30:

	2023
NJY Camps, 10-year non-interest bearing unsecured loan of $1,000,000 commenced on July 31, 2020. The principal sum of this loan shall be repaid in 10 installments of $50,000 - $120,000 based on the loan agreement.	$ 875,000
Jewish Community Centers of MetroWest, 5-year non-interest bearing loan of $150,000 commenced on December 7, 2020. The principal sum of this loan shall be repaid in 5 equal installments of $30,000 commencing December 7, 2021. This loan is secured by a personal guarantee.	90,000
Jewish Community Centers of MetroWest, 5-year non-interest bearing loan of $80,000 commenced on December 7, 2020. The principal sum of this loan shall be repaid in 5 equal installments of $16,000 commencing December 7, 2021. This loan is secured by a personal guarantee.	48,000
employee, commenced in May 2015 with no specific payment terms.	8,300
	1,021,300
Less: Amounts due within one year	(129,300)
Loans receivable, net of current portion	$ 892,000

Maturities of loans receivable as of June 30, 2023, are as follows:

2024	$ 129,300
2025	146,000
2026	146,000
2027	120,000
2028	120,000
Thereafter	360,000
	$ 1,021,300

5. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditures are as follows for the years ended June 30:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 7,902,972	$ 20,075,370
Restricted cash held in investment pool	28,763,436	205,653,196
Contributions receivable, current portion	60,500	26,000
Loans receivable, current portion	129,300	146,700
	36,856,208	225,901,266
Less: Restricted cash with donor restrictions	(23,211,457)	(199,158,060)
Total financial assets and liquidity resources available within one year	$ 13,644,751	$ 26,743,206

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statements of financial position date. Additionally, grants that are authorized and paid from donor advised and other restricted funds in the subsequent year would be funded from the related restricted cash or other long-term investments and not from the financial assets noted above.

6. FAIR VALUE MEASUREMENTS

The Foundation has provided fair value disclosure information for relevant assets in these consolidated financial statements. For applicable assets, the Foundation values such assets using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Foundation values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Foundation develops measurement criteria based on the best information available (Level 3).

There were no transfers into or out of Level 3 into investments during the years ended June 30, 2023 and 2022. Purchases of Level 3 investments totaled $98,502 and $2,965,009 for the years ended June 30, 2023 and 2022, respectively.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Common stocks (equities) - valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and State of Israel bonds - valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Money market and mutual funds - valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held are deemed to be actively traded.

U.S. Treasury obligations and U.S. government agency investments - The fair value of government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest rate yield curves, similar to the bond in terms of issuer, maturity, and seniority. Government bonds are generally categorized in Level 1 or Level 2 of the fair value hierarchy.

The Foundation invests in alternative investment strategies (other than traditional long-only purchases of stocks or bonds) for the purposes of diversifying the market exposure of the investment portfolios, reducing volatility and/or enhancing the overall return. Alternative investments may include investment managers, partnerships or other similar vehicles investing (long and/or short) in domestic and international securities, venture capital investments, hedge funds, private equity, high yield and distressed securities and loans, commodities, gold, oil and gas interests, real estate, and derivative instruments. Certain alternative investments are classified within Level 3 of the fair value hierarchy because they trade infrequently and therefore have little or no price transparency.

Certain of the Foundation's investment in private investment companies are measured using net asset value ("NAV") per share as a practical expedient and are therefore not categorized within the fair value hierarchy. Investments in private investment companies are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying private investment companies, without adjustment, when the net asset valuations of the investments are calculated in a manner consistent with GAAP for investment companies. The Foundation applies the practical expedient to its investments in private investment companies on an investment-by-investment basis.

