FOUNDATION FOR JEWISH PHILANTHROPIES, INC.
AND SUBSIDIARIES

Consolidated Financial Statements as of
December 31, 2020
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

FOUNDATION FOR JEWISH PHILANTHROPIES, INC. AND SUBSIDIARIES

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DECEMBER 31, 2020

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 30, 2021

To the Board of Trustees of
Foundation for Jewish Philanthropies, Inc. and Subsidiaries:

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of the Foundation for Jewish Philanthropies, Inc. and Subsidiaries, (New York organizations), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Jewish Philanthropies, Inc. and Subsidiaries as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Foundation for Jewish Philanthropies, Inc. and Subsidiaries' December 31, 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

Bonadio & Co., LLP

FOUNDATION FOR JEWISH PHILANTHROPIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 6,917,949	$ 15,030,498
Endowments and pledges receivable, net of allowance of $16,357 in 2020 and $16,524 in 2019	3,162,548	2,217,565
Loans and notes receivable, net of allowance of $22,041 in 2020 and $24,164 in 2019	8,355,995	7,738,622
Other assets	1,107,638	2,375,569
Fixed assets, net	93,389	368,077
Assets held for investment:		
Investments	151,079,426	137,691,847
Beneficial interest in assets held by Community Foundation for Greater Buffalo	28,308,215	24,116,561
Buildings owned by LLCs (see Note 16)	22,400,904	22,988,178
Life settlement contracts	8,641,019	7,530,219
Cash surrender value of life insurance policies	2,822,253	2,887,454
Total assets held for investment	213,251,817	195,214,259
	$ 232,889,336	$ 222,944,590
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Line of credit	$ 300,000	$ -
Accounts payable and accrued liabilities	1,546,903	1,669,117
Funds held on behalf of other organizations	67,776,878	53,017,711
Liabilities to beneficiaries	21,755,042	22,874,453
Total liabilities	91,378,823	77,561,281
NET ASSETS:		
Without donor restrictions		
Undesignated	111,316,572	117,042,254
Board designated	1,770,652	1,594,988
With donor restrictions	28,423,289	26,746,067
Total net assets	141,510,513	145,383,309
	$ 232,889,336	$ 222,944,590

The accompanying notes are an integral part of these statements.

FOUNDATION FOR JEWISH PHILANTHROPIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE:				
Investment income, net	$ 3,759,638	$ 2,053,032	$ 5,812,670	$ 12,111,460
Death benefits, net	4,709,258	-	4,709,258	1,550,000
Fund management fees	199,501	-	199,501	370,301
Contributions	3,672,305	145,596	3,817,901	5,528,513
Change in value of split interest agreements	-	142,133	142,133	1,040,873
Change in cash surrender value of life insurance	(73,440)	-	(73,440)	154,223
Present value adjustment on pledges	(178,883)	-	(178,883)	-
Remainder distribution	-	-	-	(41,406)
Net assets released from restrictions	663,539	(663,539)	-	-
Total support and revenue	12,751,918	1,677,222	14,429,140	20,713,964
EXPENSES:				
Program services	17,814,356	-	17,814,356	10,088,763
General and administrative	470,589	-	470,589	576,286
Fundraising	16,991	-	16,991	102,017
Total expenses	18,301,936	-	18,301,936	10,767,066
CHANGE IN NET ASSETS	(5,550,018)	1,677,222	(3,872,796)	9,946,898
NET ASSETS - beginning of year	118,637,242	26,746,067	145,383,309	135,436,411
NET ASSETS - end of year	$ 113,087,224	$ 28,423,289	$ 141,510,513	$ 145,383,309

The accompanying notes are an integral part of these statements.

FOUNDATION FOR JEWISH PHILANTHROPIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Program Services	General and Administrative	Fundraising	2020 Total	2019 Total
Salaries and wages	$ 326,093	$ 275,171	$ 10,184	$ 611,448	$ 790,130
Payroll taxes	25,991	21,932	812	48,735	62,252
Grants to beneficiaries	15,838,945	-	-	15,838,945	7,519,555
Life insurance premiums	1,392,050	-	-	1,392,050	1,726,899
Employee benefits	49,911	44,022	1,204	95,137	195,869
Professional services	36,637	30,916	1,144	68,697	130,082
Computer services	27,676	23,354	864	51,894	11,699
Occupancy	26,812	22,625	837	50,274	54,539
Insurance	21,586	18,215	674	40,475	37,616
Depreciation	27,606	3,644	135	31,385	37,048
Advertising and publicity	15,846	13,372	495	29,713	6,195
Equipment rental and maintenance	6,156	5,195	192	11,543	33,495
Continuing education	2,389	2,016	75	4,480	-
Postage and shipping	2,189	1,819	68	4,076	5,508
Subscriptions	1,809	1,527	57	3,393	1,420
Conferences, conventions, and meetings	1,487	1,254	46	2,787	6,200
Program expenses	2,727	-	-	2,727	57,303
Telephone	1,386	1,170	43	2,599	1,259
Administrative	1,898	-	-	1,898	10,920
Internet services	393	331	12	736	13,432
Interest	-	-	-	-	38,714
Supplies	-	-	-	-	7,913
Miscellaneous	4,769	4,026	149	8,944	19,018
Total expenses	$ 17,814,356	$ 470,589	$ 16,991	$ 18,301,936	$ 10,767,066

