

**Emunah of America, Inc.**

**Financial Statements**

**December 31, 2018 and 2017**



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*December 31, 2018 and 2017*

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## *Independent Auditors' Report*

To the Board of Directors and Board of Trustees  
Eminah of America, Inc.

We have audited the accompanying financial statements of Eminah of America, Inc, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eminah of America, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative information**

We have previously audited Eminah of America, Inc's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mazars* USA LLP

April 10, 2019

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## Emunah of America Inc.

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### *Statements of Financial Position*

*December 31, 2018*

*(With comparative summarized totals for the year ended December 31, 2017)*

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash	\$ 492,045	\$ 379,991
Contributions receivable	70,000	289,928
Prepaid expenses and other assets	6,375	10,050
Investments	525,738	236,851
Inventory	18,749	35,967
Property and equipment, at cost, net of accumulated depreciation	<u>4,797</u>	<u>6,043</u>
 Total assets	 <u><u>\$ 1,117,704</u></u>	 <u><u>\$ 958,830</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Grant payables	\$ 100,000	\$ 387,158
Accounts payable and accrued expenses	69,000	162,012
Annuities payable	135,692	5,211
Loans payable	<u>-</u>	<u>160,000</u>
 Total liabilities	 <u>304,692</u>	 <u>714,381</u>
 Net assets		
Without donor restrictions	<u>496,614</u>	<u>(232,063)</u>
With donor restrictions		
For projects in Israel	70,000	252,512
Perpetual endowment	246,398	224,000
Total net assets with donor restrictions	<u>316,398</u>	<u>476,512</u>
 Total net assets	 <u>813,012</u>	 <u>244,449</u>
 Total liabilities and net assets	 <u><u>\$ 1,117,704</u></u>	 <u><u>\$ 958,830</u></u>

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

## Emunah of America Inc.

### Statements of Activities and Changes in Net Assets

Year Ended December 31, 2018

(With comparative summarized totals for the year ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Contributions	\$ 3,292,537	\$ 35,450	\$ 3,327,987	\$ 2,627,035
Gala contributions net of direct expenditure				
2018: \$199,511, 2017: \$236,821	344,178	-	344,178	537,341
Missions	97,786	-	97,786	1,203,778
Event income, net of direct expense 2018:				
\$165,360, 2017: \$126,792	400,979	-	400,979	345,377
Merchandise sales, net of cost of goods				
sold 2018: \$24,290, 2017: \$16,857	(16,452)	-	(16,452)	(8,249)
Net investment income (loss)	(13,052)	-	(13,052)	12,017
Other income	283	-	283	-
	<u>4,106,259</u>	<u>35,450</u>	<u>4,141,709</u>	<u>4,717,299</u>
Net assets released from restrictions, satisfaction of time and program restrictions	195,564	(195,564)	-	-
	<u>4,301,823</u>	<u>(160,114)</u>	<u>4,141,709</u>	<u>4,717,299</u>
Expenses				
Program services				
Israel projects	2,727,716	-	2,727,716	2,780,870
Missions	201,100	-	201,100	1,353,531
Members' projects	164,203	-	164,203	273,135
	<u>3,093,019</u>	<u>-</u>	<u>3,093,019</u>	<u>4,407,536</u>
Supporting services				
Management and general	185,170	-	185,170	362,024
Fundraising	294,957	-	294,957	353,737
	<u>480,127</u>	<u>-</u>	<u>480,127</u>	<u>715,761</u>
Total expenses	<u>3,573,146</u>	<u>-</u>	<u>3,573,146</u>	<u>5,123,297</u>
Change in net assets	728,677	(160,114)	568,563	(405,998)
Net assets, beginning of year	(232,063)	476,512	244,449	650,447
Net assets, end of year	<u>\$ 496,614</u>	<u>\$ 316,398</u>	<u>\$ 813,012</u>	<u>\$ 244,449</u>

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

## Emunah of America Inc.

### Statements of Functional Expenses

Year Ended December 31, 2018

(With comparative summarized totals for the year ended December 31, 2017)