The following tables summarize the assets which have been accounted for at fair value on a recurring basis as of June 30, 2023 and 2022, along with the basis for the determination of fair value as follows:

	2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 28,763,436	$ 28,763,436	$ -	$ -
Equities				
Materials	482,500	482,500	-	-
Industrials	7,813,443	7,813,443	-	-
Telecommunications services	6,537,233	6,537,233	-	-
Consumer discretionary	7,735,283	7,735,283	-	-
Consumer staples	761,671	761,671	-	-
Energy	3,226,815	3,226,815	-	-
Financial	14,505,047	14,505,047	-	-
Healthcare	6,646,216	6,646,216	-	-
Information technology	10,387,750	10,387,750	-	-
Utilities	399,272	399,272	-	-
Real estate	11,389,767	11,389,767	-	-
Mutual funds				
Domestic equity mutual funds	73,900,504	73,900,504	-	-
International equity mutual funds	65,055,225	65,055,225	-	-
Global fund	1,518,201	1,518,201	-	-
International fixed income	19,980,902	19,980,902	-	-
Corporate bonds				
AAA - A ratings	17,577,051	-	17,577,051	-
BBB - B- ratings	5,527,056	-	5,527,056	-
CAA ratings	10,697,149	-	10,697,149	-
State of Israel bonds (b)	5,867,477	-	5,867,477	-
U.S. Treasury obligations	39,382,649	39,382,649	-	-
U.S. government agencies	228	-	228	-
Alternative investments				
Multi-strategy (c)	2,518,331	-	-	2,518,331
Private equity (d)	1,024,140	-	-	1,024,140
Real estate (e)	92,882	-	-	92,882
Other (g)	2,398,798	-	-	2,398,798
	344,189,026	$ 298,485,914	$ 39,668,961	$ 6,034,151
Investments measured at NAV (1)	177,487,532			
	$ 521,676,558			
Cash surrender value, life insurance	$ 7,692,183	$ -	$ -	$ 7,692,183

	2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 205,653,196	$ 205,653,196	$ -	$ -
Equities				
Materials	452,228	452,228	-	-
Industrials	6,574,884	6,574,884	-	-
Telecommunications services	6,453,783	6,453,783	-	-
Consumer discretionary	8,282,083	8,282,083	-	-
Consumer staples	960,313	960,313	-	-
Energy	2,371,032	2,371,032	-	-
Financial	14,019,549	14,019,549	-	-
Healthcare	6,355,967	6,355,967	-	-
Information technology	10,731,853	10,731,853	-	-
Utilities	513,251	513,251	-	-
Real estate	10,869,757	10,869,757	-	-
Mutual funds				
Domestic equity mutual funds	38,229,193	38,229,193	-	-
International equity mutual funds	45,729,948	45,729,948	-	-
Global fund	2,717,288	2,717,288	-	-
International fixed income	9,436,962	9,436,962	-	-
Corporate bonds				
AAA - A ratings	21,048,532	-	21,048,532	-
BBB - B- ratings	5,029,636	-	5,029,636	-
CAA ratings	10,479,322	-	10,479,322	-
State of Israel bonds (b)	4,946,635	-	4,946,635	-
U.S. Treasury obligations	36,176,134	36,176,134	-	-
U.S. government agencies	164,727	-	164,727	-
Alternative investments				
Multi-strategy (c)	2,395,947	-	-	2,395,947
Private equity (d)	1,420,436	-	-	1,420,436
Real estate (e)	141,489	-	-	141,489
Other (g)	4,956,762	-	-	4,956,762
	456,110,907	$ 405,527,421	$ 41,668,852	$ 8,914,634
Investments measured at NAV (1)	185,246,727			
	$ 641,357,634			
Cash surrender value, life insurance	$ 7,696,880	$ -	$ -	$ 7,696,880

(1) In accordance with FASB ASC 820-10, certain investments that are measured at fair value using the NAV (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following table lists the investments by class and investment strategy at June 30:

	2023			2022		
Strategies	**# of Funds**	**Valuation**	**Unfunded Commitments**	**# of Funds**	**Valuation**	**Unfunded Commitments**
Multi-asset strategy (h)	4	$ 20,884,511	$ 1,716,249	5	$ 39,301,132	$ 276,250
Multi-strategy (c)	5	49,068,840	824,182	5	46,095,127	1,144,946
Private equity (d)	16	35,104,791	12,347,360	13	30,783,936	7,078,341
Real estate (e)	17	28,999,424	15,243,941	17	27,588,145	4,321,356
Natural resources (f)	4	5,215,527	823,863	5	6,300,185	64,500
Private equity - long (a)	1	14,058,590	-	1	15,033,288	-
Private equity - long (i)	1	10,597,722	-	1	9,477,508	-
Private equity - long (j)	1	7,486,240	-	1	5,056,326	-
Private equity - long (k)	1	6,071,887	-	1	5,611,080	-
		$ 177,487,532	$ 30,955,595		$ 185,246,727	$ 12,885,393

a) Large cap funds with long only strategy focused on domestic markets. The investments are redeemable monthly at a NAV calculated on a monthly basis.