FOUNDATION FOR JEWISH PHILANTHROPIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,872,796)	$ 9,946,898
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation on fixed assets	31,385	37,048
Depreciation on buildings owned by LLCs	587,274	587,273
Loss on disposal of fixed asssets	254,899	-
(Increase) decrease in cash value and receivables relating to life insurance policies	65,201	(157,178)
Unrealized gain on investments	(5,459,945)	(14,510,948)
Donated stock	(3,838,548)	(3,160,175)
Change in liabilities to beneficiaries	(1,119,411)	3,578,231
Changes in other operating assets and liabilities:		
Endowments and pledges receivable	(944,983)	(294,317)
Other assets	1,267,931	1,162,850
Accounts payable and accrued liabilities	(126,799)	(252,451)
Funds held on behalf of other organizations	14,759,167	4,825,123
Net cash flow from operating activities	1,603,375	1,762,354
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(86,949,684)	(78,664,099)
Proceeds from sale of investments	78,668,943	79,491,977
Purchase of fixed assets	(11,595)	-
Proceeds from life insurance loans	4,585	327
Premiums paid on life settlement contracts	(1,110,800)	(896,000)
(Advances on) payments from loans receivable	(617,373)	(66,109)
Net cash flow from investing activities	(10,015,924)	(133,904)
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	300,000	-
Payments on debt	-	(205,051)
Net cash flow from financing activities	300,000	(205,051)
CHANGE IN CASH AND CASH EQUIVALENTS	(8,112,549)	1,423,399
CASH AND CASH EQUIVALENTS - beginning of year	15,030,498	13,607,099
CASH AND CASH EQUIVALENTS - end of year	$ 6,917,949	$ 15,030,498
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid during the year	$ -	$ 38,714
Non-cash gifts (donated stock)	$ 3,838,548	$ 3,160,175

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

The Foundation for Jewish Philanthropies, Inc. and Subsidiaries (collectively the Foundation) is a not-for-profit organization operating as a public foundation for the purpose of securing, administering, and distributing certain charitable funds for the principal benefit of the Jewish community of Western New York. The Foundation develops and manages endowment funds for Jewish social service agencies, community organizations, temples, and synagogues. It also offers a variety of planned giving services to donors and conducts an extensive grant-making program for the distribution of its funds for broad charitable purposes. During 2016, the Foundation received a contribution from a donor giving the Foundation 100% ownership interest in three Limited Liability Companies (LLCs) holding real estate. The Foundation is the sole member of each of these LLCs and therefore they are included in the consolidated financial statements (see principles of consolidation). The LLCs engage in the management and rental of single tenant commercial office buildings located in Illinois, Indiana and New York.

The Foundation maintains separate funds which each perform an important role in supporting and promoting the mission of the Foundation. The following summarizes the roles of each fund:

General Fund
The general fund accounts for all gifts made to the Foundation for use to support operations and all general and administrative expenses related to the operation of the Foundation.

General Restricted Fund
The general restricted fund accounts for all endowment gifts made to the Foundation for various purposes as indicated by donor-imposed restrictions, either on income, principal, or both.

Custodial Fund
The custodial fund accounts for all gifts received at the Foundation for the benefit of other Jewish agencies and organizations.

Donor Advised Fund
The donor advised fund accounts for gifts made to the Foundation whereby the donor retains the right to make advisory recommendations to the Foundation as to distribution of principal and/or income from the fund; however, the Foundation retains the ultimate right to determine and approve all distributions from the funds.

Charitable Trust Fund
The charitable trust fund accounts for gifts in trust whereby a contribution is made to the Foundation on the condition that the Foundation agrees to make periodic stipulated payments to the donor, or other income beneficiary, that will terminate at the death of a beneficiary or at a specified time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and three limited liability companies: 570 Associates X, LLC, Grape Day, LLC and 93 ILRPT, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Revenue Recognition

The Foundation reports its support and revenue included in the consolidated statement of activities and change in net assets as follows:

- **Fund Management Fees**

  The Foundation recognizes fund management fees under Topic 606 which requires the recognition of revenue in the period in which they satisfy the performance obligations under contracts by transferring services to the customers they serve. The Foundation's performance obligation is to provide management services of the fund for donor established funds held with the Foundation.

