

Financial Statements and Report of
Independent Certified Public
Accountants

**The Young Men's and Young Women's Hebrew
Association**

June 30, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Young Men's and Young Women's Hebrew Association

Opinion

We have audited the financial statements of The Young Men's and Young Women's Hebrew Association ("92NY"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 92NY as of June 30, 2022 and 2021, and the results of their operations 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 92NY and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 92NY's ability to continue as a going concern for one year after the date the financial statements are issued (or: available to be issued).

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 92NY's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 92NY'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.

Grant Thornton LLP

New York, New York
February 23, 2023

The Young Men's and Young Women's Hebrew Association

STATEMENTS OF FINANCIAL POSITION

**As of June 30,
(Dollars in thousands)**

| | 2022 | 2021 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 7,974 | \$ 8,379 |
| Accounts receivable, net | 466 | 947 |
| Contributions receivable, net | 48,676 | 51,496 |
| Investments | 50,690 | 36,200 |
| Prepaid expenses and other current assets | 1,474 | 1,194 |
| Total current assets | 109,280 | 98,216 |
| Property and equipment, net - long-term | 29,479 | 30,070 |
| Total assets | \$ 138,759 | \$ 128,286 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 9,759 | \$ 9,248 |
| Security deposits payable | 94 | 27 |
| Deferred revenue | 12,896 | 9,741 |
| Total liabilities | 22,749 | 19,016 |
| Net assets | | |
| Net assets without donor restrictions | 6,069 | 4,726 |
| Net assets with donor restrictions | 109,941 | 104,544 |
| | 116,010 | 109,270 |
| Total liabilities and net assets | \$ 138,759 | \$ 128,286 |

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

The Young Men's and Young Women's Hebrew Association

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022
(Dollars in thousands)

| | Net Assets Without Restrictions | Net Assets With Restrictions | Total |
|--|---------------------------------------|------------------------------------|------------|
| Support and revenue | | | |
| Contributions and grants | \$ 26,333 | \$ 20,302 | \$ 46,635 |
| Annual events (net of direct benefit to donors of \$1,353) | 3,267 | - | 3,267 |
| Program service revenue | 25,526 | - | 25,526 |
| Investment income, net | 145 | (6,841) | (6,696) |
| Rental and other revenue | 5,095 | - | 5,095 |
| Support and revenue before net assets released from restrictions | 60,366 | 13,461 | 73,827 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | 5,586 | (5,586) | - |
| Satisfaction of capital restrictions | 2,478 | (2,478) | - |
| Total support and revenue | 68,430 | 5,397 | 73,827 |
| Expenses | | | |
| Program services | | | |
| Educational Outreach | 1,368 | - | 1,368 |
| Gilda and Henry Block School of the Arts | 7,984 | - | 7,984 |
| Bronfman Center for Jewish Life | 2,297 | - | 2,297 |
| Tisch Center for the Arts | 5,690 | - | 5,690 |
| Charles Simon Center for Adult Life and Learning | 9,006 | - | 9,006 |
| Lillian and Sol Goldman Family Center for Youth and Family | 12,004 | - | 12,004 |
| May Center for Health, Fitness and Sport | 9,332 | - | 9,332 |
| Milstein and Rosenthal Center for Media and Technology | 55 | - | 55 |
| Agency Wide Initiatives | 639 | - | 639 |
| Belfer Center for Innovation and Social Impact | 1,627 | - | 1,627 |
| Roundtable | 2,118 | - | 2,118 |
| Total program services | 52,120 | - | 52,120 |
| Supporting services | | | |
| Management and general | 12,464 | - | 12,464 |
| Fund-raising | 2,503 | - | 2,503 |
| Total supporting services | 14,967 | - | 14,967 |
| Total expenses | 67,087 | - | 67,087 |
| CHANGE IN NET ASSETS | 1,343 | 5,397 | 6,740 |
| Net assets, beginning of year | 4,726 | 104,544 | 109,270 |
| Net assets, end of year | \$ 6,069 | \$ 109,941 | \$ 116,010 |

The accompanying notes are an integral part of this financial statement.

The Young Men's and Young Women's Hebrew Association

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021
(Dollars in thousands)

| | Net Assets Without Restrictions | Net Assets With Restrictions | Total |
|--|---------------------------------------|------------------------------------|-------------|
| Support and revenue | | | |
| Contributions and grants | \$ 11,145 | \$ 5,898 | \$ 17,043 |
| Annual events (net of direct benefit to donors of \$624) | 3,270 | - | 3,270 |
| Program service revenue | 13,834 | - | 13,834 |
| Investment income, net | 7 | 6,689 | 6,696 |
| Rental and other revenue | 2,702 | - | 2,702 |
| Support and revenue before net assets released from restrictions | 30,958 | 12,587 | 43,545 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | 13,957 | (13,957) | - |
| Satisfaction of capital restrictions | 5,848 | (5,848) | - |
| Total support and revenue | 50,763 | (7,218) | 43,545 |
| Expenses | | | |
| Program services | | | |
| Educational Outreach | 850 | - | 850 |
| Gilda and Henry Block School of the Arts | 5,499 | - | 5,499 |
| Bronfman Center for Jewish Life | 1,519 | - | 1,519 |
| Tisch Center for the Arts | 3,286 | - | 3,286 |
| Charles Simon Center for Adult Life and Learning | 6,366 | - | 6,366 |
| Lillian and Sol Goldman Family Center for Youth and Family | 8,711 | - | 8,711 |
| May Center for Health, Fitness and Sport | 5,881 | - | 5,881 |
| Milstein and Rosenthal Center for Media and Technology | 60 | - | 60 |
| Agency Wide Initiatives | 435 | - | 435 |
| Belfer Center for Innovation and Social Impact | 1,272 | - | 1,272 |
| Unleash | 1,530 | - | 1,530 |
| Total program services | 35,409 | - | 35,409 |
| Supporting services | | | |
| Management and general | 12,950 | - | 12,950 |
| Fund-raising | 2,059 | 530 | 2,589 |
| Total supporting services | 15,009 | 530 | 15,539 |
| Total expenses | 50,418 | 530 | 50,948 |
| CHANGE IN NET ASSETS | 345 | (7,748) | (7,403) |
| Net assets, beginning of year | 4,381 | 112,292 | 116,673 |
| Net assets, end of year | \$ 4,726 | \$ 104,544 | \$ 109,270 |

The accompanying notes are an integral part of this financial statement.