b) State of Israel bonds are backed by a 70-year record of dependability and Israel has never defaulted on the payment of principal or interest. The bonds all have maturity dates through June 2026. The Foundation intends to hold the bonds until maturity.

c) The multi-strategy funds are funds of funds and directly held funds which in aggregate represent a number of underlying funds covering a wide array of investment strategies. Approaches include public and private equity, long/short equity and debt strategies, credit arbitrage and active fixed income investing. The investment is redeemable semi-annually with a notice of 95 days.

d) Private equity assets invest in various companies and some debt securities, both domestic and international. The partnerships have a remaining legal life span of two to twelve years with no redemption rights for the Limited Partners. Liquidity is expected in the form of distributions from the funds when the underlying assets are sold. The majority of the capital calls are expected within two to six years and return of capital is anticipated in one to twelve years.

e) Real estate assets are investments in private real asset funds which invest in office, hotel, commercial, residential, and industrial real estate. The funds have a remaining legal life span of two to ten years with no redemption rights for Limited Partners. The majority of the capital calls are expected within two to four years and return of capital is anticipated in one to ten years.

f) Natural resources assets are investments in oil and natural gas and other natural resources-related industries. The funds have a remaining legal life span of one to ten years with no redemption rights for Limited Partners. The majority of the capital calls are expected within two to four years and return of capital is anticipated in one to seven years.

g) Other assets are investments in limited partnerships holding real estate assets. There is currently no market for the underlying assets and sales are not expected in the near future.

h) Multi-asset strategy seeks to achieve a total return that over a majority of market cycles exceeds inflation plus 5% per annum. Underlying investments include global equities, domestic equities, fixed income, private equities and publicly traded limited partnerships. The investment is redeemable daily with a NAV calculated on a daily basis.

i) All cap funds with long strategy focused on international markets. These investments are redeemable monthly with 30 days' notice at a NAV calculated on a monthly basis.

j) Open ended fund with an objective to achieve long-term total return through investments in equity securities of emerging-market companies that are undervalued at time of purchase. The investment is redeemable daily at a NAV calculated on a daily basis.

k) International small cap fund focused on long-term absolute returns. The investment is redeemable monthly with 10 days' notice at a NAV calculated on a monthly basis.

Investment return, net consisted of the following at June 30:

	2023	2022
Interest and dividend income	$ 19,494,320	$ 15,840,359
Realized gains	4,482,905	32,123,521
Unrealized gains (losses)	23,012,394	(80,167,659)
	46,989,619	(32,203,779)
Investment fees	(1,594,054)	(1,682,435)
Investment return, net	$ 45,395,565	$ (33,886,214)

7. LOAN PARTICIPATION INTEREST RECEIVABLE

The Foundation holds investments in loans to outside parties that are recorded at net realizable value. The loans earn interest at rates between 10% to 15% with maturity dates from September 2024 to December 2027. The balances as of June 30, 2023 and 2022, are $67,139,328 and $63,934,187, respectively.

8. PROPERTY AND EQUIPMENT

Property and equipment, as of June 30, consisted of the following:

	2023	2022
Land	$ 2,140,049	$ 2,140,049
Building and improvements	17,007,417	17,007,417
Furniture and equipment	1,286,643	1,286,643
Works of art	315,000	315,000
Transportation equipment	16,192	16,192
	20,765,301	20,765,301
Less: Accumulated depreciation	(18,256,741)	(18,222,182)
	$ 2,508,560	$ 2,543,119

Depreciation expense on these assets totaled $34,559 and $311,885 for the years ended June 30, 2023 and 2022, respectively.