  Fund management fees are recognized using the output method at the amount to which the Foundation expects to be entitled, based on established fees charged to the donors. The performance obligation is satisfied daily as the benefit of the services are consumed by the donors served. Because performance obligations are met daily, there are no fees allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

- **Other Support and Revenue**

  All other support and revenue, which consists primarily of contributions by donors, are recognized under ASU 2018-08, which requires revenue to be recognized as support becomes unconditional. Contributions received, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give that are expected to be collected in the future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. If the gifts are designated by the donor for purpose or time, they are reported as donor restricted support depending on the donor restriction. The Foundation records a liability concurrent with the recognition of an asset for contributions received by the Foundation if the donor specifies that the assets are to be used on behalf of or transferred to a beneficiary organization. An allowance for uncollectible pledges receivable is recorded as deemed necessary by management.

Cash and Cash Equivalents

The Foundation considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include checking accounts and money market accounts. Certain cash balances held at banking institutions may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Although the cash accounts exceed the FDIC limit, management does not anticipate nonperformance by the financial institutions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments
All investments are reported at fair value in the consolidated statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Donated investments are recorded at fair value at date of donation. The cost or book value of specific investments sold is used to compute realized gains or losses on sales. The Foundation classifies its investments as trading securities and includes unrealized gains and losses on investments as a component of investment income. Investment income also includes interest, dividends, and realized gains and losses on investment transactions.

Investment income from donor restricted assets is recorded as revenue without donor restrictions when no external restrictions are specified by the donor, and as an addition to net assets with donor restrictions when restrictions by the donor exist.

On a fund-by-fund basis, cumulative investment losses in excess of retained cumulative investment earnings are reclassified to net assets without donor restrictions and are included as a component of investment income.

Beneficial Interest in Assets
The Foundation holds an agreement with the Community Foundation for Greater Buffalo (CFGB) for assets held in CFGB's investment pool as well as their strategic asset allocation and investment opportunities (see Notes 4 and 5).

Risks and Uncertainties
Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investment securities and the uncertainty related to change in the fair market value of investment securities, it is at least reasonably possible that changes in the value of investments in the near term could materially affect the net assets of the Foundation.

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Foundation and its future results and financial position is not presently determinable.

Life Insurance Policies and Life Settlement Contracts
The Foundation holds various life insurance policies which are recorded at their respective cash surrender values. The Foundation also holds life settlement contracts and accounts for these at either investment cost basis or fair value on an instrument by instrument basis. The Foundation has elected to record using the investment value method. Under the investment value method, the initial investment is recorded at the transaction price plus initial direct external costs, and continuing costs (premiums and direct external costs) are capitalized. No income is recognized until the insured dies, at which time the difference between the carrying value of a life settlement contract and the life insurance proceeds of the underlying life insurance policy is recognized. The Foundation maintains these life insurance policies and life settlement contracts in the General Restricted, Custodial, and Donor Advised Funds (see Note 8).

Loans and Notes Receivable
Loans and notes receivable are made primarily to other organizations and individuals within the community to support capital projects, education, and other projects. Loans receivable bear interest at various rates ranging from zero to 6%. Interest income is accrued on outstanding balances and recognized as income when earned. Management considers the collectability of each receivable on an individual basis. An allowance account is estimated to reserve for the potential uncollectibility of certain loans receivable (see Note 9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Assets
Other assets are comprised of contributions receivable from donors, interest receivable related to loans and notes receivable, and prepaid expenses.

Fixed Assets
Fixed assets are recorded at cost, or if donated at the fair value at date of donation. Individual expenditures for fixed assets of less than two hundred dollars are expensed. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, which are five to forty years.

Accounting Standards require that long-lived assets held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Foundation has no impairment for the year ended December 31, 2020 and December 31, 2019.

Income Taxes
The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies as a public foundation by continuing to satisfy the support test under Section 509(a)(1).

Donated Services
A number of volunteers contribute significant time to the activities of the Foundation. The Foundation records contribution revenue and expenses at the fair value of the services rendered only for those specialized contributed services that it would otherwise be required to purchase had they not been contributed in accordance with U.S. GAAP. Donated services amounted to approximately $27,000 for the years ended December 31, 2020 and December 31, 2019.

Expense Allocations
The consolidated financial statements report certain categories of expenses that are attributable to program or supporting functions. Those expenses include payroll and related taxes and benefits, depreciation, insurance, occupancy, and other related costs. Payroll and related taxes and benefits are allocated based on time spent in accordance with time reports completed by employees. Certain expenses are considered to be direct and allocated 100% based on their specific identified purpose. Depreciation, insurance, occupancy, and other related costs are allocated based on the allocation of payroll.

Use of Estimates
The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Recent Accounting Pronouncements
In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement.* This ASU eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Foundation has adopted this standard in 2020. The adoption of this guidance had no impact on the balance sheet and statement of income.