The Young Men's and Young Women's Hebrew Association

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended June 30, 2022 and 2021
(Dollars in thousands)

| | Educational Outreach | Gilda and Henry Block School of the Arts | Bronfman Center for Jewish Life | Tisch Center for the Arts | Charles Simon Center for Adult Life and Learning | Lillian and Sol Goldman Family Center for Youth and Family | May Center for Health, Fitness and Sport | Milstein and Rosenthal Center for Media and Technology | Agency Wide Services | Belfer Center for Innovation and Social Impact | Unleash | Roundtable | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total |
|---|----------------------|--|---------------------------------|---------------------------|--|--|--|--|----------------------|--|----------|------------|------------------------|------------------------|-------------|---------------------------|-----------|
| June 30, 2022 | | | | | | | | | | | | | | | | | |
| Salaries | \$ 820 | \$ 4,920 | \$ 1,388 | \$ 2,323 | \$ 4,984 | \$ 6,950 | \$ 5,140 | \$ 16 | \$ 427 | \$ 859 | \$ - | \$ 161 | \$ 27,988 | \$ 4,386 | \$ 1,461 | \$ 5,847 | \$ 33,835 |
| Employee benefits and payroll taxes | 168 | 948 | 376 | 495 | 1,153 | 1,759 | 1,065 | 3 | 52 | 230 | - | 50 | 6,299 | 954 | 327 | 1,281 | 7,580 |
| Total employee expenses | 988 | 5,868 | 1,764 | 2,818 | 6,137 | 8,709 | 6,205 | 19 | 479 | 1,089 | - | 211 | 34,287 | 5,340 | 1,788 | 7,128 | 41,415 |
| Professional fees | 176 | 953 | 294 | 1,501 | 898 | 503 | 1,245 | 3 | 35 | 225 | - | 1,880 | 7,713 | 849 | 243 | 1,092 | 8,805 |
| Office expenses | 40 | 91 | 23 | 104 | 218 | 146 | 202 | 2 | 4 | 34 | - | 2 | 866 | 292 | 50 | 342 | 1,208 |
| Food, supplies, external rental, and travel | 72 | 326 | 57 | 294 | 216 | 1,679 | 685 | 21 | 20 | 38 | - | 5 | 3,413 | (42) | 246 | 204 | 3,617 |
| Marketing expenses | 9 | 157 | 21 | 369 | 313 | 117 | 103 | 1 | 2 | 55 | - | - | 1,147 | 66 | 152 | 218 | 1,365 |
| Repairs, maintenance, and occupancy | 36 | 233 | 60 | 263 | 541 | 371 | 383 | 3 | 77 | 80 | - | - | 2,047 | 905 | 1 | 906 | 2,953 |
| Miscellaneous expenses | 47 | 299 | 77 | 341 | 662 | 428 | 460 | 4 | 22 | 106 | - | 20 | 2,466 | 1,234 | 23 | 1,257 | 3,723 |
| Depreciation and amortization | - | 57 | 1 | - | 21 | 51 | 49 | 2 | - | - | - | - | 181 | 3,820 | - | 3,820 | 4,001 |
| Total expenses | \$ 1,368 | \$ 7,984 | \$ 2,297 | \$ 5,690 | \$ 9,006 | \$ 12,004 | \$ 9,332 | \$ 55 | \$ 639 | \$ 1,627 | \$ - | \$ 2,118 | \$ 52,120 | \$ 12,464 | \$ 2,503 | \$ 14,967 | \$ 67,087 |
| June 30, 2021 | | | | | | | | | | | | | | | | | |
| Salaries | \$ 436 | \$ 3,467 | \$ 900 | \$ 1,445 | \$ 3,342 | \$ 5,371 | \$ 2,978 | \$ 11 | \$ 270 | \$ 636 | \$ 11 | \$ - | \$ 18,867 | \$ 2,441 | \$ 1,470 | \$ 3,911 | \$ 22,778 |
| Employee benefits and payroll taxes | 141 | 787 | 279 | 462 | 1,033 | 1,607 | 808 | 4 | 18 | 208 | 1 | - | 5,348 | 3,958 | 437 | 4,395 | 9,743 |
| Total employee expenses | 577 | 4,254 | 1,179 | 1,907 | 4,375 | 6,978 | 3,786 | 15 | 288 | 844 | 12 | - | 24,215 | 6,399 | 1,907 | 8,306 | 32,521 |
| Professional fees | 140 | 526 | 100 | 620 | 597 | 425 | 792 | 2 | 33 | 203 | - | - | 3,438 | 771 | 31 | 802 | 4,240 |
| Office expenses | 13 | 66 | 18 | 71 | 157 | 119 | 148 | 2 | 3 | 28 | - | - | 625 | 356 | 16 | 372 | 997 |
| Food, supplies, external rental, and travel | 31 | 92 | 79 | 69 | 110 | 122 | 362 | 31 | 8 | 12 | - | - | 916 | 2 | 66 | 68 | 984 |
| Marketing expenses | 7 | 30 | 4 | 128 | 152 | 39 | 26 | - | 1 | 3 | - | - | 390 | 10 | 8 | 18 | 408 |
| Repairs, maintenance, and occupancy | 42 | 238 | 58 | 251 | 491 | 329 | 356 | 3 | 70 | 93 | - | - | 1,931 | 302 | 16 | 318 | 2,249 |
| Miscellaneous expenses | 40 | 229 | 78 | 240 | 465 | 635 | 346 | 3 | 32 | 89 | 1,518 | - | 3,675 | 998 | 15 | 1,013 | 4,688 |
| Depreciation and amortization | - | 64 | 3 | - | 19 | 64 | 65 | 4 | - | - | - | - | 219 | 4,112 | - | 4,112 | 4,331 |
| Total expenses | \$ 850 | \$ 5,499 | \$ 1,519 | \$ 3,286 | \$ 6,366 | \$ 8,711 | \$ 5,881 | \$ 60 | \$ 435 | \$ 1,272 | \$ 1,530 | \$ - | \$ 35,409 | \$ 12,950 | \$ 2,059 | \$ 15,009 | \$ 50,418 |

