



Emunah of America, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



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Independent Auditor's Report

Board of Directors
Emunah of America, Inc.
New York, New York

Opinion

We have audited the financial statements of Emunah of America, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Emunah of America, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Emunah of America, Inc. 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 Emunah of America, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are 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 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 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 Emunah of America, Inc.'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 Emunah of America, Inc.'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.

FORVIS,LLP

**New York, New York
March 22, 2024**

Emunah of America, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 525,045	\$ 980,214
Investments	1,267,671	1,123,628
Contributions receivable, net	177,200	134,880
Beneficial interest	193,593	80,878
Prepaid expenses and other assets	<u>14,106</u>	<u>6,275</u>
Total assets	<u>\$ 2,177,615</u>	<u>\$ 2,325,875</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 149,413	\$ 93,755
Grants payable	476,637	684,879
Annuities payable	<u>108,676</u>	<u>113,528</u>
Total liabilities	<u>734,726</u>	<u>892,162</u>
Net Assets		
Without donor restrictions	799,538	863,077
With donor restrictions	<u>643,351</u>	<u>570,636</u>
Total net assets	<u>1,442,889</u>	<u>1,433,713</u>
Total liabilities and net assets	<u>\$ 2,177,615</u>	<u>\$ 2,325,875</u>

Emunah of America, Inc.
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions and grants	\$ 2,291,752	\$ 100,000	\$ 2,391,752	\$ 3,268,917	\$ 120,000	\$ 3,388,917
Administrative income	162,801	-	162,801	120,202	-	120,202
Contributions - PPP forgiveness	-	-	-	86,085	-	86,085
Net investment return	104,713	-	104,713	(123,295)	-	(123,295)
Gala benefit, net of direct cost of \$173,500 and \$18,497 in 2023 and 2022, respectively	675,878	-	675,878	1,026,391	-	1,026,391
Mission income	92,964	-	92,964	127,978	-	127,978
Special events, net of direct cost of \$176,278 and \$145,180 in 2023 and 2022, respectively	265,383	-	265,383	385,157	-	385,157
Merchandise sales gain	-	-	-	1,087	-	1,087
Change in charitable gift annuity	(8,148)	-	(8,148)	(6,797)	-	(6,797)
Change in beneficial interest	-	16,715	16,715	-	(15,122)	(15,122)
Net assets released from restrictions	44,000	(44,000)	-	82,541	(82,541)	-
Total revenues and other support	3,629,343	72,715	3,702,058	4,968,266	22,337	4,990,603
Expenses						
Program services	3,157,582	-	3,157,582	4,354,143	-	4,354,143
Supporting services						
Management and general	238,781	-	238,781	183,219	-	183,219
Fundraising	296,519	-	296,519	281,729	-	281,729
Total supporting services	535,300	-	535,300	464,948	-	464,948
Total expenses	3,692,882	-	3,692,882	4,819,091	-	4,819,091
Change in Net Assets	(63,539)	72,715	9,176	149,175	22,337	171,512
Net Assets, Beginning of Year	863,077	570,636	1,433,713	713,902	548,299	1,262,201
Net Assets, End of Year	\$ 799,538	\$ 643,351	\$ 1,442,889	\$ 863,077	\$ 570,636	\$ 1,433,713

See Notes to Financial Statements

Emunah of America, Inc.
Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023						Total
	Program Services			Supporting Services			
	Israel Projects	Members' Projects	Total	Management and General	Fundraising	Total	
Salaries, payroll taxes, and employee benefits	\$ 242,921	\$ 115,131	\$ 358,052	\$ 40,080	\$ 122,179	\$ 162,259	\$ 520,311
Grants	2,375,569	-	2,375,569	-	-	-	2,375,569
Direct cost of special events	-	-	-	-	349,778	349,778	349,778
Consultants	137,377	34,218	171,595	151,087	62,855	213,942	385,537
Postage and delivery	1,109	525	1,634	183	558	741	2,375
Marketing	8,574	4,063	12,637	1,415	4,312	5,727	18,364
Rent expense	16,633	7,883	24,516	2,744	8,366	11,110	35,626
Office expenses	12,955	6,140	19,095	2,138	6,516	8,654	27,749
Mission expense	-	84,945	84,945	-	-	-	84,945
Telephone	4,245	2,012	6,257	700	2,135	2,835	9,092
Travel	26,175	12,406	38,581	4,319	13,165	17,484	56,065
Supplies	17,287	8,193	25,480	2,852	8,695	11,547	37,027
Accounting and other expenses	-	-	-	28,873	-	28,873	28,873
Indirect benefit expenses	-	-	-	-	54,354	54,354	54,354
Dues and subscriptions	5,012	2,375	7,387	827	2,521	3,348	10,735
Credit card fees and bank charges	21,598	10,236	31,834	3,563	10,863	14,426	46,260
Total expenses	2,869,455	288,127	3,157,582	238,781	646,297	885,078	4,042,660
Less expenses deducted directly from revenues							
Direct cost of special events	-	-	-	-	(349,778)	(349,778)	(349,778)
Total expenses reported by function on the statements of activities	\$ 2,869,455	\$ 288,127	\$ 3,157,582	\$ 238,781	\$ 296,519	\$ 535,300	\$ 3,692,882