3. LIQUIDITY

Financial assets available for general expenditure subject to donor retained advisory rights, that are without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date are:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 6,917,949	$ 15,030,498
Endowment and pledges receivable, net	3,162,548	2,217,565
Loans and notes receivable, net	8,355,995	7,738,622
Other assets	1,107,638	2,375,569
Endowment and other investments	151,079,426	137,691,847
Beneficial interest in assets held by Community Foundation for Greater Buffalo	28,308,215	24,116,561
Life settlement contracts	8,641,019	7,530,219
Cash surrender value of life insurance policies	2,822,253	2,887,454
	210,395,043	199,588,335
Less financial assets held to meet donor-imposed restrictions:		
Charitable projects and programs	(12,751,423)	(10,618,602)
Split-interest agreements	(8,682,968)	(8,678,917)
Scholarships and academic loans	(4,442,588)	(5,256,605)
Beneficial interest in trust	(2,055,025)	(1,916,943)
Other	(491,285)	(275,000)
	(28,423,289)	(26,746,067)
Less financial assets not available within one year:		
Non-financial assets included in other assets	(172,090)	(135,461)
Endowment and pledges receivable, net	(3,897,069)	(1,876,039)
Loan and notes receivable	(1,284,558)	(725,535)
Funds held on behalf of other organizations	(67,776,878)	(53,017,711)
Liabilities to beneficiaries	(21,755,042)	(22,874,453)
Life settlement contracts	(8,641,019)	(7,530,219)
Cash surrender value of life insurance policies	(2,822,253)	(2,887,454)
	(106,348,909)	(89,046,872)
	$ 75,622,845	$ 83,795,396

The Foundation's endowment funds consist of donor restricted endowment funds. Certain income from donor endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The donor restricted endowments have a spending rate of 4% and approximately $648,000 of appropriations from the endowment funds will be available within the next twelve months. Net assets and endowment disclosures provide more information about those funds and about the spending policies for all endowment funds.

To help manage unanticipated liquidity needs, the Foundation has two lines of credit with a financial institution. The first line of credit is for general operating funds in the amount of $1 million. The second line of credit has been increased from $1 million to $7.5 million during 2020, the purpose of which is to provide short term demand loans to the custodial agencies (see Note 12).

4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of fair value hierarchy are described as follows:

Level I: Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level II: Valuations based on quoted prices in active markets for similar assets or liabilities, quoted price in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level III: Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company generated inputs and are not market-based inputs. Level III assets would include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant investment management judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ending December 31, 2020 and 2019.

U.S. Treasury Securities, Government Securities, and Marketable Equity Securities
Valued at the closing price reported on the active market on which the individual securities are traded. U.S. treasury securities, government securities and marketable equity securities are classified as Level I investments.

Mutual Equity and Bond Funds
Valued at the NAV of shares held by the Foundation at year-end. The NAV is the closing price reported on the active market on which the securities are traded. Mutual equity and bond funds are classified as Level I investments.

Certificates of Deposit
Certificates of deposit are valued at cost plus accrued interest which approximates fair value. Certificates of deposit are classified as Level I investments.

Mortgage Bonds
Valued at their recent bid prices (sales prices if the principal market is an exchange) in the principal market in which such securities are normally traded, as determined by recognized dealers in such securities, or securities are valued on the basis of information provided by a pricing service. Mortgage bonds are classified as Level II investments.

4. **FAIR VALUE MEASUREMENTS (Continued)**

Municipal Bonds
Valued at prices calculated daily by municipal bond pricing services. Through the municipal bond community, the pricing services obtain information such as market conditions, interest rates, payment schedules, ratings, insurance status, and call and put schedules to determine the fair market value. Municipal bonds are categorized as Level II investments.

Other Notes and Israel Bonds
Valued at consideration paid which management feels approximates fair value. Other notes and Israel bonds are classified as Level II investments.

Units in the CFGB's Pool
The investments held by the CFGB are invested in a pooled investment portfolio valued by the CFGB based on the prices of the underlying funds. The unit value of the pooled accounts is calculated by dividing the total value of the assets of the account by the number of units in the account. Distribution requests that are more than the normal spending policy are distributed up to the first $5 million as soon as possible and generally distributed within 30 days from the request date. The next $5 million will be processed as soon as possible and generally distributed within 60 days from the request date.

Due to COVID-19, CFGB has notified the Foundation that 90% of the total balance would be processed immediately, with 60% of the entire balance being distributed immediately and the remainder of the balance being distributed within 60 days. The investment in the CFGB is classified as a Level III investment.

Investment in Real Property
Valued at fair market value based on an independent external appraisal at the date of donation. Management evaluates periodically for significant changes in values based on comparable real property with similar attributes in the market it is located.