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

The Young Men's and Young Women's Hebrew Association

STATEMENTS OF CASH FLOWS

For the years ended June 30,
(Dollars in thousands)

| | <u>2022</u> | <u>2021</u> |
|---|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 6,740 | \$ (7,403) |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 4,002 | 4,331 |
| Change in allowance for uncollectible accounts | - | (101) |
| Net realized and unrealized gains on investments | 7,590 | (1,756) |
| Net unrealized gain on charitable remainder unitrust | 447 | (702) |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 480 | 2,561 |
| Contributions receivable, net | 2,373 | 3,913 |
| Prepaid expenses and other current assets | (279) | (254) |
| Accounts payable and accrued expenses | 594 | 3,148 |
| Security deposits payable | 67 | (28) |
| Deferred revenue | 3,154 | 1,754 |
| | <u>18,428</u> | <u>12,866</u> |
| Total adjustments | | |
| Net cash provided by operating activities | <u>25,168</u> | <u>5,463</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales and redemptions of investments | 44,613 | 23,477 |
| Redemption of note receivable | - | 328 |
| Purchases of investments | (66,693) | (23,315) |
| Purchase of property and equipment | (3,410) | (2,972) |
| | <u>(25,490)</u> | <u>(2,482)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities: | | |
| Principal payments under capital lease obligations | (83) | (188) |
| | <u>(83)</u> | <u>(188)</u> |
| Net cash used in financing activities | | |
| CHANGE IN CASH | (405) | 2,793 |
| Cash, beginning of year | <u>8,379</u> | <u>5,586</u> |
| Cash, end of year | <u>\$ 7,974</u> | <u>\$ 8,379</u> |
| Supplemental disclosures of cash flow information: | | |
| Interest paid on capital lease obligation | \$ 8 | \$ 16 |

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

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A - ORGANIZATION AND SUMMARY OF ITS SIGNIFICANT ACCOUNTING POLICIES

Organization

The Young Men's and Young Women's Hebrew Association ("92NY") is a New York City community and cultural center, incorporated in New York on September 15, 1874, that seeks to create, provide and disseminate programs of distinction that foster the physical and mental health of people throughout their lives, as well as their educational and spiritual growth and their enjoyment of life.

Founded more than a century ago to serve the Jewish people, 92NY promotes individual and family development and participation in civic life, within the context of Jewish values and American pluralism. 92NY reaches out beyond its core constituency of American Jews to serve people of diverse racial, religious, ethnic, and economic backgrounds, seeking partnerships that strengthen its programs and broaden its influence.

92NY is incorporated as a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and from state and local taxes under comparable laws.

On April 23, 2019, 92NY initiated operations for a 100% owned subsidiary, Unleash Global Good, LLC ("Unleash") for the purpose of conducting all activities related to 92NY's global giving initiative known as Giving Tuesday. The organization became independent and no longer a subsidiary of 92NY as of June 29, 2021. Operating activities for Unleash for the year ended June 30, 2021 are reflected in the accompanying financial statement.

On April 1, 2022, 92NY launched Roundtable, a new division designed to capitalize on and accelerate the virtual programming momentum achieved by the Adult Education division during the pandemic. Through Roundtable, 92NY established a platform and online destination for adult continuing education designed to reach a global audience through engagement in more comprehensive areas of study. This division largely replaces the existing Adult Education division which will still offer select, in-person programming.

Basis of Presentation

The financial statements of 92NY have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations. The financial statements include the accounts and transactions of 92NY. All intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial reporting purposes, 92NY considers all highly liquid financial investments, purchased with a maturity of three months or less, to be cash equivalents, except for working capital held in money market funds that are held as part of the investment portfolio.

Investments

92NY's investments in mutual funds are reported at their fair values in the statement of financial position at each fiscal year-end, based on quoted market prices. Cash and money-market funds held as working capital as part of 92NY's investment portfolio are included in investments.

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

While the investment portfolio at June 30, 2022 was predominantly invested in mutual funds, 92NY also has investments in limited partnerships, which are considered to be alternative investments, for which readily determinable fair values do not exist. The fair value of the alternative investments has been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit) of each investment, as reported by the particular investment manager. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation of the alternative investments, 92NY reviews and evaluates the values provided by the investment managers and believes the reported amounts of the investments in limited partnerships to be reasonable estimates of fair value at NAV as a practical expedient for fair value. Management believes the carrying amount of the investments in non-publicly traded securities is a reasonable estimate of their fair value. However, such estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

92NY's investments, in general, are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted on a program or perpetual basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds at the time of disposition. Distributions from limited partnerships that represent returns of contributed capital reduce the cumulative costs basis of the respective investment. Distributions received from limited partnerships in excess of 92NY's cumulative cost basis are recognized as realized gains. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

92NY maintains an investment portfolio advisor to provide services with respect to its investment portfolio. These activities include providing monthly reporting and research and advisory services, as well as providing recommendations with respect to fund managers, asset allocation and investment policy. Decisions with respect to fund managers, asset allocation, and investment policy require the approval of the Investment Committee of the Board of Directors.

