



JEWISH COMMUNITY FOUNDATION OF GREATER METROWEST N.J., INC. AND AFFILIATES
Consolidated Financial Statements
June 30, 2024 and 2023
With Independent Auditor's Report

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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. and Affiliates as of June 30, 2024 and 2023, 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.

Emphasis of Matter

As discussed in Note 23 to the consolidated financial statements, the Foundation has restated its opening balance of net assets as of July 1, 2023, to correct certain errors. The Foundation's consolidated financial statements contained errors related to the misclassification of certain individual funds. Our opinion is not modified with respect to this matter.

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.

Withum Smith + Brown, PC

January 13, 2025

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u> <u>(Restated)</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 9,609,605	\$ 7,902,972
Restricted cash held in investment pool	36,696,913	28,763,436
Bequest receivable	28,000,000	-
Contributions receivable, current portion	69,500	60,500
Loans receivable, current portion	596,000	129,300
Other current assets	<u>1,542,398</u>	<u>753,525</u>
Total current assets	<u>76,514,416</u>	<u>37,609,733</u>
Property and equipment, net	<u>2,500,234</u>	<u>2,508,560</u>
Other assets		
Investments, net of restricted cash held in investment pool	554,209,682	492,913,122
Contributions receivable, net of current portion	30,500	56,000
Loans receivable, net of current portion	46,000	892,000
Loan participation interest receivable, net of current portion, net of allowance for bad debt	8,655,292	67,139,328
Cash surrender value of life insurance, net	7,857,421	7,692,183
Property and equipment, held for rental, net	<u>302,494</u>	<u>314,768</u>
Total other assets	<u>571,101,389</u>	<u>569,007,401</u>
Total assets	<u>\$ 650,116,039</u>	<u>\$ 609,125,694</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,253,052	\$ 804,360
Grants payable, current portion	10,175,406	10,458,059
Split interest agreements payable, current portion	146,969	237,833
Due to affiliated organizations, current portion	72,029	216,978
Other current liabilities	-	65,000
Deferred revenue	<u>8,222</u>	<u>8,222</u>
Total current liabilities	<u>11,655,678</u>	<u>11,790,452</u>
Long-term liabilities		
Grants payable, net of current portion and discount	17,578,335	21,934,968
Deferred revenue, net of current portion	1,268,103	1,276,325
Split interest agreements payable, net of current portion	1,637,563	1,295,139
Due to affiliated organizations, net of current portion	112,094,397	111,178,466
Due to other organizations	<u>74,947,845</u>	<u>71,558,780</u>
Total long-term liabilities	<u>207,526,243</u>	<u>207,243,678</u>
Total liabilities	<u>219,181,921</u>	<u>219,034,130</u>
Net assets		
Without donor restrictions	314,835,870	304,381,891
With donor restrictions	<u>116,098,248</u>	<u>85,709,673</u>
Total net assets	<u>430,934,118</u>	<u>390,091,564</u>
Total liabilities and net assets	<u>\$ 650,116,039</u>	<u>\$ 609,125,694</u>