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

Investments, which are included in the statement of financial position at fair value, consist of the following:

	As of December 31, 2020			
	Level I	Level II	Level III	Total
U.S. treasury securities	$ 8,434,736	$ -	$ -	$ 8,434,736
Government securities	6,868,700	-	-	6,868,700
Marketable equity securities	68,364,461	-	-	68,364,461
Mutual equity and bond funds	28,296,916	-	-	28,296,916
Certificates of deposit	-	-	-	-
Mortgage and municipal bonds, and other notes	-	38,152,974	-	38,152,974
Units in CFGB pool	-	-	28,308,215	28,308,215
Israel bonds	-	510,000	-	510,000
Total investments at fair value	$111,964,813	$ 38,662,974	$ 28,308,215	178,936,002
Investments in real property				451,639
				$179,387,641

4. **FAIR VALUE MEASUREMENTS (Continued)**

	As of December 31, 2019			
	Level I	Level II	Level III	Total
U.S. treasury securities	$ 6,213,335	$ -	$ -	$ 6,213,335
Government securities	827,758	-	-	827,758
Marketable equity securities	67,694,779	-	-	67,694,779
Mutual equity and bond funds	19,683,766	-	-	19,683,766
Certificates of deposit	5,004	-	-	5,004
Mortgage and municipal bonds, and other notes	-	42,297,066	-	42,297,066
Units in CFGB pool	-	-	24,116,561	24,116,561
Israel bonds	-	518,500	-	518,500
Total investments at fair value	$ 94,424,642	$ 42,815,566	$ 24,116,561	161,356,769
Investments in real property				451,639
				$161,808,408

The table below sets forth a summary of changes in the fair value of the Foundations' Level III investments for the year ended December 31:

	2020	2019
Beginning balance	$ 24,116,561	$ 21,302,579
Deposits	3,226,070	1,634,288
Investment gain/(loss)	1,900,134	3,386,442
Withdrawals	(934,550)	(2,206,748)
Ending balance	$ 28,308,215	$ 24,116,561

The following table represents the Level III financial instruments, the valuation techniques used to measure the fair value of those financial instruments as of December 31, and the significant unobservable inputs and the ranges of values for those inputs.

December 31, 2020

Instrument	Fair Value	Principal Valuation Techniques	Significant Unobservable Inputs	Range of Significant Input Values
Units in CFGB pool	$ 28,308,215	Fair value based on the fair value of the underlying investments multiplied by the ownership percentage of the Foundation	Investment agreement with the CFGB and underlying investments in the CFGB pool	n/a

December 31, 2019

Instrument	Fair Value	Principal Valuation Techniques	Significant Unobservable Inputs	Range of Significant Input Values
Units in CFGB pool	$ 24,116,561	Fair value based on the fair value of the underlying investments multiplied by the ownership percentage of the Foundation	Investment agreement with the CFGB and underlying investments in the CFGB pool	n/a

There are no unfunded commitments related the investment in the units of CFGB. See Note 5 for details regarding the liquidity of the investment.

5. BENEFICIAL INTEREST IN ASSETS

The assets held at the CFGB are invested under the following conditions:

(1) Assets transferred to the CFGB are for investment purposes only and may be withdrawn at any time without penalty but are subject to certain notification restrictions on large disbursements exceeding $2,500,000 in a 12-month period.
(2) The investments are for the sole benefit of the Foundation and all individual funds remain under the management of the Foundation and subject to the terms of the investments' gift agreements; and
(3) Each component fund investment transferred, and any additional transfers made in the future will benefit from the discounted fee schedule extended to the Foundation by the CFGB.

6. SPLIT INTEREST AGREEMENTS

The Foundation's split interest agreements with donors consist of charitable remainder unitrusts and charitable remainder annuity trusts. Assets held under these agreements are included in investments. Generally, contribution revenues are recognized on the dates of donation to the unitrusts or annuities and are established after recording liabilities for the present value of the estimated future payments to be made to the donor or other income beneficiary, using both the discount rate and mortality tables as issued by the IRS. This liability is adjusted on an annual basis for the term of the unitrusts and annuities for changes in the value of the assets and estimates of future benefits. The discount rate utilized, as published by the IRS, was 0.6% and 2.0% at December 31, 2020 and 2019, respectively and the life expectancy of the donor is based on IRS mortality tables. The contribution is recorded as a liability in the year it is received if it is designated for a specific beneficiary organization, besides the Foundation, at the termination of the trust. The contribution is recorded as donor restricted in the year it is given if it will be available for distribution to the general purposes of the Foundation at the termination of the trust or if it has been established by the donor as an endowment fund for the benefit of the Foundation.

7. ENDOWMENTS AND PLEDGES RECEIVABLE

Endowments and pledges receivable are recorded at their estimated net present value based upon the expected year of payment, or in the case of irrevocable bequests, upon the life expectancies of the donors and discount factors of 1.2% - 5.25%.