	2018						2017
	Program Services			Supporting Services			Total
	Israel Projects	Missions	Members' Projects	Management and General	Fundraising	Total	
Salaries, payroll taxes and benefits	\$ 213,316	\$ 59,742	\$ 76,029	\$ 28,461	\$ 129,174	\$ 506,722	\$ 760,266
Grants	2,365,094	-	-	-	-	2,365,094	2,433,243
Missions	-	90,214	-	-	-	90,214	1,089,592
Consultants	22,262	14,842	22,262	74,207	14,842	148,415	122,656
Postage and delivery	7,036	2,010	2,513	1,005	4,188	16,752	13,957
Marketing	3,168	905	1,131	453	1,886	7,543	37,481
Rent expense	22,841	6,526	8,158	3,263	13,596	54,384	147,881
Office expenses	25,487	7,282	9,103	3,641	15,170	60,683	52,397
Insurance	-	-	-	-	-	-	13,323
Telephone	2,168	619	774	310	1,290	5,161	19,393
Travel	1,756	502	627	251	1,045	4,181	33,455
Supplies	4,457	1,273	1,592	637	2,653	10,612	15,265
Legal and accounting	-	-	-	64,356	-	64,356	68,068
Events expense	38,851	11,104	34,415	5,547	38,728	128,645	165,795
Indirect benefit expense	-	-	-	-	59,717	59,717	78,781
Dues and subscriptions	3,832	1,095	1,369	548	2,281	9,125	7,350
Credit card fees & bank charges	11,612	3,319	4,147	1,658	6,914	27,650	39,698
Miscellaneous expenses	2,895	827	1,033	413	1,723	6,891	7,919
Depreciation	2,941	840	1,050	420	1,750	7,001	16,777
<b>Total expenses</b>	<b>\$ 2,727,716</b>	<b>\$ 201,100</b>	<b>\$ 164,203</b>	<b>\$ 185,170</b>	<b>\$ 294,957</b>	<b>\$ 3,573,146</b>	<b>\$ 5,123,297</b>

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

## Emunah of America Inc.

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### Statements of Cash Flows

Year Ended December 31, 2018

(With comparative summarized totals for the year ended December 31, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 568,563	\$ (405,998)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	7,001	16,777
Realized loss (gain) on sale of investments	(35,221)	(8,873)
Unrealized (gain) loss on investments	22,169	(3,144)
Change in annuities payable	(2,916)	(4,365)
Inventory provision	10,000	-
(Increase) decrease in		
Contributions receivable	219,928	158,279
Inventory	7,218	3,947
Prepaid expenses and other assets	3,675	128,448
Increase (decrease) in		
Accounts payable and accrued expenses	(93,012)	(107,722)
Grant Payable	(287,158)	
Deferred revenue	-	(237,263)
Deferred rent	-	(34,885)
Net cash (used in) provided by operating activities	<u>420,247</u>	<u>(494,799)</u>
Cash flows from investing activities		
Sale of investments	319,694	182,061
Purchase of investments	(595,529)	(171,845)
Purchase of equipment	(5,755)	
Net cash (used in) provided by investing activities	<u>(281,590)</u>	<u>10,216</u>
Cash flows from financing activities		
Payment of annuities payable	(3,944)	(6,736)
New annuities payable	137,341	-
Repayment of loan from members	(160,000)	160,000
Permanently restricted contribution	-	-
Net cash (used in) provided by financing activities	<u>(26,603)</u>	<u>153,264</u>
Net increase (decrease) in cash and cash equivalents	112,054	(331,319)
Cash and cash equivalents		
Beginning	<u>379,991</u>	<u>711,310</u>
End	<u>\$ 492,045</u>	<u>\$ 379,991</u>

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

## *Notes to Financial Statements*

*Years Ended December 31, 2018 and 2017*

### **1. Organization and Summary of Significant Accounting Policies**

#### **Organization**

Emunah of America, Inc. (“Emunah” or the “Organization”) was established to provide support for the activities of Emunah of Israel, one of the largest volunteer organizations in Israel, providing a vast network of social welfare and educational programs. Since its establishment in the United States of America in 1948, Emunah has been responding to the needs of the people of Israel, caring for the young and old, new immigrants and veteran Israelis.

