

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

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

June 30, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the consolidated financial statements of The Young Men's and Young Women's Hebrew Association ("92NY"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of 92NY as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 92NY and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York
December 20, 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

(Dollars in thousands)

ASSETS

Cash	\$	15,468
Accounts receivable, net		552
Contributions receivable, net		68,066
Investments		59,178
Prepaid expenses and other current assets		<u>1,718</u>
Total current assets		144,982
Property and equipment, net - long-term		<u>46,071</u>
Total assets	\$	<u><u>191,053</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$	18,603
Security deposits payable		203
Deferred revenue		<u>13,905</u>
Total liabilities		32,711

Net assets

Net assets without donor restrictions		23,648
Net assets with donor restrictions		<u>134,694</u>
		<u>158,342</u>
Total liabilities and net assets	\$	<u><u>191,053</u></u>

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

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

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2023

(Dollars in thousands)

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
Support and revenue			
Contributions and grants	\$ 29,767	\$ 33,789	\$ 63,556
Annual events (net of direct benefit to donors of \$144)	4,328	-	4,328
Program service revenue	34,474	-	34,474
Investment income, net	241	5,999	6,240
Rental and other revenue	7,488	-	7,488
	<u>76,298</u>	<u>39,788</u>	<u>116,086</u>
Support and revenue before net assets released from restrictions	76,298	39,788	116,086
Net assets released from restrictions:			
Satisfaction of program restrictions	6,223	(6,223)	-
Satisfaction of capital restrictions	8,812	(8,812)	-
	<u>91,333</u>	<u>24,753</u>	<u>116,086</u>
Total support and revenue	91,333	24,753	116,086
Expenses			
Program services			
Arts Programming	22,031	-	22,031
Children and Family	13,381	-	13,381
Community Center	13,218	-	13,218
Round Table Digital Initiative	3,264	-	3,264
Bronfman Center for Jewish Life	2,057	-	2,057
Belfer Center for Innovation and Social Impact	1,680	-	1,680
Agency Wide Initiatives	1,040	-	1,040
	<u>56,671</u>	<u>-</u>	<u>56,671</u>
Total program services	56,671	-	56,671
Supporting services			
Management and general	14,899	-	14,899
Fund-raising	2,184	-	2,184
	<u>17,083</u>	<u>-</u>	<u>17,083</u>
Total supporting services	17,083	-	17,083
Total expenses	<u>73,754</u>	<u>-</u>	<u>73,754</u>
CHANGE IN NET ASSETS	17,579	24,753	42,332
Net assets, beginning of year	<u>6,069</u>	<u>109,941</u>	<u>116,010</u>
Net assets, end of year	<u>\$ 23,648</u>	<u>\$ 134,694</u>	<u>\$ 158,342</u>

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

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023
(Dollars in thousands)

	Arts Programming	Children and Family	Community Center	Round Table Digital Initiative	Bronfman Center for Jewish Life	Belfer Center for Innovation and Social Impact	Agency Wide Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 12,072	\$ 7,389	\$ 7,369	\$ 452	\$ 1,310	\$ 665	\$ 495	\$ 29,752	\$ 5,031	\$ 1,147	\$ 6,178	\$ 35,930
Employee benefits and payroll taxes	2,338	1,583	1,523	52	286	163	92	6,037	1,800	240	2,040	8,077
Total employee expenses	14,410	8,972	8,892	504	1,596	828	587	35,789	6,831	1,387	8,218	44,007
Professional fees	2,788	602	1,833	2,524	256	456	277	8,736	1,048	88	1,136	9,872
Office expenses	320	164	309	105	19	24	8	949	396	53	449	1,398
Food, supplies, external rental, and travel	1,982	2,724	936	5	75	107	41	5,870	101	468	569	6,439
Marketing expenses	1,151	234	236	69	34	191	7	1,922	404	96	500	2,422
Repairs, maintenance, and occupancy	576	319	491	-	32	30	103	1,551	921	-	921	2,472
Miscellaneous expenses	804	366	521	57	45	44	17	1,854	1,148	92	1,240	3,094
Depreciation and amortization	-	-	-	-	-	-	-	-	4,050	-	4,050	4,050
Total expenses	\$ 22,031	\$ 13,381	\$ 13,218	\$ 3,264	\$ 2,057	\$ 1,680	\$ 1,040	\$ 56,671	\$ 14,899	\$ 2,184	\$ 17,083	\$ 73,754