See Notes to Financial Statements

Emunah of America, Inc.
Statements of Functional Expenses (Continued)
Years Ended December 31, 2023 and 2022

	2022						
	Program Services			Supporting Services			
	Israel Projects	Members' Projects	Total	Management and General	Fundraising	Total	Total
Salaries, payroll taxes, and employee benefits	\$ 218,768	\$ 124,300	\$ 343,068	\$ 29,832	\$ 124,300	\$ 154,132	\$ 497,200
Grants	3,587,025	-	3,587,025	-	-	-	3,587,025
Direct cost of special events	-	-	-	-	163,677	163,677	163,677
Consultants	68,992	63,070	132,062	111,928	52,114	164,042	296,104
Postage and delivery	872	495	1,367	119	495	614	1,981
Marketing	4,220	2,398	6,618	575	2,398	2,973	9,591
Rent expense	15,523	8,820	24,343	2,117	8,820	10,937	35,280
Office expenses	12,195	6,929	19,124	1,662	6,929	8,591	27,715
Mission expense	-	133,012	133,012	-	-	-	133,012
Telephone	4,647	2,640	7,287	634	2,640	3,274	10,561
Travel	16,439	9,341	25,780	2,242	9,341	11,583	37,363
Supplies	18,558	10,545	29,103	2,531	10,545	13,076	42,179
Accounting and other expenses	-	-	-	27,635	-	27,635	27,635
Indirect benefit expenses	-	-	-	-	47,715	47,715	47,715
Dues and subscriptions	4,187	2,379	6,566	571	2,379	2,950	9,516
Credit card fees and bank charges	23,665	13,446	37,111	3,227	13,445	16,672	53,783
Depreciation and amortization	1,069	608	1,677	146	608	754	2,431
Total expenses	3,976,160	377,983	4,354,143	183,219	445,406	628,625	4,982,768
Less expenses deducted directly from revenues							
Direct cost of special events	-	-	-	-	(163,677)	(163,677)	(163,677)
Total expenses reported by function on the statements of activities	\$ 3,976,160	\$ 377,983	\$ 4,354,143	\$ 183,219	\$ 281,729	\$ 464,948	\$ 4,819,091

See Notes to Financial Statements

Emunah of America, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 9,176	\$ 171,512
Items not requiring (providing) cash		
Depreciation and amortization	-	2,430
Change in charitable gift annuity	8,148	6,797
Change in beneficial interest	(16,715)	19,122
Realized and unrealized loss (gain) on investments	(72,316)	160,961
Changes in		
Contributions receivable	(42,320)	38,521
Beneficial interest	(96,000)	-
Prepaid expenses and other assets	(7,831)	19,600
Accounts payable and accrued expenses	55,658	42,869
Grants payable	(208,242)	401,647
Refundable advance	-	(86,085)
	<u>(370,442)</u>	<u>777,374</u>
Investing Activities		
Purchases of investments	(545,763)	(388,565)
Proceeds from sales of investments	474,036	63,899
	<u>(71,727)</u>	<u>(324,666)</u>
Financing Activities		
Payment of annuities payable	(13,000)	(13,000)
	<u>(13,000)</u>	<u>(13,000)</u>
Net Change in Cash	(455,169)	439,708
Cash, Beginning of Year	<u>980,214</u>	<u>540,506</u>
Cash, End of Year	<u>\$ 525,045</u>	<u>\$ 980,214</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Emunah of America, Inc. (Emunah or the Organization) was founded in 1948 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. Emunah's revenues and other support are derived principally from contributions and special events.

As part of its 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. Emunah of Israel maintains counseling centers and three crisis centers; for children, families, and adults of all backgrounds. Emunah of Israel also provides golden-age centers and hot meal programs for the elderly.

Emunah plans missions and is committed to bringing its members and donors to Israel for the purpose of witnessing first-hand the efforts made at the various supported projects and programs the Organization supports. Emunah's moral obligation is to lend support to Jews around the world that takes them 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 services and educational network projects as well as supporting the programs. Through the national organization, Emunah can mobilize its 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 Accounting

The financial statements are prepared on the accrual basis of accounting.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Uninvested cash and cash equivalents included in investment accounts are not considered to be cash. On December 31, 2023, the Organization's cash accounts exceeded federally insured limits by approximately \$270,000.