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

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024			2023 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	\$ 30,432,799	\$ 1,476,907	\$ 31,909,706	\$ 23,381,245	\$ 3,838,555	\$ 27,219,800
Bequests	1,120	28,000,000	28,001,120	1,391,164	-	1,391,164
Rental income	2,571,051	-	2,571,051	2,579,273	-	2,579,273
Investment return, net	47,207,669	7,585,688	54,793,357	38,532,766	6,862,799	45,395,565
Administrative fee revenue	1,132,629	-	1,132,629	1,027,771	-	1,027,771
Allocation of investment return to managed funds of affiliated and other organizations	(16,590,470)	-	(16,590,470)	(16,056,446)	-	(16,056,446)
Valuation allowances	384,239	(688,535)	(304,296)	24,302	(587,648)	(563,346)
Gain on sale of property	1,975,480	-	1,975,480	-	-	-
	<u>67,114,517</u>	<u>36,374,060</u>	<u>103,488,577</u>	<u>50,880,075</u>	<u>10,113,706</u>	<u>60,993,781</u>
Net assets released due to satisfaction of purpose and time restrictions	6,486,985	(6,486,985)	-	3,333,237	(3,333,237)	-
	<u>73,601,502</u>	<u>29,887,075</u>	<u>103,488,577</u>	<u>54,213,312</u>	<u>6,780,469</u>	<u>60,993,781</u>
Expenses						
Program services	54,791,577	-	54,791,577	74,121,260	-	74,121,260
Management and general	6,858,429	-	6,858,429	1,882,406	-	1,882,406
Fundraising	996,017	-	996,017	462,199	-	462,199
	<u>62,646,023</u>	<u>-</u>	<u>62,646,023</u>	<u>76,465,865</u>	<u>-</u>	<u>76,465,865</u>
Changes in net assets from operating activities	10,955,479	29,887,075	40,842,554	(22,252,553)	6,780,469	(15,472,084)
Non-operating activities						
Reclassification due to change in donor designation	(501,500)	501,500	-	(5,675,000)	5,675,000	-
Transfer of assets due to closure of donor advised fund	-	-	-	(149,136,128)	-	(149,136,128)
Changes in net assets	10,453,979	30,388,575	40,842,554	(177,063,681)	12,455,469	(164,608,212)
Net assets						
Beginning of year	<u>304,381,891</u>	<u>85,709,673</u>	<u>390,091,564</u>	<u>481,445,572</u>	<u>73,254,204</u>	<u>554,699,776</u>
End of year	<u>\$ 314,835,870</u>	<u>\$ 116,098,248</u>	<u>\$ 430,934,118</u>	<u>\$ 304,381,891</u>	<u>\$ 85,709,673</u>	<u>\$ 390,091,564</u>

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

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u> <u>(Restated)</u>
Operating activities		
Changes in net assets	\$ 40,842,554	\$(164,608,212)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	20,600	51,152
Change in cash surrender value of life insurance	(165,238)	4,697
Present value adjustment on grants payable	(1,232,367)	1,250,941
Net realized and unrealized gains on investments	(30,252,915)	(27,495,299)
Gain on sale of property	(1,975,480)	-
Endowment contributions	(444,600)	(5,433,317)
Forgiveness of loan receivable	800,000	-
Bad debt expense	4,479,913	-
Changes in assets and liabilities:		
Contributions receivable	16,500	(45,500)
Bequest receivable	(28,000,000)	-
Other current assets	(788,873)	(184,465)
Accounts payable and accrued expenses	448,692	181,253
Grants payable	(3,406,919)	(3,926,168)
Split interest agreements payable	251,560	332,457
Due to affiliated organizations	770,982	7,856,312
Other current liabilities	(65,000)	65,000
Deferred revenue	(8,222)	(8,222)
Due to other organizations	3,389,065	30,541,022
Net cash used in operating activities	<u>(15,319,748)</u>	<u>(161,418,349)</u>
Investing activities		
Payments received on loans receivable	129,300	138,400
Issuance of loan receivable	(550,000)	-
Purchase of investments	(64,846,492)	(145,567,307)
Sale of investments	90,780,376	115,556,922
Proceeds from sale of property	1,975,480	-
Investment in loan participation interest receivable	(2,973,406)	(3,205,141)
Net cash provided by (used in) investing activities	<u>24,515,258</u>	<u>(33,077,126)</u>
Financing activity		
Endowment contributions	<u>444,600</u>	<u>5,433,317</u>
Net cash provided by financing activity	<u>444,600</u>	<u>5,433,317</u>
Net change in cash, cash equivalents and restricted cash	9,640,110	(189,062,158)
Cash, cash equivalents and restricted cash		
Beginning of year	<u>36,666,408</u>	<u>225,728,566</u>
End of year	<u>\$ 46,306,518</u>	<u>\$ 36,666,408</u>
Supplemental disclosure of cash flow information		
Income taxes paid	<u>\$ 184,092</u>	<u>\$ 110,648</u>
Non-cash transactions		
Transfer of loan participation interest receivable to investments	<u>\$ 56,977,530</u>	<u>\$ -</u>