Donated securities are recorded at fair value, on the dates of donation or by their net asset values as determined by 92NY's management. 92NY's policy is to sell donated securities immediately, and accordingly, for purposes of the statement of cash flows, donated securities received and sold in the same year are reported within operating activities.

Property and Equipment

Property and equipment are stated at their original costs on the dates of acquisition, or, if contributed, at their fair values on the dates of donation. 92NY capitalizes items of property and equipment that have a cost of \$2,500 or more and a useful life of more than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of buildings and building improvements and furniture and equipment is provided over the estimated useful lives of the respective assets, using the straight-line method. Buildings and building improvements are being depreciated over a range from seven to 30 years, and furniture and equipment are being depreciated over five to 15 years. Capital leases are amortized over the length of the lease or the life of the equipment, whatever is shorter. Land is not depreciated.

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Management evaluates the recoverability of investments in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment, as of June 30, 2022 and 2021, and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near-term and necessitate a change in management's estimate of the recoverability of these assets.

Accrued Vacation and Retirement

Based on their tenure and an annual carryover provision of five months, employees are entitled to be paid for unused vacation time if they leave the organization. Accordingly, at each year end, 92NY must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. At June 30, 2022 and 2021, this accrued vacation obligation was approximately \$370,000 and \$375,000, respectively, and is included in accounts payable and accrued expenses in the statement of financial position. In addition, certain union employees are entitled to receive severance benefits based on tenure, age and evidence of receiving full scope social security benefits. 92NY accrues an expense at year-end for the employees that are known to have met all the criteria above and is included in accounts payable and accrued expenses in the statement of financial position.

Net Assets

Net assets and related revenues and support are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of 92NY and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for 92NY to utilize for carrying on 92NY's general mission in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by 92NY's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restrictions

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or are for expenditure on a specific program or in a specific geographic location. These donor-imposed stipulations can be fulfilled and removed by the actions of 92NY pursuant to those stipulations.

In addition, net assets with donor restrictions also include net assets whereby the respective donors have stipulated that the corpus contributed be invested and/or maintained in perpetuity. Income earned from these investments is available for expenditure according to restrictions, if any, imposed by donors.

Net assets with donor restrictions in perpetuity represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as well as those resources for which the use has been restricted by donors to specific purposes or by the passage of time (Note I). When a donor's restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions." Contributions for capital expenditures are considered net assets with donor restrictions.

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Applicability of NYPMIFA

The terms of NYPMIFA are applicable to 92NY. NYPMIFA principally addresses (i) the management and investment of all of a not-for-profit entity's "institutional funds" (which are mainly the financial assets of the entity and which exclude programmatic assets such as buildings or operating facilities), and (ii) the appropriations by the governing board of earnings derived from net assets with donor restrictions. NYPMIFA requires all of the financial resources of the entity to be used in a "prudent" manner, with the express approval and action of the governing board.

Revenue Recognition

(i) Contributions, Gifts and Pledges

Contributions to 92NY are recorded as revenue upon the receipt of an unconditional pledge, cash or other assets. Contributions are recorded as donor restricted if they are received with donor stipulations or time considerations as to their use. Contributions to be received after one year are discounted to present value at an appropriate interest rate commensurate with the risks involved. An allowance for uncollectible pledges receivable is provided, using management's judgment of potential defaults, which considers factors such as prior collection history, type of contribution and the nature of fund-raising activity. Contributions can be restricted for a specific purpose or passage of time.

(ii) Membership Dues

Membership dues and program service fee revenues are recognized as income in the period in which the underlying services are provided. Fees received for future year's programs are deferred and subsequently recognized as revenue as the programs to which they pertain occur.

(iii) Rental Revenue

Rental revenue from the use of the facilities of 92NY is recognized when services are rendered, in accordance with the applicable contractual provisions.

(iv) Donated Goods and Services

For recognition of donated goods and services in 92NY's financial statements, such goods or services must (i) create or enhance non-financial assets, and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing those skills. Donated goods and services are recorded as support of the net assets without donor restrictions category unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the statement of activities (see Note K).

(v) Annual Events

From time-to-time, 92NY holds fund-raising events. A portion of the gross proceeds paid by the attendees of the event represents payment for the direct cost of the benefits received by the attendees at the event. Such annual-event surplus is reported net of the direct costs of the event that are attributable to the benefit that the donors receive referred to as "direct benefit to donor."

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Charitable Split-Interest Agreements

92NY is the beneficiary of charitable remainder unitrusts. A charitable remainder unitrust gift is a time restricted contribution that is not available to 92NY until after the death of the donor, who, while living, receives an annual payout from the trust based on a fixed percentage of the fair value of the invested funds on June 30 of each year. An unrelated third-party trustee holds the invested funds.

92NY is also the beneficiary of a charitable lead annuity trust ("CLAT") for which it does not serve as a trustee. Under the terms of the CLAT, 92NY will receive annual distributions of approximately \$78,000 over the 20-year life of the CLAT, which began in fiscal-year 2013, after which, the trust will terminate.

The present value of the future benefits to be received by 92NY have been included in pledges receivable in the statement of financial position. The changes in the present value are reported as an increase or decrease in net assets with donor restrictions.

Functional Allocation of Expenses

The costs of providing 92NY's programs are presented in the statements of activities and functional expenses. The expenses of providing 92NY's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the program and supporting services categories in ratios determined by management using the following bases: salary hours, number of employees, square footage, and utilization of resources by department.