Emunah of America, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Investments

Emunah measures securities at fair value. Emunah invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, based on the markets' fluctuations and that such changes could materially affect the amounts reported in the financial statements.

Net Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor- or legally imposed restrictions.

Emunah maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Items with a cost in excess of \$5,000 and a useful life of greater than one year are capitalized. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Computer hardware and software	3 years
Website	3 years

Long-Lived Asset Impairment

Emunah evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Grants Payable

Grants payable are recorded as a liability and related expense when the Board of Directors approves the grant and all conditions are met, if applicable.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Emunah of America, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. The Board of Directors may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Special Events

Emunah conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying statements of activities.

Administrative Income

By agreement between Emunah and its grantees, the grantees provide for annual overhead to cover a portion of Emunah's administrative costs. The overhead is calculated based on a percentage of certain contributions raised by Emunah. For the years ended December 31, 2023 and 2022, \$162,801 and \$120,202, respectively, has been reflected in these financial statements as administrative income.

Annuity Obligations

Emunah 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.

Marketing and Advertising

Marketing and advertising costs are charged to operations when incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The allocation of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the direct allocation of the costs incurred for the programs or support services, and allocation of the salaries of each employee based on the amount of their time spent on the programs.

Note 2. Revenue from Contracts with Customers

Mission Income

Revenue from contracts with customers for mission income is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to customers at a single point in time and the Organization does not believe it is required to provide additional goods or services related to that sale.

Emunah of America, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Transaction Price and Recognition

The Organization determines the transaction price based on standard charges for goods and services provided. The Organization does not provide discounts or implicit or explicit price concessions. Payment is due prior to services being performed.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: type of program and payor.

For the years ended December 31, 2023 and 2022, the Organization recognized revenue of \$92,964 and \$127,978, respectively, from goods and services that transfer to the customer over time.

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to donors at a single point in time and the Organization does not believe it is required to provide additional goods or services related to that sale.

For the years ended December 31, 2023 and 2022, the Organization recognized revenue of \$112,500 and \$0, respectively, from goods and services that transfer to the special event attendee at a point in time.

Note 3. Contributions Receivable

Contributions receivable consisted of the following:

	<u>2023</u> Without Donor Restrictions	<u>2022</u> Without Donor Restrictions
Due within one year	\$ 187,200	\$ 144,880
Less allowance for uncollectible contributions	(10,000)	(10,000)
	<u>\$ 177,200</u>	<u>\$ 134,880</u>

Note 4. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions on December 31 are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Baka college donations	\$ 60,000	\$ 70,000
Torah Studies Scholarship	43,360	53,360
Beneficial interest	193,593	80,878
London scholarships	100,000	120,000
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
The Silverstein Estate Fund	246,398	246,398
	<u>\$ 643,351</u>	<u>\$ 570,636</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors:

	<u>2023</u>	<u>2022</u>
Beneficial interest	\$ 4,000	\$ 4,000
Time restriction	-	78,541
Purpose restriction	-	-
Baka college donations	10,000	-
Torah Studies Scholarship	10,000	-
London scholarships	20,000	-
	<u>\$ 44,000</u>	<u>\$ 82,541</u>

Note 5. Beneficial Interest

Emunah has been named as an irrevocable beneficiary in an investment account. The account provides for a distribution of \$4,000 per year until the funds are extinguished. Distributions in the amount of \$4,000 were made during 2023 and 2022.

The estimated value of the expected future cash flows was \$193,593 and \$80,878 as of December 31, 2023 and 2022, respectively, which represents the fair value of the invested assets on December 31, 2023 and 2022.

Note 6. Property and Equipment

Property and equipment on December 31, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Computer hardware and software	\$ 5,755	\$ 5,755
Website	35,824	35,824
	<u>41,579</u>	<u>41,579</u>
Less accumulated depreciation and amortization	<u>(41,579)</u>	<u>(41,579)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note 7. Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, 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 full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Emunah of America, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall on December 31, 2023 and 2022:

	2023			
	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments and beneficial interest				
Mutual funds	\$ 617,825	\$ 617,825	\$ -	\$ -
Exchange-traded funds	217,368	217,368	-	-
Government securities	414,658	414,658	-	-
Beneficial interest	193,593	-	-	193,593
Total investments and beneficial interest reported on the fair value hierarchy	1,443,444	<u>\$ 1,249,851</u>	<u>\$ -</u>	<u>\$ 193,593</u>
Cash and cash equivalents	17,820			
	<u>\$ 1,461,264</u>			