As part of our Israel programs, Emunah of America makes it possible for Emunah of Israel to provide a network of day-care centers and after-school programs. For children who are removed from their parents because of abuse or neglect, Emunah of Israel maintains crisis shelters and residential homes providing sanctuary and both short-term and permanent care and education. Emunah of Israel sponsors high schools and the Emunah College of Arts and Technology, renowned for their innovative programs for young women. For new immigrants, Emunah of Israel provides resettlement assistance; for families, Emunah of Israel maintains counseling centers; for adults of all backgrounds, Emunah of Israel runs literacy programs and continuing Jewish education; and for the elderly, Emunah of Israel provides golden-age centers and hot meal programs.

Emunah plans missions and is committed to bringing our members and donors to Israel for the purpose of witnessing first-hand the efforts being made at the various projects and programs we support. We are committed to providing support through tourism to Israel. Our moral obligation to lend support to Jews around the world – at times takes us to Jewish communities around the globe.

Much of Emunah’s projects are carried out by Board members, chapters and volunteers throughout the United States of America. These committed volunteers educate the membership on issues facing our social service and educational network projects as well as supporting the programs. Through the national organization, Emunah can mobilize our volunteers and supporters to action on behalf of issues that are important to the welfare of the entire Jewish community and the State of Israel. Through its volunteers and chapters, Emunah brings community-based programming to a significant section of the American Jewish community.

#### **Basis of Presentation**

The financial statements of the Emunah have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

*Designated for endowment* – gifts without donor restrictions designated by the board of directors to provide perpetual support for Israel projects.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions result from contributions and other inflows of assets subject to donor imposed restrictions that either expire by the passage of time or can be fulfilled and removed by the actions pursuant to the restrictions. When a donor restriction expires, that is,



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when a time restriction ends or purpose restriction is accomplished, the net assets are reclassified to the category of net assets without donor restrictions and reported in the statement of activities and change in net assets, as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently, perpetuity in nature, while permitting the Organization to expend the income generated by the assets. The Organization is to expend the income in accordance with of additional donor imposed stipulations or a Board approved spending policy.

Contributions that are restricted by the donor are reported as revenues without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

At December 31, 2018 and 2017, there were no net assets with Board designations.

### **Cash and Cash Equivalents**

Emunah considers liquid investments with an initial maturity of three months or less, to be cash equivalents, except for short-term investments managed by Emunah's investment managers as part of their long-term strategies.

### **Contributions**

Emunah recognizes contributions as revenue in the period made. Contributions are recorded as either revenues without donor restrictions or revenues with donor restrictions. All other donor-restricted contributions are reported as revenues with donor restrictions. A conditional contribution is reflected upon satisfaction of the condition. Promises to contribute that stipulate conditions to be met before the contributions are made is not recorded until the conditions are met.

Emunah uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

### **Investments**

Investments in equity securities are stated at fair value based on quoted market prices. The net realized and unrealized gains and loss on investments are reflected as investment income or loss in the accompanying statement of activities and changes in net assets.

### **Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of Emunah. Unobservable inputs reflect Emunah's assumptions about the inputs market participants would use in pricing the asset based on the information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Emunah has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

## **Emunah of America Inc.**

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A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

### **Annuity Obligations**

The Organization receives gifts of future interest through gift annuities. Gift annuities are arrangements in which a donor establishes a specified distribution to be made to a non-charitable beneficiary, usually the donor, over a specified period of time not to exceed the lives of the beneficiaries. The distributions to the non-charitable beneficiaries are for a fixed amount annually.

The present value of the liability resulting from these gifts, determined based on mortality tables using American Council on Gift Annuities discount rates, is recorded as an annuity obligation. The amount equal to the portion of the current fair value of the gift over the amount payable is recorded as an annuity obligation.

### **Inventory**

Emunah's inventory consists of cookbooks and is stated at the lower of cost, as determined by the average cost method and net realizable value.