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

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
Consolidated Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

	2024				2023			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	\$ 777,065	\$ 679,932	\$ 485,666	\$ 1,942,663	\$ 775,955	\$ 849,856	\$ 221,702	\$ 1,847,513
Payroll taxes and fringe benefits	137,700	120,486	86,063	344,249	135,913	148,857	38,833	323,603
Grant expense	53,177,354	-	-	53,177,354	72,452,417	-	-	72,452,417
Office expense	271,566	237,621	169,729	678,916	266,057	291,396	76,017	633,470
Consultants	116,300	101,762	72,687	290,749	88,432	96,854	25,266	210,552
Occupancy expense	40,774	35,678	25,484	101,936	32,453	35,544	9,272	77,269
Travel and related expenses	15,498	13,560	9,686	38,744	17,820	19,517	5,091	42,428
Depreciation	20,600	-	-	20,600	51,152	-	-	51,152
Bad debt expense	-	4,479,913	-	4,479,913	-	-	-	-
Loan forgiveness	-	800,000	-	800,000	-	-	-	-
Unrelated business income tax	-	184,092	-	184,092	-	110,648	-	110,648
Miscellaneous	234,720	205,385	146,702	586,807	301,061	329,734	86,018	716,813
	<u>\$ 54,791,577</u>	<u>\$ 6,858,429</u>	<u>\$ 996,017</u>	<u>\$ 62,646,023</u>	<u>\$ 74,121,260</u>	<u>\$ 1,882,406</u>	<u>\$ 462,199</u>	<u>\$ 76,465,865</u>

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

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. NATURE OF ACTIVITY

Jewish Community Foundation of Greater MetroWest N.J., Inc. (the "Organization"), 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 Organization's primary function is to receive, administer and allocate funds and property for Federation and its beneficiary agencies. The Organization 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 Organization and Federation are related organizations, affiliated by means of overlapping Boards of Trustees and management. A substantial portion of the Organization's revenue is derived from contributions and investment earnings.

Effective July 1, 2023, the Organization's sponsored investment pools were transferred into and are held by JCF Investment Program, LLC (the "LLC"), a Delaware nonprofit limited liability company. The LLC is being managed and overseen by the Organization, through the Organization's Investment Committee and its existing finance and investment teams. In addition, the LLC 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 LLC are subject to significant withdrawal restrictions. The LLC is comprised of approximately 800 individual funds.

Besides the LLC, there are eight and nine supporting foundations of the Organization at June 30, 2024 and 2023, respectively, which support the charitable activities of the Organization. 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., its supporting foundations, and the LLC, 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 ("U.S. GAAP"). 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.

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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 the Foundation's 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, Bequests and Receivables

The Foundation recognizes contributions as revenue when 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. Donated securities, equipment and works of art are recorded at fair value on the date of donation.

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.

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 one year are discounted at net present value based on risk-free rates as of the date of the contribution.

In May 2024, the Foundation was informed that it is the recipient of a bequest with a fair value of \$28,000,000. As of January 13, 2025, the date the consolidated financial statements were available for issuance, approximately \$17,500,000 was collected from this bequest. The remaining balance is expected to be collected in the beginning of 2025.

Other Revenues

Other revenues are received from rental income and administrative fee revenues. These revenues are recorded when earned through rental of a facility and through charges for fees for the custodial fund investments which are recorded based on the agreed upon fees within each custodial fund agreement.

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.

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 9,609,605	\$ 7,902,972
Restricted cash held in investment pool	<u>36,696,913</u>	<u>28,763,436</u>
Total cash, cash equivalents and restricted cash shown in consolidated statements of cash flows	<u>\$ 46,306,518</u>	<u>\$ 36,666,408</u>

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 LLC with the remaining investments held at the Organization. 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 owned.

Loans Receivable

The Foundation carries its loans receivable at amortized cost. The Foundation evaluated the loans receivable and determined no loss allowance is required as of June 30, 2024 and 2023. The Foundation separates loans receivable into risk pools based on their aging. In determining the amount of the allowance as of the consolidated statement of financial position date, the Foundation develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. The allowance and related changes as of and for the years ended June 30, 2024, and 2023 are not material to the consolidated financial statements.