9. PROPERTY AND EQUIPMENT HELD FOR RENTAL

The Foundation owns several properties which are rented to beneficiary organizations. These properties consisted of the following at June 30:

	2023	2022
Land	$ 283,454	$ 283,454
Building and improvements	20,432,193	20,432,193
Furniture and equipment	1,002,472	1,002,472
	21,718,119	21,718,119
Less: Accumulated depreciation	(21,403,351)	(21,386,758)
	$ 314,768	$ 331,361

Depreciation on these assets totaled $16,593 and $89,991 for of the years ended June 30, 2023 and 2022, respectively.

The Foundation is currently under the process to transfer the title of land to Daughters of Israel, Inc. ("DOI"), a beneficiary agency. The land has a cost of approximately $110,000 and is located in West Orange, NJ. There is a restriction requiring that the land be used by DOI (or its successor) for Jewish communal purposes, or otherwise the appraised value of the land at the time of transfer will need to be paid to the Foundation. The anticipated closing date is subject to zoning approvals from the Township of West Orange.

10. GRANTS PAYABLE

The Foundation has made grant commitments to certain nonprofit organizations as of June 30, as follows:

	2023	2022
Total grant commitments	$ 37,044,726	$ 40,970,894
Less: Discount to present value at a rate of 6%	4,651,699	5,902,640
	32,393,027	35,068,254
Less: Amounts payable in subsequent fiscal year	(10,458,059)	(11,784,228)
Amounts payable in future fiscal years	$ 21,934,968	$ 23,284,026

Future payments as of June 30, 2023, are as follows:

2024	$ 10,458,059
2025	6,257,861
2026	4,479,649
2027	3,131,780
2028	2,162,416
Thereafter	5,903,262
	$ 32,393,027

11. SPLIT INTEREST AGREEMENTS

The Foundation administers various split interest agreements which provide for the payment of distributions to the grantor or other designated beneficiaries over the agreements' terms (usually the designated beneficiary's lifetime). At the end of the agreements' terms, the remaining assets are available for the Foundation's use. The portion of the agreement attributable to the future interest of the Foundation is recorded in the consolidated statements of activities and changes in net assets as a contribution with donor restrictions in the period the trust is established.

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using applicable mortality tables and a discount rate of 6% to 8% based on the nature of the agreements. The present value of the future obligation for split interest agreements at June 30, 2023 and 2022, was $1,532,972 and $1,200,515, respectively. Assets, included in long-term investments, related to these agreements at June 30, 2023 and 2022, total $2,593,580 and $1,619,710, respectively. The change in the present value of estimated future payments of $587,648 and $90,200 is included in the valuation allowance in the consolidated statements of activities and changes in net assets for the years ended June 30, 2023 and 2022, respectively.

12. DEFERRED REVENUE

During the year ended June 30, 2000, the Foundation entered into a land lease agreement for $1,480,000, with Jewish Community Housing Corporation, Inc. ("JCHC"). The lease is for an initial period of 80 years with a renewal option for an additional 100 years. Under the terms of a 2005 amendment to the lease, JCHC was required to pay the Foundation $1,250,000 of the original $1,480,000 immediately. The remaining $230,000 of the original lease payment has been paid as of June 30, 2011.

At June 30, 2023 and 2022, JCHC had prepaid the ground lease in the amounts of $1,284,547 and $1,292,769, respectively, as shown in the consolidated statements of financial position as deferred revenue. This amount is being charged off to rental income at the rate of $8,222 per annum. For each of the years ended June 30, 2023 and 2022, there were no amounts for contingent rents paid or accrued based on the calculation of cash flow as defined, and accrued balances were offset against deferred revenue.

13. AFFILIATION AND RELATED PARTY TRANSACTIONS

The Foundation's primary function is to receive, invest, administer, and allocate funds for the purposes of Federation and its beneficiary agencies. Funds invested for beneficiary agencies are reflected as long-term investments on the consolidated statements of financial position because there are notice restrictions to withdraw the funds. As a related organization due to common boards and management, the Foundation is subject to all of the rights, privileges, obligations, and limitations as specified in the by-laws of Federation. The Foundation has the joint cost sharing of certain expenditures and participates in pension and benefit plans administered by Federation. Other beneficiary agencies of Federation are entitled to participate in the services provided by the Foundation.