Income Tax Uncertainties

92NY follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

92NY is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. 92NY has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. 92NY has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, 92NY has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Accounting Pronouncements Effective in Future Year

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02, as amended, is effective for 92NY in the fiscal year beginning after December 15, 2021 (effective for 92NY for the year ending June 30, 2023). Early application is permitted. An entity is required to apply the amendments in the standard under the modified retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to present leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, leases are required to be recognized on the balance sheet as leased assets and liabilities for operating leases at each reporting date. 92NY is currently evaluating the impact of this standard on the financial statements.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Subsequent Events

92NY has evaluated subsequent events through February 23, 2023, the date on which the financial statements were available to be issued.

NOTE B - CONTRIBUTIONS RECEIVABLE, NET

As of June 30, 2022 and 2021, contributions receivable, net, were due to be collected as follows:

| | 2022 | 2021 |
|---|----------------|-----------|
| | (in thousands) | |
| Less than one year | \$ 10,060 | \$ 9,846 |
| One to five years | 31,961 | 21,581 |
| Thereafter | 4,650 | 4,925 |
| | 46,671 | 36,352 |
| Less discount to present value with rates ranging from 0.31% to 6% | (693) | (1,012) |
| | 45,978 | 35,340 |
| Charitable remainder unitrusts | 2,625 | 18,072 |
| Less discount to present value | (663) | (2,630) |
| | 1,962 | 15,442 |
| Charitable lead annuity trust | 779 | 857 |
| Less discount to present value | (43) | (143) |
| | 736 | 714 |
| Total | \$ 48,676 | \$ 51,496 |

92NY periodically assesses the collectability of its contributions receivable and, when necessary, provides allowances for anticipated losses.

NOTE C - ACCOUNTS RECEIVABLE, NET

As of June 30, 2022 and 2021, accounts receivable, net, are comprised of the following:

| | 2022 | 2021 |
|--|----------------|--------|
| | (in thousands) | |
| Accounts receivable | \$ 355 | \$ 837 |
| Accounts receivable - health and fitness | 95 | 16 |
| Accounts receivable - youth and family | 16 | 94 |
| Total | \$ 466 | \$ 947 |

92NY periodically assesses the collectability of its receivables and, when necessary, provides allowances for anticipated losses.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE D - INVESTMENTS AND CHARITABLE SPLIT-INTEREST AGREEMENTS

As of June 30, 2022 and 2021, the costs and fair values of investments were as follows:

| | 2022 | | 2021 | |
|---|------------------|------------------|------------------|------------------|
| | Fair Value | Cost | Fair Value | Cost |
| | (in thousands) | | | |
| Working capital - cash and money-market funds | \$ 6,224 | \$ 6,224 | \$ 799 | \$ 799 |
| Investments in limited partnerships: | | | | |
| Equities and fixed income | 1,212 | 1,142 | 2,395 | 1,750 |
| Private equity | 18 | 481 | 28 | 481 |
| Mutual funds: | | | | |
| Equity securities | 27,334 | 29,226 | 23,067 | 18,433 |
| Fixed income | 7,462 | 8,077 | 9,911 | 10,177 |
| Real Estate | 1,811 | 1,941 | - | - |
| Money Market | 6,629 | 6,629 | - | - |
| Total | \$ 50,690 | \$ 53,720 | \$ 36,200 | \$ 31,640 |

Investment income (loss) earned during the years ended June 30, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|---|-------------------|-----------------|
| | (in thousands) | |
| Interest and dividends, net | \$ 1,794 | \$ 772 |
| Net realized gains (losses) on sales of investments | (453) | 2,764 |
| Net unrealized gains (losses) on investments | (7,590) | 2,458 |
| Net unrealized gains (losses) on charitable remainder unitrusts | (447) | 702 |
| Total | \$ (6,696) | \$ 6,696 |

Investment income is reported net of investment, management, performance and custodial fees of approximately \$107,000 and \$156,000 for the years ended June 30, 2022 and 2021, respectively. These are specific fees charged by 92NY's various investment managers in each fiscal year and do not include other fees that may be embedded in various other investment accounts and transactions.

Concentrations of 92NY's category of investments in excess of 10% of the fair value of its portfolio were comprised of 57% in equity security mutual funds, 16% in fixed income mutual funds, 14% in money market mutual funds, and 13% of working capital as of June 30, 2022. For the period ending June 30, 2021 those percentages were 64% in equity security mutual funds and 27% in fixed income mutual funds.

Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair value measurements. 92NY follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure and report fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure and report fair value.

The following describes the hierarchy of inputs used to measure and report fair value and the primary valuation methodologies used by 92NY for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets that 92NY has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. 92NY does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity and fixed income securities, registered mutual funds and exchange traded funds.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the respective asset or liability. This includes use of model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full-term of the assets or liabilities. Inputs are obtained from various sources, including market participants, dealers and brokers.
- Level 3 - Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 92NY believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. 92NY considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to 92NY's perceived risk of that investment.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

The availability of available market data is monitored by 92NY's management to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended June 30, 2022 and 2021, there were no transfers among fair value hierarchy levels.