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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:

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

Valuation 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.

Jewish Community Foundation of Greater MetroWest N.J., Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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. 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 \$184,092 and \$110,648 for the years ended June 30, 2024 and 2023, respectively. Management has determined that there are no uncertain tax positions at the Foundation at June 30, 2024 and 2023. In addition, the Foundation did not have any income tax related penalties or interest for the periods reported in these consolidated financial statements.

New Accounting Pronouncements Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The adoption of this standard did not have a significant impact on its consolidated financial statements.

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3. CONTRIBUTIONS RECEIVABLE AND BEQUESTS RECEIVABLE

Contributions receivable consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Contributions receivable		
Due within one year	\$ 69,500	\$ 60,500
One to five years	30,500	777,500
	<u>100,000</u>	<u>838,000</u>
Less: Allowance for uncollectible amounts	-	(721,500)
Contributions receivable, net	<u>\$ 100,000</u>	<u>\$ 116,500</u>

For the year ended June 30, 2024, bequest receivable is payable within one year. There were no bequests receivable at June 30, 2023.

4. LOANS RECEIVABLE

Loans receivable consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
NJY Camps, 10-year non-interest bearing unsecured loan of \$1,000,000 which 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. The remaining loan balance of \$800,000 was forgiven in March 2024.	\$ -	\$ 875,000
Gottesman RTW Academy, 1-year loan of \$550,000 with interest thereon payable monthly at a rate of 7.5% per annum commencing on June 24, 2024 maturing May 24, 2025. Secured by Gottesman RTW Academy's custodial funds held at the LLC.	550,000	-
Jewish Community Centers of MetroWest, 5-year non-interest bearing loan of \$150,000 which 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.	60,000	90,000
Jewish Community Centers of MetroWest, 5-year non-interest bearing loan of \$80,000 which 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.	32,000	48,000
A non-interest bearing unsecured loan of \$105,600 to a former employee, which commenced in May 2015 and was fully repaid for the year ending June 30, 2024.	-	8,300
	<u>642,000</u>	<u>1,021,300</u>
Less: Amounts due within one year	(596,000)	(129,300)
Loans receivable, net of current portion	<u>\$ 46,000</u>	<u>\$ 892,000</u>

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Maturities of loans receivable as of June 30, 2024, are as follows:

2025	\$ 596,000
2026	46,000
	<u>\$ 642,000</u>

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 9,609,605	\$ 7,902,972
Restricted cash held in investment pool	36,696,913	28,763,436
Bequest receivable	28,000,000	-
Contributions receivable, current portion	69,500	60,500
Loans receivable, current portion	<u>596,000</u>	<u>129,300</u>
	74,972,018	36,856,208
Less: Restricted cash with donor restrictions	(32,351,731)	(23,211,457)
Less: Net assets with donor restrictions	<u>(28,000,000)</u>	<u>-</u>
Total financial assets and liquidity resources available within one year	<u>\$ 14,620,287</u>	<u>\$ 13,644,751</u>

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 investments during the years ended June 30, 2024 and 2023. Purchases of Level 3 investments totaled \$-0- and \$98,502 for the years ended June 30, 2024 and 2023, respectively.

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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, 2024 and 2023.

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.

Cash Surrender Value, Life Insurance - valued at the cash surrender value of the life insurance policy, net of any loans payable.

The Foundation invests in alternative investment strategies for the purposes of diversifying the market exposure of the investment portfolios, reducing volatility, and/or enhancing the overall return. 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 investments 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 U.S. GAAP for investment companies. The Foundation applies the practical expedient to its investments in private investment companies on an investment-by-investment basis. Additionally, there are investments valued using the practical expedient to report the investments at cost less impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

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The following tables summarize the assets reported at fair value as of June 30, 2024 and 2023, in the fair value hierarchy as follows:

	2024			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 36,696,913	\$ 36,696,913	\$ -	\$ -
Equities				
Materials	958,525	958,525	-	-
Industrials	9,309,954	9,309,954	-	-
Telecommunications services	5,963,148	5,963,148	-	-
Consumer discretionary	6,769,933	6,769,933	-	-
Consumer staples	787,624	787,624	-	-
Energy	4,153,562	4,153,562	-	-
Financial	14,960,838	14,960,838	-	-
Healthcare	7,482,095	7,482,095	-	-
Information technology	10,119,859	10,119,859	-	-
Utilities	658,979	658,979	-	-
Real estate	8,620,142	8,620,142	-	-
Mutual funds				
Domestic equity mutual funds	78,781,172	78,781,172	-	-
International equity mutual funds	60,707,724	60,707,724	-	-
Global fund	1,562,566	1,562,566	-	-
International fixed income	8,890,286	8,890,286	-	-
Corporate bonds				
AAA - A ratings	20,255,225	-	20,255,225	-
BBB - B- ratings	6,201,855	-	6,201,855	-
CAA ratings	7,277,796	-	7,277,796	-
State of Israel bonds (b)	8,815,236	-	8,815,236	-
U.S. Treasury obligations	39,799,070	39,799,070	-	-
U.S. government agencies	163,475	-	163,475	-
Alternative investments				
Multi-strategy (c)	2,821,610	-	-	2,821,610
Private equity (d)	862,937	-	-	862,937
Real estate (e)	283,875	-	-	283,875
Other (g)	2,025,364	-	-	2,025,364
	<u>344,929,762</u>	<u>\$ 296,222,389</u>	<u>\$ 42,713,586</u>	<u>\$ 5,993,787</u>
Investments measured at NAV (1)	188,999,303			
Investments measured at Practical Expedient	<u>56,977,530</u>			
	<u>\$ 590,906,595</u>			
Cash surrender value, life insurance	<u>\$ 7,857,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,857,421</u>

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	2023			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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
	<u>344,189,026</u>	<u>\$ 298,485,914</u>	<u>\$ 39,668,961</u>	<u>\$ 6,034,151</u>
Investments measured at NAV (1)	<u>177,487,532</u>			
	<u>\$ 521,676,558</u>			
Cash surrender value, life insurance	<u>\$ 7,692,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,692,183</u>

(1) In accordance with FASB ASC 820-10, certain investments that are measured at fair value using the NAV (or its equivalent) as a 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.

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The following table lists the investments by class and investment strategy at June 30, 2024 and 2023:

Strategies	2024			2023		
	# of Funds	Valuation	Unfunded Commitments	# of Funds	Valuation	Unfunded Commitments
Multi-asset strategy (h)	4	\$ 19,816,709	\$ 716,250	4	\$ 20,884,511	\$ 1,716,249
Multi-strategy (c)	6	51,163,960	1,400,000	5	49,068,840	824,182
Private equity (d)	19	39,584,816	20,625,975	16	35,104,791	12,347,360
Real estate (e)	19	32,486,884	17,181,079	17	28,999,424	15,243,941
Natural resources (f)	4	4,249,799	832,905	4	5,215,527	823,863
Private equity - long (a)	1	15,785,213	-	1	14,058,590	-
Private equity - long (i)	1	10,098,151	-	1	10,597,722	-
Private equity - emerging markets (j)	1	7,874,903	-	1	7,486,240	-
Private equity - international (k)	1	6,538,442	-	1	6,071,887	-
Other assets (g)	1	1,400,426	-		-	-
		<u>\$ 188,999,303</u>	<u>\$ 40,756,209</u>		<u>\$ 177,487,532</u>	<u>\$ 30,955,595</u>

- a) A fixed income mutual fund primarily focused on domestic markets. The investments are redeemable daily with a NAV calculated on a monthly basis. Proceeds can take up to 90 days to pay out.
- 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 March 2027. 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 nine years with no redemption rights for Limited Partners. Remaining capital calls are expected within one year and return of capital is anticipated in one to six years.
- g) Other assets include an investment in a limited partnership. There is currently no market for the underlying assets and sales are not expected in the near future.