	2022			
	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	\$ 587,930	\$ 587,930	\$ -	\$ -
Exchange-traded funds	179,481	179,481	-	-
Government securities	338,801	338,801	-	-
Beneficial interest	80,878	-	-	80,878
Total investments and beneficial interest reported on the fair value hierarchy	1,187,090	<u>\$ 1,106,212</u>	<u>\$ -</u>	<u>\$ 80,878</u>
Cash and cash equivalents	17,416			
	<u>\$ 1,204,506</u>			

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Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and 2022. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Emunah does not carry investment within Level 3 of the hierarchy.

Beneficial Interest

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 80,878	\$ 100,000
Distributions	(4,000)	(4,000)
Change in value	16,715	(15,122)
Additions	<u>100,000</u>	<u>-</u>
Balance, end of year	<u>\$ 193,593</u>	<u>\$ 80,878</u>

Note 8. Annuity and Trust Payable

Emunah is the recipient of a gift annuity which requires future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. Emunah has recorded a liability on December 31, 2023 and 2022 of \$108,676 and \$113,528, respectively, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate of 3.4% and rate of return of 6.5%. There were no contributions revenue recognized under such agreements for the years ended December 31, 2023 and 2022.

Note 9. COVID-19 Pandemic Funding

During the year ended December 31, 2021, Emunah received a second Paycheck Protection Program (PPP) loan established by the *Coronavirus Aid, Relief, and Economic Security Act* and has elected to account for the funding as a conditional contribution by applying Accounting Standards Codification Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full time equivalent (FTE) and salary reduction requirements and incurring eligible expenditures. The second PPP loan in the amount of \$86,085 was forgiven during 2022.

Note 10. Endowment

Emunah’s governing body is subject to the *State of New York Prudent Management of Institutional Funds Act* (NYPMIFA). As a result, Emunah classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. The net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

- Duration and preservation of the fund
- Purposes of the Organization and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

Emunah’s endowment consists of a memorial fund created in memory and honor of Renee Silverstein. The endowment includes a donor-restricted endowment fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund on December 31, 2023 and 2022 was:

	2023	2022
	With Donor Restrictions	
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 246,398	\$ 246,398
Total endowment funds	\$ 246,398	\$ 246,398

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Changes in endowment net assets for the years ended December 31, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 246,398	\$ 246,398
Investment return, net	5,988	18,543
Appropriation of endowment assets for expenditure	<u>(5,988)</u>	<u>(18,543)</u>
Endowment net assets, end of year	<u>\$ 246,398</u>	<u>\$ 246,398</u>

Investment and Spending Policies

Emunah has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds Emunah must hold in perpetuity.

Investment income earned from the fund is available to create, construct, and maintain children's daycare centers and senior citizens' golden age centers. During fiscal years 2023 and 2022, the Organization appropriated \$5,988 and \$18,543, respectively.

Underwater Endowments

The governing body of the Emunah has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There are no underwater endowments on December 31, 2023 and 2022.

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Note 11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash	\$ 525,045	\$ 980,214
Investments	1,267,671	1,123,628
Contributions receivable	177,200	134,880
Beneficial interest	<u>193,593</u>	<u>80,878</u>
Financial assets available at year-end	2,163,509	2,319,600
Less amounts unavailable for general expenditures within one year due to restrictions of time and purpose	<u>(643,351)</u>	<u>(570,636)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,520,158</u>	<u>\$ 1,748,964</u>

Emunah's net assets with donor restrictions consist of endowment funds and funds restricted by donors. Income from donor-restricted endowments is restricted. The corpus of donor-restricted endowment funds is not available for general expenditure.

Emunah manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Emunah forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Note 12. Related-Party Transactions

A family member of the finance consultant is employed by the financial institution holding Emunah's investments totaling \$1,267,671 and \$1,123,628 in 2023 and 2022, respectively, and acts as an investment manager to Emunah. As of December 31, 2023 and 2022, fees paid to the financial institution amounted to \$8,331 and \$8,041, respectively. These fees are presented net of investment income in the accompanying statements of activities.

Note 13. Short-Term Operating Lease

Emunah has entered into a noncancellable operating lease for office space that expires on April 30, 2024. The lease term is for 11 months. Rent expense for the years ended December 31, 2023 and 2022 was \$35,626 and \$35,280, respectively. Future minimum lease payments due in fiscal 2024 are \$11,186.

Note 14. Subsequent Events

Subsequent events have been evaluated through March 22, 2024, which is the date the financial statements were available to be issued.