Estimated collections on outstanding pledges receivable at December 31 are as follows:

	2020	2019
Expected to be collected in:		
Less than one year	$ 242,855	$ 343,526
One to five years	1,282,094	1,260,325
Thereafter	2,614,975	1,302,217
	4,139,924	2,906,068
Less: Discount to net present value	(961,019)	(671,979)
Less: Allowance for uncollectible receivables	(16,357)	(16,524)
Net endowments and pledges receivable	$ 3,162,548	$ 2,217,565

7. ENDOWMENTS AND PLEDGES RECEIVABLE (Continued)

The allowance for uncollectible receivables of $16,357 and $16,524 for the years ended December 31, 2020, and 2019, respectively is based upon management's assessment of historical and expected net collections considering historical business and economic conditions and other collection indicators.

The following represents the activity for uncollectible accounts during the year ended December 31:

	2020	2019
Beginning balance	$ 16,524	$ 31,249
Recoveries	(167)	(14,725)
Ending balance	$ 16,357	$ 16,524

8. LIFE INSURANCE POLICIES AND LIFE SETTLEMENT CONTRACTS

The Foundation holds life insurance policies in the General Restricted, Custodial, and Donor Advised Funds as follows:

The *General Restricted Fund* maintains the Life Insurance Endowment Fund for acquisition of insurance policies on the lives of Foundation donors and donors of other not-for-profit agencies through gifts, by purchase of new policies and purchase of existing policies under life settlement contracts. Policy death benefits are used to create permanent endowment funds at the Foundation.

During 2020, eight life insurance policies were reclassified into the *Donor Advised Fund* from the Life Insurance Restricted Endowment Fund (under the *General Restricted Fund)* with the Foundation named as the sole owner and beneficiary of the death benefit. At both December 31, 2020 and 2019, the death benefit for these eight policies that were transferred amounted to $33,000,000 and $38,000,000, respectively. The cash surrender value for these eight policies amounted to $1,021,096 and $1,138,635, respectively.

After the transfer, the death benefit of the remaining policies in the *General Restricted Fund* amounted to $8,228,164 and the cash surrender value was $1,647,531.

The *Custodial Fund* holds several life insurance policies, whereby the Foundation acts as custodian for the Jewish Community Center (JCC). These life insurance policies have the JCC named as the owner and beneficiary of death benefits. These death benefits will remain with the Jewish Community Center's funds. At both December 31, 2020 and 2019, the death benefits aggregated to $7,090, and the cash surrender value was $5,894 and $5,815, respectively. In addition, JCC holds a policy under the executive's deferred compensation arrangement, whereas JCC is the owner and the estate of the executive is the beneficiary of death benefit. The death benefit of this policy at both December 31, 2020 and 2019 was $100,000, and the cash surrender value was $67,749 and $64,172, respectively.

Income from these endowments will be distributed for charitable purposes as designated by the donors. The Life Insurance Endowment Fund held 23 polices at December 31, 2020, and 2019, respectively, with total death benefits at December 31, 2020 and 2019 aggregated to $8,228,164, and the cash surrender value of $1,647,531 and $1,590,110, respectively.

8. LIFE INSURANCE POLICIES AND LIFE SETTLEMENT CONTRACTS (Continued)

The *Donor Advised Fund* has three funds that hold life insurance policies on the lives of the donors, with the Foundation named as the sole owner and beneficiary of the death benefit. The death benefit will remain in the Donor Advised Fund. At both December 31, 2020 and 2019, the death benefit was $1,050,000 and the cash surrender value was $46,429 and $39,549, respectively.

Life Settlement Contracts

The Foundation acquires existing, in force life insurance policies by entering into life settlement contracts. Consideration paid for such policies is negotiated based on the market value of the policies. Under the terms of these agreements, the Foundation becomes the owner and sole beneficiary of these policies.

At December 31, 2020 and 2019, life settlement contracts had a carrying value of $8,641,019 and $7,530,219, respectively, and death benefits on these contracts amounted to $14,000,000.

Life insurance premiums estimated to be paid on life settlement contracts (subject to annual review), for the five years subsequent to December 31, 2020 are as follows:

2021	$ 1,339,800
2022	1,629,500
2023	1,629,500
2024	1,629,500
2025	1,629,500
	$ 7,857,800

Premiums paid for life settlement contracts for the years ended December 31, 2020 and 2019 amounted to $1,997,800 and $1,670,000, respectively.