### **Property and Equipment**

Property and equipment are recorded at cost, if purchased, and at fair value at date of donation, if contributed. Assets are being depreciated using the straight-line method over the estimated useful lives of the assets.

### **Marketing and Advertising**

Advertising costs are charged to operations at the time the advertising occurs. Advertising expense for 2018 and 2017 amounted to \$7,543 and \$37,481, respectively.

### **Functional Allocation of Expenses**

The functional expenses above present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of Management and General costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on reasonable ratios determined by management based upon utilization of staff time or use of resources.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Tax Status**

Emunah is a not-for-profit organization exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

### **Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities"* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used

## Emunah of America Inc.

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to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes to the financial statements and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

### Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities and changes in net assets, the prior year information is presented in total, and accordingly not by natural asset class. With respect to the statements of functional expenses, the prior year expenses are presented by expense classification rather than functional category. Such information does not include sufficient detail to constitute presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Emunah of America Inc.'s financial statements for the year ended December 31, 2017 from which summarized information was derived.

### Reclassifications

Reclassifications were made to the 2017 financial statements to conform to the 2018 presentation.

## 2. Contributions Receivable

Contributions receivable are as follows:

December 31, 2018

	<u>Without Donor Restriction</u>
Due in less than one year	\$ 80,000
Less: allowance for uncollectible pledges	<u>(10,000)</u>
	<u>\$ 70,000</u>

December 31, 2017

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Due in less than one year	\$ 108,678	\$ 191,250	\$ 299,928
Less: allowance for uncollectible pledges	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
	<u>\$ 98,678</u>	<u>\$ 191,250</u>	<u>\$ 289,928</u>

Emunah's Board of Directors have committed these pledge receivables to their Emunah projects based in Israel, in line with the donors' wishes. The liability to remit these pledges to the Emunah projects occur upon the receipt of cash.

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### 3. Investments

Investments at December 31, 2018 and 2017 are measured at fair value and are summarized as follows:

	2018			2017		
	Fair Value	Level 1	Level 2	Fair Value	Level 1	Level 2
Cash	\$ 101,546	\$ 101,546	\$ -	\$ 3,051	\$ 3,051	\$ -
Corporate bonds	220,666	-	220,666	110,585	-	110,585
Mutual funds	110,383	110,383	-	68,213	68,213	-
Exchange-Traded securities	93,143	93,143	-	55,002	55,002	-
	<u>\$ 525,738</u>	<u>\$ 305,072</u>	<u>\$ 220,666</u>	<u>\$ 236,851</u>	<u>\$ 126,266</u>	<u>\$ 110,585</u>

Net investment income (loss) for the years ended December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Interest and dividends	\$ 4,534	\$ 5,410
Realized gain on investments	24,754	3,463
Unrealized (loss) gain on investments	(42,340)	3,144
	<u>\$ (13,052)</u>	<u>\$ 12,017</u>

The following summarizes investments at December 31, 2018 and 2017 by level within the fair value hierarchy used to measure their respective fair values.

### 4. Property and Equipment

Property and equipment consist of the following:

	Estimated useful life	2018	2017
Furniture, fixtures and equipment	7 years	\$ -	\$ 76,701
Computer hardware and software	3 years	5,755	51,358
Website	3 years	21,250	21,250
Database	3 years	-	29,084
		<u>27,005</u>	<u>178,393</u>
Less: accumulated depreciation		<u>(22,208)</u>	<u>(172,350)</u>
		<u>\$ 4,797</u>	<u>\$ 6,043</u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$7,001 and \$16,777, respectively.

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### 5. Annuities Payable

Emunah has established a gift annuity program whereby donors may contribute assets to Emunah in exchange for the right to receive a fixed-dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable donation for income tax purposes. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as unrestricted contribution at the date of the gift.

The annuity liability is revalued annually based upon actually computed present values. The resulting actuarial loss is recorded in the statement of activities.