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- 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 one day notice.
- i) All cap funds with long strategy focused on international markets. This investment is redeemable monthly with 30 days' notice.
- j) International fund with an objective to achieve long-term total return through investments in equity securities of emerging-market companies. The investment is redeemable monthly with 7 days' notice.
- k) International small cap fund focused on long-term absolute returns. The investment is redeemable monthly with 10 days' notice.

Investments Valued using Practical Expedient

	<u>2024</u>	<u>2023</u>
Value reported at beginning of year	\$ -	\$ -
Purchases	56,977,530	-
Value reported at end of year	<u>\$ 56,977,530</u>	<u>\$ -</u>

Investment return, net consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 26,163,386	\$ 19,494,320
Realized gains	13,937,333	4,482,905
Unrealized gains	<u>16,315,582</u>	<u>23,012,394</u>
	56,416,301	46,989,619
Investment fees	<u>(1,622,944)</u>	<u>(1,594,054)</u>
Investment return, net	<u>\$ 54,793,357</u>	<u>\$ 45,395,565</u>

7. LOAN PARTICIPATION INTEREST RECEIVABLE

The Foundation holds investments in loans to outside parties that are recorded at amortized cost. The loans earn interest at rates between 10% to 15% with maturity dates through December 2027. The balances as of June 30, 2024 and 2023 are \$8,655,292 and \$67,139,328, respectively. In June 2024, approximately \$57,000,000 of the loans were transferred into limited partnerships. Additionally, at June 30, 2024 a reserve of \$2,900,000 was established for credit risk associated with these loan participation receivables. There was no reserve outstanding at June 30, 2023.

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8. PROPERTY AND EQUIPMENT

Property and equipment, as of June 30, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
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	<u>16,192</u>	<u>16,192</u>
	20,765,301	20,765,301
Less: Accumulated depreciation	<u>(18,265,067)</u>	<u>(18,256,741)</u>
	<u>\$ 2,500,234</u>	<u>\$ 2,508,560</u>

Depreciation expense on these assets totaled \$8,326 and \$34,559 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 283,454	\$ 283,454
Building and improvements	20,432,193	20,432,193
Furniture and equipment	<u>1,002,472</u>	<u>1,002,472</u>
	21,718,119	21,718,119
Less: Accumulated depreciation	<u>(21,415,625)</u>	<u>(21,403,351)</u>
	<u>\$ 302,494</u>	<u>\$ 314,768</u>

Depreciation on these assets totaled \$12,274 and \$16,593 for the years ended June 30, 2024 and 2023, 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 (the "Township"). DOI has submitted site plan changes to the Township, but the Township has not approved the changes. DOI has appealed.

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10. GRANTS PAYABLE

The Foundation has made grant commitments to certain nonprofit organizations as of June 30, 2024 and 2023, as follows:

	<u>2024</u>	<u>2023</u>
Total grant commitments	\$ 31,173,073	\$ 37,044,726
Less: Discount to present value at a rate of 6%	<u>(3,419,332)</u>	<u>(4,651,699)</u>
	27,753,741	32,393,027
Less: Amounts payable in subsequent fiscal year	<u>(10,175,406)</u>	<u>(10,458,059)</u>
Amounts payable in future fiscal years	<u>\$ 17,578,335</u>	<u>\$ 21,934,968</u>

Future payments as of June 30, 2024 are as follows:

2025	\$ 10,175,406
2026	5,387,737
2027	3,557,019
2028	2,376,123
2029	2,162,416
Thereafter	<u>4,095,040</u>
	<u>\$ 27,753,741</u>

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, 2024 and 2023 was \$1,784,532 and \$1,532,972, respectively. Assets, included in long-term investments, related to these agreements at June 30, 2024 and 2023, totaled \$2,429,368 and \$2,593,580, respectively. The change in the present value of estimated future payments of (\$688,535) and (\$587,648) is included in the valuation allowance in the consolidated statements of activities and changes in net assets for the years ended June 30, 2024 and 2023, 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.