9. LOANS AND NOTES RECEIVABLE

The following represents the loans and notes receivable as of December 31:

	2020	2019
Secured working capital credit line to a custodial agency with a maximum borrowing capacity of up to $4,700,000. The credit line is collateralized by property held by the agency and bears interest at a rate of prime plus 2.5% with a floor of 5% and a cap of 6% annum. Effective January 1, 2017, the credit line agreement was amended to capitalize interest into the principal balance of the loan.	$ 4,425,048	$ 4,073,257
Secured credit loan to a custodial agency with a maximum borrowing capacity of $2,100,000. The note requires interest only payments at the prime rate of interest plus 4% per annum with principal due upon demand. The loans are collateralized by property held by the Foundation.	2,100,000	2,100,000
Demand promissory note to a custodial agency. The note requires interest only payments at 5% per annum with principal due on demand.	550,000	550,000

9. LOANS AND NOTES RECEIVABLE (Continued)

	2020	2019
Secured credit loan to a custodial agency in an amount not to exceed $200,000. The note requires interest only payments at the prime rate of interest plus 4% per annum with principal due upon demand. The loans are collateralized by property held by the Foundation.	200,000	200,000
Secured note receivable to a custodial agency with interest only through November 1, 2022 at a rate of one month LIBOR plus 1.75%. Thereafter, amortized over 15 years with maturity on November 1, 2027.	300,000	-
Various educational loans and loans receivable to various custodial agencies with interest rates ranging from interest-free to 5%.	802,988	839,529
	8,378,036	7,762,786
Less: Allowance for uncollectible loans	(22,041)	(24,164)
	$ 8,355,995	$ 7,738,622

The allowance for uncollectible loans receivable is based upon management's assessment of historical and expected net collections considering historical business and economic conditions. Certain loans are collateralized by assets received and held by the Foundation related to the loan.

Estimated collections on loans receivable for the years ending December 31 are as follows:

2021	$ 7,369,159
2022	42,868
2023	54,477
2024	49,831
2025	41,435
Thereafter	798,225
	$ 8,355,995

10. FIXED ASSETS

Fixed assets and accumulated depreciation for the year ended December 31 are as follows:

	2020	2019
Office furniture and equipment	$ 501,005	$ 929,467
Less: Accumulated depreciation	(407,616)	(561,390)
	$ 93,389	$ 368,077

Depreciation expense for the years ended December 31, 2020 and 2019 amounted $31,385 and $37,048, respectively.

11. FUNDS HELD ON BEHALF OF OTHER ORGANIZATIONS

The Foundation for Jewish Philanthropies manages endowment and quasi-endowment funds for various other social service agencies, community organizations, temples, and synagogues. The Foundation provides investment and other fund management services to these organizations, under agreements, which specify charges and fees, where applicable. Since these funds remain under the control of the agencies, they are shown as funds held on behalf of other organizations.

The *Custodial fund* maintains approximately 30 funds for other agencies in the amount of $39,704,694 and $32,553,886 as of December 31, 2020 and 2019, respectively.

The *General Restricted fund* maintains over 170 funds in the amount of $28,051,784 and $20,445,865 as of December 31, 2020 and 2019, respectively.

The *Charitable Trust fund* maintains one fund in the amount of $20,400 and $17,960 as of December 31, 2020 and 2019, respectively.

12. LINES OF CREDIT

The Foundation has two lines of credit with a financial institution. The first line of credit is for general operating funds in the amount of $1,000,000. The second line of credit for agency borrowing in the amount of $7,500,000 was entered into during 2020, the purpose of which is to provide short term demand loans to the custodial agencies. Both lines are collateralized by a first security interest in all business assets of the Foundation. At December 31, 2020 there was no borrowing on the general line of credit and there was $300,000 outstanding on the agency borrowing line of credit. At December 31, 2019, there were no borrowings on either line of credit. The interest rate of the agency borrowing line of credit is a variable per annum rate equal to one-month LIBOR (0.15% as of December 31, 2020) plus 1.25% (1.40% as of December 31, 2020).

13. RETIREMENT PLAN

The Foundation sponsors a 403(b) plan, which all employees are included as a participant upon date of hire. After reaching the eligibility requirements, the Foundation contributes to the retirement plan at 5% of annual salary for eligible employees, who may also make voluntary additional contributions. Foundation contributions were $31,983 and $27,392 for the years ending December 31, 2020 and 2019, respectively

14. ENDOWMENTS

The Foundation's endowments consist of approximately 100 individual funds, established for a variety of purposes and consisting of both donor restricted endowment funds and endowment funds to be established from the remainder of terminated charitable trusts. The net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

14. ENDOWMENTS (Continued)

The Foundation has interpreted New York Prudent Management of Institutional Funds Act (NYPMIFA) which was enacted in September 2010 as requiring the preservation of the fair value of an original, permanently restricted gift as of gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following amounts as net assets with donor restrictions in the accompanying financial statements:

- The original value of gifts donated to the permanent endowment;
- The original value of the subsequent gifts to the permanent endowment; and
- Accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund; and
- The actuarial value of charitable trust gifts donated to the permanent endowment.