The following table summarize the fair values of 92NY's assets at June 30, 2022, in accordance with the ASC Topic 820 fair value hierarchy levels:

| | Amounts Within Fair Value Hierarchy | | | | |
|---|-------------------------------------|-----------------|------------------|-----------------|------------------|
| | (in thousands) | | | | |
| | Level 1 | Level 3 | Total | Valued at NAV | Total |
| Investments in limited partnerships: | | | | | |
| Equities and fixed-income funds | \$ - | \$ - | \$ - | \$ 1,212 | \$ 1,212 |
| Private equity fund | - | - | - | 18 | 18 |
| Mutual funds: | | | | | |
| Equity securities | 27,334 | - | 27,334 | - | 27,334 |
| Fixed-income funds | 7,462 | - | 7,462 | - | 7,462 |
| Real Estate | 1,811 | - | 1,811 | - | 1,811 |
| Money Market | 6,629 | - | 6,629 | - | 6,629 |
| Investments within fair value hierarchy | <u>\$ 43,236</u> | <u>\$ -</u> | <u>\$ 43,236</u> | <u>\$ 1,230</u> | <u>44,466</u> |
| Investment amounts not included in fair value hierarchy | | | | | <u>6,224</u> |
| Total investments | | | | | <u>\$ 50,690</u> |
| Charitable remainder unitrusts | \$ - | \$ 1,961 | \$ - | \$ - | \$ 1,961 |
| Charitable lead annuity trust | - | 735 | - | - | 735 |
| Total charitable split-interest agreements | <u>\$ -</u> | <u>\$ 2,696</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,696</u> |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

The following table summarize the fair values of 92NY's assets at June 30, 2021, in accordance with the ASC Topic 820 fair value hierarchy levels:

| | Amounts Within Fair Value Hierarchy | | | | |
|---|-------------------------------------|------------------|------------------|-----------------|------------------|
| | (in thousands) | | | | |
| | Level 1 | Level 3 | Total | Valued at NAV | Total |
| Investments in limited partnerships: | | | | | |
| Equities and fixed-income funds | \$ - | \$ - | \$ - | \$ 2,395 | \$ 2,395 |
| Private equity fund | - | - | - | 28 | 28 |
| Mutual funds: | | | | | |
| Equity securities | 23,067 | - | 23,067 | - | 23,067 |
| Fixed-income funds | 9,911 | - | 9,911 | - | 9,911 |
| Investments within fair value hierarchy | <u>\$ 32,978</u> | <u>\$ -</u> | <u>\$ 32,978</u> | <u>\$ 2,423</u> | <u>35,401</u> |
| Investment amounts not included in fair value hierarchy | | | | | <u>799</u> |
| Total investments | | | | | <u>\$ 36,200</u> |
| Charitable remainder unitrusts | \$ - | \$ 15,441 | \$ - | \$ - | \$ 15,441 |
| Charitable lead annuity trust | - | 713 | - | - | 713 |
| Total charitable split-interest agreements | <u>\$ -</u> | <u>\$ 16,154</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,154</u> |

The following tables summarize the changes in the fair values of 92NY's Level 3 assets during the year ended June 30, 2022:

| | Charitable Remainder Unitrust | Charitable Lead Annuity Trust |
|--|-------------------------------|-------------------------------|
| Balance, July 1, 2021 | \$ 15,441 | \$ 713 |
| Unrealized gains (losses) | (447) | - |
| Distributions | (3,900) | (78) |
| Redemptions/Change in structure | (11,100) | - |
| Change in the value of split-interest agreements | 1,967 | 100 |
| Balance, June 30, 2022 | <u>\$ 1,961</u> | <u>\$ 735</u> |

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Qualification of unobservable inputs (in thousands):

| Instrument | Fair Value | Principle Valuation Technique | Unobservable Inputs | Range |
|--------------------------------|------------|---------------------------------------|----------------------------------|-------|
| Charitable remainder unitrusts | \$ - | Fair value of underlying trust assets | Expected recovery | N/A |
| Charitable lead annuity trust | \$ - | Discounted future cash flows | Mortality rate/ discount rate | N/A |

The following tables summarize the changes in the fair values of 92NY's Level 3 assets during the year ended June 30, 2021:

| | Donated Note Receivable | Charitable Remainder Unitrusts (in thousands) | Charitable Lead Annuity Trust |
|--|-------------------------|--|-------------------------------|
| Balance, July 1, 2020 | \$ 328 | \$ 14,954 | \$ 855 |
| Unrealized gains | - | 702 | - |
| Distributions | - | - | (78) |
| Redemptions | (328) | - | - |
| Change in the value of split-interest agreements | - | (215) | (64) |
| Balance, June 30, 2021 | <u>\$ -</u> | <u>\$ 15,441</u> | <u>\$ 713</u> |

Qualification of unobservable inputs (in thousands):

| Instrument | Fair Value | Principle Valuation Technique | Unobservable Inputs | Range |
|--------------------------------|------------|---------------------------------------|----------------------------------|-------|
| Charitable remainder unitrusts | \$ 15,441 | Fair value of underlying trust assets | Expected recovery | N/A |
| Charitable lead annuity trust | \$ 713 | Discounted future cash flows | Mortality rate/ discount rate | N/A |

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

The following table describes the redemption terms for investments measured at NAV for the year ended June 30, 2022:

| | <u>Fair Value</u> (in thousands) | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|---|-------------------------------------|--|--|
| Investments in limited partnerships: Equity and fixed income | \$ 1,212 | 3-year rolling Upon dissolution of the partnership or sale to a third-party | 1 to 60 days Upon dissolution of the partnership or sale to a third-party |
| Private equity | <u>18</u> | | |
| Total | <u>\$ 1,230</u> | | |

The following table describes the redemption terms for investments measured at NAV for the year ended June 30, 2021:

| | <u>Fair Value</u> (in thousands) | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|---|-------------------------------------|--|--|
| Investments in limited partnerships: Equity and fixed income | \$ 2,395 | 3-year rolling Upon dissolution of the partnership or sale to a third-party | 1 to 60 days Upon dissolution of the partnership or sale to a third-party |
| Private equity | <u>28</u> | | |
| Total | <u>\$ 2,423</u> | | |

There were no unfunded commitments related to these investments as of June 30, 2022 and 2021.