At June 30, certain amounts are due to affiliated and related organizations as follows:

	2023	2022
Jewish Federation of Greater MetroWest New Jersey, Inc.	$ 89,807,127	$ 84,375,050
Jewish Vocational Service of MetroWest, Inc.	523,071	520,520
Daughters of Israel, Inc.	13,592,765	11,387,052
Jewish Community Center of MetroWest, Inc.	2,347,483	2,332,226
Jewish Family Service of MetroWest, Inc.	4,644,614	4,590,573
Jewish Service for the Developmentally Disabled, Inc.	229,479	209,169
Jewish Community Housing Corporation, Inc.	33,927	42,779
Reimbursement of expenses to Federation	216,978	81,763
Total due to affiliated organizations	111,395,444	103,539,132
Less: Current portion	216,978	81,763
Due to affiliated organizations, net of current portion	$ 111,178,466	$ 103,457,369

Contributions from members of the Board of Trustees for the years ended June 30, 2023 and 2022, totaled approximately $2,680,800 and $5,020,000, respectively. Contributions from two board members and one board member for the years ended June 30, 2023 and 2022, represent 78% and 60%, respectively, of the total received from board members. Refer to Notes 15 and 21 for other related party transactions.

14. DUE TO OTHER ORGANIZATIONS

Amounts due to other organizations totaling $42,941,649 and $41,017,758 at June 30, 2023 and 2022, respectively, represent funds provided to the Foundation by unrelated, non-beneficiary agencies to be invested. The funds invested and investment earnings allocable to these funds are recorded as a liability in the consolidated statements of financial position. These funds are invested in the various pools offered by the Foundation based on instructions received from the investors pursuant to written agreements. Certain investment pools allow the investors to withdraw funds with relatively short notice (on demand) while other investment pools place significant restrictions on an investor’s ability to withdraw funds (over several years). All investments related to the funds provided by these investors, as well as the related liabilities, are reflected as non-current in the consolidated statements of financial position.

15. LEASES

The Foundation leases commercial property to Daughters of Israel, Inc. under an operating lease which expires in June 2025. Rental income under this lease was $2,562,829 for each of the years ended June 30, 2023 and 2022, and is included in rental income with other short-term rentals. Future minimum rentals under this lease through June 30, 2025, are as follows:

2024	$ 2,562,829
2025	2,562,829
	$ 5,125,658

16. BENEFIT PLANS

The Foundation participated in a multiple employer defined benefit retirement plan (the "Plan") which is administrated by Federation. The Foundation was not considered a separate participating employer under the Plan.

The Foundation participates in a multiple employer post-retirement medical benefits plan (the "Medical Plan") which is also administered by Federation. The Foundation is not considered a separate participating employer under the Medical Plan. The Medical Plan provides subsidized medical and pharmaceutical benefits for full-time employees and pro rata benefits for part-time employees who retire after age 55 having completed 20 years of service by December 31, 2006, or employees who have completed 10 years of service and are age 62 before April 1, 2004, and who retired before December 31, 2006. The Foundation's contribution of $8,248 and $7,569 to the Medical Plan was made as part of Federation's contribution for the years ended June 30, 2023 and 2022, respectively.

Federation offers a pre-tax cafeteria payroll withholding plan to all full-time and part-time employees and beneficiary agency employees who work a minimum of 20 hours per week, on a pro rata basis. These withholdings are allowed to cover health care expenses not covered under the medical plans, the employee's share of medical premiums, and dependent care expenses. All monies withheld and not utilized under the plan are forfeited.

Federation also administers a 403-B tax deferred annuity plan for its employees and affiliated agency employees which permits employees to contribute on a deferred tax basis amounts up to the maximum annual contribution as permitted by law.