The remaining portion of the donor restricted endowment fund that is not detailed above is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The following is a summary of changes in the Foundation's endowment net assets with donor restrictions for the year ended December 31:

	2020	2019
Endowment net assets, beginning of the year	$ 26,746,067	$ 22,245,007
Contributions	145,596	1,402,648
Investment return	2,053,032	2,488,125
Distributions	(584,225)	(495,442)
Change in value of split interest agreement	142,133	1,040,873
Remainder trust distribution	-	(41,406)
Net assets transferred - donor restriction change	(79,314)	106,262
Endowment net assets, end of year	$ 28,423,289	$ 26,746,067

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that either the donor or law requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. At December 31, 2020 and 2019, underwater endowments totaled $0 and ($844), respectively, and were reported in net assets with donor restrictions.

	2020	2019
Fair value of underwater endowment funds	$ -	$ 35,244
Less: Original endowment gift amount	-	(36,088)
	$ -	$ (844)

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 assets against inflation. An additional objective is to maximize total return, in the form of income, capital appreciation or both, consistent with the level of risk taken. Earnings and losses on the investment funds are recorded in the net assets with donor restrictions category in compliance with the restrictions over earnings as specified by the donor or until appropriated for expenditure by the Board of Trustees.

14. ENDOWMENTS (Continued)

The Foundation has a policy for grant distributions, depending on the fiscal need for programs supported by its endowment, provided the value of the fund exceeds the historical basis of the original contribution. When net asset fair value of the fund falls below the historical basis of the original contribution, grant distribution is limited to the actual dividend and interest earned in the year prior. The Foundation's policy for grant distributions is in compliance with NYPMIFA, to limit distributions to not exceed 7% of each Endowment funds' fair market value (averaged over a period of not less than the preceding five years) in any year, excluding the funds which grant distributions are governed by the gift instrument. This is consistent with the Foundation's objective to maintain purchasing power and to grow investments of the endowment assets held in perpetuity.

15. NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets at December 31 were restricted for the following:

	2020	2019
Charitable projects and programs	$ 12,751,423	$ 10,618,602
Split-interest agreements	8,682,968	8,678,917
Scholarships and academic loans	4,442,588	5,256,605
Beneficial interest in trust	2,055,025	1,916,943
Other	491,285	275,000
	$ 28,423,289	$ 26,746,067

Net assets released from restrictions during the years ended December 31 included the following:

	2020	2019
Charitable projects and programs	$ 663,539	$ 283,371
Beneficial interest in trust	-	25,385
Other	-	80,424
	$ 663,539	$ 389,180

16. LIMITED LIABILITY COMPANIES

The Foundation holds real estate through sole ownership interests in three limited liability companies (LLCs). The initial contribution of the LLCs was recorded at appraised value, which approximated fair value, and amounted to $24,750,000. The purpose of the LLCs is to generate investment income for the Foundation.

The gross rental revenue generated by the LLCs totaled approximately $1,300,000 for the years ended December 31, 2020, and 2019. The Foundation has a management agreement in place with a property management company to manage each of the properties owned under the three LLC agreements. These services are donated by the property management company and the estimated value of the services is approximately $27,000 for the years ended December 31, 2020 and 2019.

16. LIMITED LIABILITY COMPANIES (Continued)

The LLCs' fixed assets and accumulated depreciation for the year ended December 31 is as follows:

	2020	2019
Land	$ 1,259,043	$ 1,259,043
Buildings	23,490,957	23,490,957
Less: Accumulated depreciation	(2,349,096)	(1,761,822)
	$ 22,400,904	$ 22,988,178

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to $587,274.

The Foundation leases commercial space to three tenants for varying terms, for which they receive minimum annual rentals.

Future minimum revenues under operating leases are estimated to be as follows:

2021	$ 1,046,500
2022	1,016,525
2023	1,016,525
2024	1,016,525
2025	266,593
Thereafter	16,535
	$ 4,379,203

The following represents condensed financial information for the LLCs at December 31:

	2020	2019
Net book value of properties	$ 22,960,172	$ 23,576,844
Liabilities	247,125	283,446
Net equity	$ 22,713,047	$ 23,293,398
Revenues	$ 1,414,101	$ 1,417,200
Costs and other expenses	659,451	662,136
Operating income	$ 754,650	$ 755,064
Distribution to Foundation (eliminated in consolidation)	$ 1,335,000	$ 1,318,000

The above information is included in the consolidated financial statements of the Foundation.

17. CONTINGENT EVENT

During 2018, the Board of Trustees became aware of certain accounting irregularities related to funds established by two donors and managed by the Foundation. As a result, the Foundation underwent formal internal and external investigations which were completed during 2019.

During the investigations, the Chief Executive Officer resigned. The Foundation, through its outside legal counsel, notified the New York State Attorney General.

The Foundation took proactive measures to improve internal controls and governance. Legal counsel continues to review the matter with the New York State Attorney General to determine what, if any, corrective remedial action is required.

The Foundation has filed a request for abatement of excise taxes assessed in connection with the irregularities and legal counsel believes that there is a reasonable position to support the abatement of any excise taxes, interest, or penalties.

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2021, which is the date the consolidated financial statements were available to be issued.