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE E - PROPERTY AND EQUIPMENT, NET

As of June 30, 2022 and 2021, property and equipment, net, consisted of the following:

| | 2022 | 2021 |
|--|----------------|-----------|
| | (in thousands) | |
| Land | \$ 2,525 | \$ 2,525 |
| Buildings and building improvements | 59,744 | 59,266 |
| Furniture and equipment | 64,954 | 63,818 |
| | 127,223 | 125,609 |
| Less accumulated depreciation and amortization | (101,396) | (97,394) |
| Construction-in-progress | 3,652 | 1,855 |
| Total | \$ 29,479 | \$ 30,070 |

There were no disposals during the years ended June 30, 2022 and 2021.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

During the years ended June 30, 2022 and 2021, net assets released from restrictions consisted of the following:

| | 2022 | 2021 |
|-------------------------------------|----------------|-----------|
| | (in thousands) | |
| Educational and cultural activities | \$ 5,586 | \$ 13,957 |
| Capital expenditures | 2,478 | 5,848 |
| Total | \$ 8,064 | \$ 19,805 |

For the years ended June 30, 2022 and 2021, net assets released from restrictions for educational and cultural activities included approximately \$778 and \$0, respectively, of amounts appropriated from the endowment.

NOTE G - ENDOWMENT

The Endowment

92NYs endowment consists of 36 donor-restricted endowment funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to maintain historic dollar value. Prudent appropriation from an endowment fund whose value is less than its historic dollar value is permitted. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it “determines is prudent for the uses, benefits, purposes and duration for which the fund is established,” without regard for historic dollar value. As with prior law, NYPMIFA retains the requirement that in making any decision to appropriate, “the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.” It further provides a new requirement that the institution “shall consider, if relevant” the following eight factors in deciding whether or not to appropriate from an endowment:

- The duration and preservation of the endowment fund;
- The purposes of 92NY and its endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of endowment investments;
- Other resources of 92NY;
- Alternatives to expenditure of the endowment fund; and
- The investment policy of 92NY.

92NY has a policy of making available for operating expenses each year a portion of its endowment funds' average net assets over the 12 months of the fiscal year. In establishing this policy, 92NY considered the long-term expected return on its endowment. This is consistent with 92NY'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. The spending policy is consistent with 92NY's objectives to utilize earnings to support programs, while preserving capital and ensuring future endowment growth.

Endowment funds are invested with Investment Managers charged with meeting or exceeding the representative index, universe or blended market index and universe that most closely corresponds to the Investment Manager's style of investment management. The investment strategy emphasizes long-term appreciation of the assets and consistency of total portfolio returns to support general operations while ensuring endowment preservation of capital.

Consistent with endowment accounting for not-for-profit organizations for funds subject to an enacted version of NYPMIFA, 92NY classifies as net assets with donor restrictions (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, (c) the net realizable value of future payments to permanent endowment net assets in accordance with the donor's gift instrument (outstanding endowment pledges, net of applicable discount), and (d) accumulations, including appreciation, gains and income, to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

For financial reporting purposes, donor-restricted endowment fund appreciation, gains and income are classified as net assets with donor restrictions (accumulated gains) until those amounts are appropriated for expenditure by 92NY in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified to net assets without donor restrictions.

Endowment net asset composition by type of fund as of June 30, 2022:

| | Net Assets with Donor Restrictions | | | |
|----------------------------------|---|---|---------------|-----------|
| | Accumulated Gains- Restricted to Time and Purpose | Accumulated Gains and Present Value Adjustment | Original Gift | Total |
| | (in thousands) | | | |
| Donor-restricted endowment funds | \$ (2,084) | \$ (87) | 45,881 | \$ 43,710 |

Endowment net asset composition by type of fund as of June 30, 2021:

| | Net Assets with Donor Restrictions | | | |
|----------------------------------|---|---|---------------|-----------|
| | Accumulated Gains- Restricted to Time and Purpose | Accumulated Gains and Present Value Adjustment | Original Gift | Total |
| | (in thousands) | | | |
| Donor-restricted endowment funds | \$ 1,587 | \$ (752) | \$ 51,391 | \$ 52,226 |

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Changes in endowment net assets, during the year ended June 30, 2022:

| | Net Assets Without Donor Restrictions | Net Assets with Donor Restrictions | | Total |
|--|--|--|----------------------------------|-----------|
| | | Accumulated Gains- Restricted to Time and Purpose* | Amounts Held in Perpetuity | |
| | | (in thousands) | | |
| Endowment net assets, beginning of year (including contributions receivable of \$13,655) | \$ - | \$ 1,587 | \$ 50,639 | \$ 52,226 |
| Contributions, including NPV adjustments | - | - | 1,453 | 1,453 |
| Endowment Spin-off | - | (778) | - | (778) |
| Donor modification of designation of contribution | - | - | (6,298) | (6,298) |
| Accumulate endowment earnings/loss | - | (2,893) | - | (2,893) |
| Endowment net assets, end of year (including contributions receivable of \$10,098) | \$ - | \$ (2,084) | \$ 45,794 | \$ 43,710 |

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

Changes in endowment net assets, during the year ended June 30, 2021:

| | Net Assets Without Donor Restrictions | Net Assets with Donor Restrictions | | Total |
|--|--|--|----------------------------------|------------------|
| | | Accumulated Gains- Restricted to Time and Purpose* | Amounts Held in Perpetuity | |
| | | (in thousands) | | |
| Endowment net assets, beginning of year (including contributions receivable of \$14,739) | \$ - | \$ (433) | \$ 50,545 | \$ 50,112 |
| Contributions | - | - | 124 | 124 |
| Recovery of bad debt | - | - | 95 | 95 |
| Donor modification of designation of contribution | - | - | (125) | (125) |
| Accumulate endowment earnings/loss | - | 2,020 | - | 2,020 |
| Endowment net assets, end of year (including contributions receivable of \$13,655) | <u>\$ -</u> | <u>\$ 1,587</u> | <u>\$ 50,639</u> | <u>\$ 52,226</u> |

* Includes underwater endowments of \$2,568,000 and \$0 at June 30, 2022 and 2021, respectively.