17. NET ASSETS

Net assets consisted of the following at June 30:

	2023		
Detail of Net Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating	$ 304,457,397	$ -	$ 304,457,397
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	-	46,058,301	46,058,301
Contributions receivable	-	116,500	116,500
Restricted by donors in accordance with charitable remainder unitrust and annuity agreements and charitable gift annuity agreements	-	2,593,580	2,593,580
Endowment	-	65,482,917	65,482,917
	$ 304,457,397	$ 114,251,298	$ 418,708,695

	2022		
Detail of Net Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating	$ 481,445,572	$ -	$ 481,445,572
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	-	42,548,108	42,548,108
Contributions receivable	-	71,000	71,000
Restricted by donors in accordance with charitable remainder unitrust and annuity agreements and charitable gift annuity agreements	-	1,619,710	1,619,710
Endowment	-	29,015,386	29,015,386
	$ 481,445,572	$ 73,254,204	$ 554,699,776

Net assets released from donor-imposed restrictions consisted of the following for the years ended June 30:

	2023	2022
Purpose restriction		
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	$ 3,333,237	$ 4,426,531

Endowment Funds

The Foundation's endowment consists of approximately 30 individual donor-restricted endowment funds established for a variety of purposes.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") provides guidance on the maintenance and spending of endowment funds. UPMIFA provides guidelines for the expenditure of an endowment fund with donor restrictions, absent explicit donor stipulations. Under UPMIFA, not-for-profits are permitted to adopt prudent spending policies which can allow for the temporary invasion of corpus. Furthermore, the permanent endowments of the Foundation are subject to written instruments in which the donor's intent as to purpose and spending policies are explicitly indicated.

The Board of Trustees of the Foundation has interpreted state law as requiring the preservation of the value of the endowment fund with primary consideration given to the donor intent expressed in the gift instrument. For those donations subject to UPMIFA, the Foundation follows the donor instruments in classifying as assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor restricted endowment fund that is available for release in accordance with the donor restrictions on those funds will remain in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by state law.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Foundation and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Foundation
7) The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under the policy approved by the Board of Trustees, the endowment assets which are held in the managed pool are invested to produce results that are superior to a balanced stock and bond portfolio at a lower volatility over an entire market cycle.

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return 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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the prior thirteen quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned.

In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets with donor restrictions were $451,692 for eight funds with a historical value of $3,692,508 and a fair value of $3,240,816 as of June 30, 2023, and $1,761,565 for twenty-eight funds with a historical value of $26,697,690 and a fair value of $24,936,125 as of June 30, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred during the previous years. It is the Foundation's policy to permit spending from underwater funds as is determined prudent by management.

The following table provides information regarding the change in endowment net assets for the years ended June 30:

	2023 With Donor Restrictions	2022 With Donor Restrictions
Endowment net assets, July 1	$ 29,015,386	$ 5,723,069
Investment income	514,099	188,702
Net appreciation (depreciation) - realized and unrealized	4,729,054	(1,696,185)
	34,258,539	4,215,586
Contributions received	31,529,549	24,992,198
Appropriated for expenditure	(305,171)	(192,398)
Endowment net assets, June 30	$ 65,482,917	$ 29,015,386
Donor restricted "true" endowment		
Historical gift value	$ 61,528,063	$ 29,998,514
Appreciation (depreciation)	3,954,854	(983,128)
Endowment net assets, June 30	$ 65,482,917	$ 29,015,386

18. RECLASSIFICATIONS DUE TO CHANGE IN DONOR DESIGNATIONS

During the years ended June 30, 2023 and 2022, reclassifications of net assets totaled $5,675,000 and $21,400,000, respectively, for contributions to endowments with permanent restrictions due to changes in donor designations through grants made by supporting foundations that are included within the Foundation’s consolidated financial statements. As these are both grants to the Foundation from the supporting organizations, they would normally be eliminated in the consolidated financial statements; however, as the funds are moving to net assets with donor restrictions due to the endowment nature of the contribution from net assets without donor restrictions, these have been shown as a reclassification of net assets in the consolidated statements of activities and changes in net assets for the years ended June 30, 2023 and 2022.

19. TRANSFER OF ASSETS DUE TO CLOSURE OF DONOR-ADVISED FUND

During the year ended June 30, 2023, a transfer of $149,136,128 was made from a donor-advised fund held by the Foundation. It has been shown as a non-operating expense in the consolidated statements of activities and changes in net assets.