Decrease in actuarial liability consists of the following:

	2018	2017
Actuarial loss / (gain)	\$ (1,515)	\$ (2,480)
Annuity reclassified as contribution	(1,401)	(1,885)
Annuity payments	(3,944)	(6,736)
	<u>\$ (6,860)</u>	<u>\$ (11,101)</u>

There was an annuity agreement written during the year ended December 31, 2018, with a liability recorded of \$137,341. There was no annuity agreement written during the year ended December 31, 2017.

### 6. Loans Payable

In 2017 Five individual supporters, including two board members, provided Emunah with unsecured, interest-free loans totaling \$160,000 for the Organization's operations. The loans were repaid by March 31, 2018. When the loan proceeds were advanced, the Organization did not record contribution revenue or a loan discount as the amounts are considered trivial considering the short term of the loans. Amounts due to the two board members totaled \$0 and \$50,000 at December 31, 2018 and 2017.

### 7. Concentration of Credit Risk

Emunah maintains its cash and cash equivalents in several financial institutions located in New York. The cash balance, at times, may exceed federally-insured limits. As of December 31, 2018, cash and cash equivalents balances with all financial institution were within Federal Deposit Insurance Corporation limits. The Organization believes it mitigates its risks by banking with major financial institutions.

### 8. Functional Allocation of Expenses

The functional expenses above present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of Management and General costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on reasonable ratios determined by management based upon utilization of staff time or use of resources.

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### 9. Endowment Fund

Endowment Fund is a donor-restricted investment in perpetuity, the investment income from which is available for the following purpose at December 31:

	<u>2018</u>	<u>2017</u>
The Silverstein Estate Fund (a)	<u>\$ 246,398</u>	<u>\$ 224,000</u>

- (a) A memorial fund created in memory and honor of Renee Silverstein. Investment income earned in the fund is available to create, construct and maintain children's daycare centers and senior citizens' golden age centers.

The Board of Directors of Emunah has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Emunah classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Emunah in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, Emunah considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees of the Organization has interpreted NPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Endowment Net Assets by Type of Fund as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Perpetuity Restrictions</u>	<u>Total</u>
Endowment fund	<u>\$ -</u>	<u>\$ 246,398</u>	<u>\$ 246,398</u>

## Emunah of America Inc.

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### Changes in Endowment Net Assets for the Year Ended December 31, 2018:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 224,000
Investment return:	
Investment income	11,427
Net depreciation (realized and unrealized)	<u>(24,479)</u>
Total investments loss	<u>(13,052)</u>
Contributions	<u>35,450</u>
Endowment net assets, end of year	<u>\$ 246,398</u>

### Changes in Endowment Net Assets for the Year Ended December 31, 2017:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 224,000
Investment return:	
Investment income	9,659
Net appreciation (realized and unrealized)	<u>3,192</u>
Total investments return	<u>12,851</u>
Appropriation of endowment for expenditure	<u>(12,851)</u>
Contributions	<u>-</u>
Endowment net assets, end of year	<u>\$ 224,000</u>

## 10. Related Party

A family member of the Finance Consultant is employed by the financial institution holding Emunah's investment, totaling \$525,738, and acts as an investment manager to Emunah.

## Emunah of America Inc.

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### 11. Liquidity

Emunah of America's financial assets available within one year of the statement of financial position date for general expenditures is as follows:

December 31,	<u>2018</u>
Cash and cash equivalents	\$ 492,045
Contribution receivables, net	70,000
Investment	<u>525,738</u>
Total financial assets available within one year	<u>1,087,783</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors in perpetuity	(246,398)
Restricted investment due to annuity	(135,692)
Restricted for a grant payable	<u>(100,000)</u>
Total amounts unavailable for general expenditure within one year	<u>(482,090)</u>
Total amounts available for general expenditures within one year	<u><u>\$ 605,693</u></u>

None of the financial assets available for general expenditure are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. Emunah has a goal to maintain its cash on hand to meet 60 days of normal operating expenses, which are, on average approximately \$133,000.

### 12. Subsequent Events

Emunah has evaluated subsequent events through April 10, 2019, the date these financial statements were available to be issued.



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