Return Objectives and Risk Parameters

92NY 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.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, 92NY 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). 92NY, under the direction of the Investment Committee of the Board of Directors, targets a mix of assets, including cash, money-market funds, securities and various investments in limited partnerships, to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar-value of the donor's original permanently restricted contribution. There were no funds that had deficiencies of this nature as of June 30, 2022 and 2021. Under the terms of NYPMIFA, 92NY has no responsibility to restore such decreases in value.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE H - EMPLOYEE BENEFIT PLANS

Personnel of 92NY are eligible for pension benefits, and those who elect to participate are covered by the Retirement Plan of Federation of Jewish Philanthropies of New York and Beneficiary Societies, as follows:

| Plan Legal Name | Actuarial Valuation Date | EIN/Pension Plan Number | Actuarial Present Value of Accumulated Plan Benefits | Plan Assets |
|--|-----------------------------|----------------------------|---|-------------|
| | | | (in millions) | |
| Retirement Plan of Federation of Jewish Philanthropies of New York and Beneficiary Societies | 9/30/2021 | 51-0172429 | \$ 559,451 | \$ 564,082 |

92NY pays pension expenses for employees in the plans of the Local 306 and IATSE unions. Pension expense for the year ended June 30, 2022 and 2021 was approximately \$996,000 and \$2,488,000 respectively. In addition, 92NY offers a voluntary Section 403(b) retirement plan for its employees but does not contribute to the plan.

NOTE I - RELATED-PARTY TRANSACTIONS

Related Parties - Contributions

During the years ended June 30, 2022 and 2021, 92NY received contributions of approximately \$7,415,000 and \$11,575,000 from the members of its Board of Directors. This level of Board participation represented 15% and 49% of total contributions and grants, and annual events for the years ended June 30, 2022 and 2021, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

92NY maintains its cash and cash equivalents in various bank accounts; the amounts of which may at times exceed federally insured limits. In addition, 92NY's cash investments are placed with high-credit-quality financial institutions. Management believes there is not a substantial likelihood that the financial institutions will fail and that 92NY is not subject to a risk of loss beyond that which may be related to market changes.

NOTE K - DONATED GOODS AND SERVICES

Volunteers

Certain unpaid volunteers have made significant contributions of their time to 92NY. However, these services have not been reported in the financial statements, as they neither require specialized skills nor would have been purchased had they not been donated.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE L - COMMITMENTS AND CONTINGENCY

Leases

(i) Operating Leases:

92NY leased camp facilities in 2022. 92NY also leased May Center equipment under operating leases with terms that expire through January 31, 2025, with future minimum rental payments as follows:

| <u>Year Ending June 30,</u> | <u>(in thousands)</u> |
|-----------------------------|-----------------------|
| 2023 | \$ 650 |
| 2024 | 22 |
| | <u>\$ 672</u> |

Rent expense for the years ended June 30, 2022 and 2021 was approximately \$410,000 and \$70,000, respectively.

(ii) Capital Lease:

92NY also leased LED lighting under a capital lease agreement that terminated in April 2021. The interest rate related to the lease obligation is 3.9% (net of the impact of an electric provider's rebate of \$178,000), which matured in April 2021. 92NY also leases backstage equipment that will terminate in December 2023. The capital lease obligation is reported as a part of accounts payable and accrued expenses and fixed assets in the accompanying financial statements. The following is a schedule of the future minimum lease payments:

| <u>Year Ending June 30,</u> | <u>(in thousands)</u> |
|-----------------------------|-----------------------|
| 2023 | \$ 91 |
| 2024 | 46 |
| | <u>\$ 137</u> |

Legal

92NY is a defendant in legal actions arising in the normal course of its operations. In 92NY's opinion, the final outcome of these actions would be immaterial, and no related amounts for potential settlements have been accrued and reported in the financial statements.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on 92NY's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its long-term impact on 92NY's donors, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact 92NY's financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

The Young Men's and Young Women's Hebrew Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table presents the total financial assets held by 92NY as of June 30, 2022 and 2021 that could be readily made available within one year of the statement of financial position date to meet general expenditures:

| | 2022 | 2021 |
|--|----------------|----------|
| | (in thousands) | |
| Cash | \$ 7,974 | \$ 8,379 |
| Accounts receivable, net | 467 | 947 |
| Contributions receivable, net | 48,676 | 51,496 |
| Investments | 50,690 | 36,200 |
| Total financial assets | 107,807 | 97,022 |
| Net assets with donor restrictions not available for more than one year | (98,841) | (93,072) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 8,966 | \$ 3,950 |

In May 2022, 92NY secured a \$7,500,000 line of credit with First Republic Bank in the event of an unanticipated liquidity need. At June 30, 2022, 92NY did not draw any funds from the line of credit. The line of credit expires on May 17, 2023.

In July 2021, 92NY was awarded \$10,000,000 from the Federal Government through the Shuttered Venue Operators Grant (SVOG) program, section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) signed into law on December 27, 2020. Between August 2021 and April 2022, 92NY received approximately \$5,900,000 from the Federal Government for COVID-19 Related Employee Retention Credits.

92NY manages its financial assets such that a sufficient level of operating cash and short-term investments are available as its general expenditures, liabilities, and other obligations come due. 92NY maintains an operating budget that generates required financial assets over the course of one year in order to meet its general expenditures. With the approval of the Board, financial assets with purpose and/or time restrictions available within one year are available to meet seasonal liquidity needs. Management intends to further enhance liquidity through improved operating results (ongoing expense savings and new earned revenue streams), as well as expanded fundraising efforts.