20. CONCENTRATION OF RISKS

The Foundation’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, loan participation interest receivables, loans receivable, and contributions receivable. The Foundation has significant cash and cash equivalents balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Foundation’s consolidated financial condition, results of operations, and cash flows.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported on the consolidated statements of financial position. Investments are diversified to avoid overconcentration from a specific issuer or sector. Credit risk is minimized by limiting the types of investments as well as through diversification of the investment portfolio. The Foundation has a long-standing history of collecting its receivables which are from various individuals, corporations, and foundations. An allowance for uncollectible accounts is recorded in the consolidated financial statements for any amounts considered uncollectible, which limits the Foundation's exposure to credit risk.

21. COMMITMENTS - GUARANTEES

The Foundation has guaranteed debt and performance provisions of certain affiliated entities. There are no collateral or indemnification agreements between the Foundation and these entities in the event the Foundation has to perform under the guarantees.

The Foundation is a guarantor of a $12,563,888 line of credit associated with a bond indenture agreement issued for Jewish Community Center of MetroWest, Inc. ("JCC") under which the Essex County Improvement Authority issued bonds in the amount of $12,425,000 to finance the renovation and expansion of the JCC's existing facilities in West Orange, New Jersey. The outstanding balance on the bonds payable is $6,865,000 and $7,415,000 as of June 30, 2023 and 2022, respectively. The line of credit is secured by the JCC facilities. The guarantee contains financial covenants requiring the maintenance of certain liquidity levels; those levels were attained as of June 30, 2023 and 2022.

The guarantee also requires that the Foundation maintain assets without donor restrictions of at least $80 million. Effective June 30, 2014, the bond liabilities were transferred under an assignment and assumption agreement to Federation. The associated guarantee remains with the Foundation through the maturity date of July 1, 2025.

The Foundation is a guarantor of the $17,500,000 loan payable associated with the pension plan termination issued for Federation. The outstanding balance on the loan payable was approximately $14,449,000 and $14,975,000 for the years ended June 30, 2023 and 2022, respectively. The loan is secured by certain investment accounts of the Foundation.

The Foundation is also a guarantor of a $10,000,000 line of credit associated with a bond indenture agreement issued for DOI under which the Colorado Facilities Authority issued bonds in the amount of $10,000,000 to finance the renovation and expansion of its existing facilities in West Orange, New Jersey. The outstanding balance on the bonds payable is $6,615,000 and $6,975,000 as of June 30, 2023 and 2022, respectively. The line of credit is secured by DOI facilities that are being renovated and expanded. On December 1, 2023, the bonds were fully repaid by DOI.

As a result of the guarantee provided to DOI, the Foundation has recorded the fair value of the guarantee as a liability totaling $219,000 and $248,000 in the consolidated statements of financial position at June 30, 2023 and 2022, respectively.

22. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of December 22, 2023, which is the date the consolidated financial statements were available for issuance. Based upon this evaluation, the Foundation has determined that no subsequent events other than the events disclosed below and in Notes 9 and 21 have occurred which require disclosure in or adjustment to the consolidated financial statements.

In September 2022, the Foundation entered into a contract to sell unused cemetery land, located in Newark, NJ, for approximately $2,500,000, which is anticipated to be completed in summer 2024. The proceeds from the sale will be dedicated exclusively to the maintenance and preservation of the Jewish cemeteries in Essex County, NJ.

Effective July 1, 2023, JCF Investment Program, LLC, a Delaware nonprofit limited liability company (the “LLC”) was formed as a supporting foundation of the Foundation. The Foundation’s currently sponsored investment pools will be transferred and held by the LLC. While the legal structure is changing, the LLC is intended to provide a similar investment and operational experience to that of the current investment pools. The LLC is being managed and overseen by the Foundation, through the Foundation’s Investment Committee and its existing finance and investment teams.

Effective July 1, 2023, Paterson Hebrew Free Loan Association merged with one of the supporting foundations, Hebrew Free Loan of New Jersey, Inc. (“HFLNJ”). HFLNJ is the surviving corporation continuing its existence under the laws of New Jersey.