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At June 30, 2024 and 2023, JCHC had prepaid the ground lease in the amounts of \$1,276,325 and \$1,284,547, 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, 2024 and 2023, 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, 2024 and 2023, certain amounts are due to affiliated and related organizations as follows:

	<u>2024</u>	<u>2023</u>
Jewish Federation of Greater MetroWest New Jersey, Inc.	\$ 97,789,267	\$ 89,807,127
Jewish Vocational Service of MetroWest, Inc.	540,529	523,071
Daughters of Israel, Inc.	6,600,002	13,592,765
Jewish Community Center of MetroWest, Inc.	2,217,530	2,347,483
Jewish Family Service of MetroWest, Inc.	4,677,373	4,644,614
Jewish Service for the Developmentally Disabled, Inc.	265,848	229,479
Jewish Community Housing Corporation, Inc.	3,848	33,927
Reimbursement of expenses to Federation	<u>72,029</u>	<u>216,978</u>
Total due to affiliated organizations	112,166,426	111,395,444
Less: Current portion	<u>72,029</u>	<u>216,978</u>
Due to affiliated organizations, net of current portion	<u>\$ 112,094,397</u>	<u>\$ 111,178,466</u>

Contributions from members of the Board of Trustees for the years ended June 30, 2024 and 2023 totaled approximately \$6,159,000 and \$2,680,800, respectively. Contributions from two board members and one board member for the years ended June 30, 2024 and 2023, represent 77% and 78%, respectively, of the total received from board members. Refer to Notes 15 and 22 for other related party transactions.

14. DUE TO OTHER ORGANIZATIONS (RESTATED)

Amounts due to other organizations totaling \$74,947,845 and \$71,558,780 at June 30, 2024 and 2023, 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.

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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, 2024 and 2023, and is included in rental income with other short-term rentals in the consolidated statements of activities and changes in net assets. Future minimum rental income under this lease through June 30, 2025 is \$2,562,829.

16. BENEFIT PLANS

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 \$6,817 and \$8,248 to the Medical Plan was made as part of Federation’s contribution for the years ended June 30, 2024 and 2023, 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, 2024 and 2023:

Detail of Net Assets	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating	\$ 313,104,814	\$ -	\$ 313,104,814
Board designated - cemetery	1,731,056	-	1,731,056
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	-	46,136,951	46,136,951
Contributions receivable	-	28,100,000	28,100,000
Restricted by donors in accordance with charitable remainder unitrust and annuity agreements and charitable gift annuity agreements	-	2,429,368	2,429,368
Endowment	-	39,431,929	39,431,929
	<u>\$ 314,835,870</u>	<u>\$ 116,098,248</u>	<u>\$ 430,934,118</u>

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Detail of Net Assets	2023 (Restated)		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating	\$ 304,381,891	\$ -	\$ 304,381,891
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	-	46,027,628	46,027,628
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	-	36,971,965	36,971,965
	<u>\$ 304,381,891</u>	<u>\$ 85,709,673</u>	<u>\$ 390,091,564</u>

Net assets released from donor-imposed restrictions consisted of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Purpose restriction		
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	<u>\$ 6,095,306</u>	<u>\$ 3,333,237</u>
Time restriction		
Restricted by donors in accordance with charitable remainder unitrust and annuity agreements and charitable gift annuity agreements	<u>391,679</u>	<u>-</u>
	<u>\$ 6,486,985</u>	<u>\$ 3,333,237</u>

Endowment Funds

The Foundation's endowment consists of approximately 60 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.

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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 Foundation 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 5% 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 8% 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.

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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 \$431,221 for eight funds with a historical value of \$1,954,882 and a fair value of \$1,523,661 as of June 30, 2024, and \$604,784 for ten funds with a historical value of \$4,043,931 and a fair value of \$3,439,147 as of June 30, 2023. 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.

Change in Endowment Net Assets

The following table provides information regarding the change in endowment net assets for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>(Restated) 2023</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, July 1	\$ 36,971,965	\$ 29,015,386
Investment income	390,344	216,398
Net appreciation - realized and unrealized	<u>2,876,710</u>	<u>2,612,035</u>
	40,239,019	31,843,819
Contributions received	444,600	5,433,317
Appropriated for expenditure	<u>(1,251,690)</u>	<u>(305,171)</u>
Endowment net assets, June 30	<u>\$ 39,431,929</u>	<u>\$ 36,971,965</u>
Donor restricted "true" endowment		
Historical gift value	\$ 35,552,512	\$ 35,107,912
Appreciation	<u>3,879,417</u>	<u>1,864,053</u>
Endowment net assets, June 30	<u>\$ 39,431,929</u>	<u>\$ 36,971,965</u>

During the fiscal year additions of \$1,731,056 were added to a board designated endowment. There was no board designated endowment at June 30, 2023.

18. RECLASSIFICATIONS DUE TO CHANGE IN DONOR DESIGNATIONS

During the years ended June 30, 2024 and 2023, reclassifications of net assets totaled \$501,500 and \$5,675,000, 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, 2024 and 2023.

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19. GAIN ON SALE OF PROPERTY

In September 2022, the Foundation entered into a contract to sell unused cemetery land, located in Newark, NJ. The transaction was completed in February 2024. As a result, \$1,975,480 was recorded as a gain on sale of property in the consolidated statements of activities and changes in net assets for the year ended June 30, 2024. The proceeds from the sale were designated by the Board for the maintenance and preservation of the Jewish cemeteries in Essex County, NJ.

20. 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 transfer in the consolidated statements of activities and changes in net assets.

21. 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.

22. 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 \$6,315,000 and \$6,865,000 as of June 30, 2024 and 2023, 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, 2024 and 2023.

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.

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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 \$13,905,000 and \$14,449,000 for the years ended June 30, 2024 and 2023, 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 \$0 and \$6,615,000 as of June 30, 2024 and 2023, 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 \$0 and \$219,000 in the consolidated statements of financial position at June 30, 2024 and 2023, respectively.

23. RESTATEMENT

During the year ended June 30, 2024, the Foundation discovered certain amounts held for others that were not correctly classified in accordance with U.S. GAAP. As a result, the consolidated financial statements have been restated as of and for the year ended June 30, 2023 to correct the error. Total assets remain unchanged at June 30, 2023. The effects of the correction of the error on the consolidated financial statements as of and for the year ended June 30, 2023 are as follows:

	<u>As of June 30, 2023 (Previously Presented)</u>	<u>Restatement</u>	<u>As of June 30, 2023 (Restated)</u>
Consolidated statement of financial position:			
Due to other organizations	\$ 42,941,649	\$ 28,617,131	\$ 71,558,780
Net assets without donor restrictions	\$ 304,457,397	\$ (75,506)	\$ 304,381,891
Net assets with donor restrictions	\$ 114,251,298	\$ (28,541,625)	\$ 85,709,673
Total long-term liabilities	\$ 178,626,547	\$ 28,617,131	\$ 207,243,678
Total liabilities	\$ 190,416,999	\$ 28,617,131	\$ 219,034,130
Total net assets	\$ 418,708,695	\$ (28,617,131)	\$ 390,091,564
Consolidated statement of activities and changes in net assets:			
Contributions - with donor restriction	\$ 30,003,005	\$ (26,164,450)	\$ 3,838,555
Investment return, net - without donor restriction	\$ 36,155,591	\$ 2,377,175	\$ 38,532,766
Investment return, net - with donor restriction	\$ 9,239,974	\$ (2,377,175)	\$ 6,862,799
Allocation of investment return to managed funds of affiliated and other organizations	\$ (13,679,271)	\$ (2,377,175)	\$ (16,056,446)
Changes in net assets	\$ (135,991,081)	\$ (28,617,131)	\$ (164,608,212)
Consolidated statement of cash flows:			
Changes in net assets	\$ (135,991,081)	\$ (28,617,131)	\$ (164,608,212)
Endowment contributions	\$ (31,529,549)	\$ 36,962,866	\$ 5,433,317
Due to other organizations	\$ 1,923,891	\$ 28,617,131	\$ 30,541,022

24. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of January 13, 2025, which is the date the consolidated financial statements were available for issuance. Based upon this evaluation, the Foundation has determined that no subsequent events have occurred which require disclosure in or adjustment to the consolidated financial statements.