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended June 30, 2023
(Dollars in thousands)

Cash flows from operating activities:	
Change in net assets	\$ 42,332
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	4,050
Unrealized gains on investments	(3,280)
Net unrealized gain on charitable remainder unitrust	(145)
Changes in assets and liabilities:	
Accounts receivable, net	(86)
Contributions receivable, net	(19,245)
Prepaid expenses and other current assets	(244)
Accounts payable and accrued expenses	8,543
Security deposits payable	108
Deferred revenue	1,009
	<hr/>
Total adjustments	(9,290)
	<hr/>
Net cash provided by operating activities	33,042
	<hr/>
Cash flows from investing activities:	
Proceeds from sales and redemptions of investments	38,628
Purchases of investments	(43,835)
Purchase of property and equipment	(20,642)
	<hr/>
Net cash used in investing activities	(25,849)
	<hr/>
Cash flows from financing activities:	
Principal payments under capital lease obligations	301
	<hr/>
Net cash provided by financing activities	301
	<hr/>
CHANGE IN CASH	7,494
Cash, beginning of year	<hr/> 7,974
Cash, end of year	<hr/> <hr/> \$ 15,468
Supplemental disclosures of cash flow information:	
Interest paid on capital lease obligation	\$ 8
Donated goods and services	\$ 92
Capital expenditures included in accounts payable and accrued expenses	\$ 1,222

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF ITS SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

On April 1, 2022, 92NY launched Roundtable, a new division designed to capitalize on and accelerate the virtual programming momentum achieved by the Adult Education division during the pandemic. Through Roundtable, 92NY established a platform and online destination for adult continuing education designed to reach a global audience through engagement in more comprehensive areas of study. This division largely replaced the existing Adult Education division which still offers select, in-person programming. At June 30, 2022, Roundtable was reported as a separate division within 92NY. As of July 1, 2022, Roundtable became a wholly owned subsidiary of 92NY. Roundtable's operating results are part of these consolidated financial statements.

Basis of Presentation

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

Use of Estimates

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

Cash and Cash Equivalents

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

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Investments

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

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

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

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

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

Property and Equipment

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

Management evaluates the recoverability of investments in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment, as of June 30, 2023, and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near-term and necessitate a change in management's estimate of the recoverability of these assets.

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Accrued Vacation and Retirement

Based on their tenure and an annual carryover provision of five months, employees are entitled to be paid for unused vacation time if they leave the organization. Accordingly, at each year end, 92NY must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. At June 30, 2023, this accrued vacation obligation was approximately \$375,000 and is included in accounts payable and accrued expenses in the consolidated statement of financial position. In addition, certain union employees are entitled to receive severance benefits based on tenure, age and evidence of receiving full scope social security benefits. 92NY accrues an expense at year-end for the employees that are known to have met all the criteria above and is included in accounts payable and accrued expenses in the consolidated statement of financial position.

Net Assets

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

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

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Applicability of NYPMIFA

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

Revenue Recognition

(i) Contributions, Gifts and Pledges

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

(ii) Membership Dues

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

(iii) Rental Revenue

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

(iv) Donated Goods and Services

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

(v) Annual Events

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

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Charitable Split-Interest Agreements

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

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

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

Functional Allocation of Expenses

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

Income Tax Uncertainties

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

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

Subsequent Events

92NY has evaluated subsequent events through December 20, 2023, the date on which the consolidated financial statements were available to be issued.

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE B - CONTRIBUTIONS RECEIVABLE, NET

As of June 30, 2023, contributions receivable, net, were due to be collected as follows:

	(in thousands)
Less than one year	\$ 33,600
One to five years	27,927
Thereafter	<u>6,550</u>
	68,077
Less: discount to present value with rates ranging from 0.31% to 6%	<u>(2,624)</u>
	<u>65,453</u>
Charitable remainder unitrusts	2,770
Less: discount to present value	<u>(817)</u>
	<u>1,953</u>
Charitable lead annuity trust	701
Less: discount to present value	<u>(41)</u>
	<u>660</u>
Total	<u><u>\$ 68,066</u></u>

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

NOTE C - ACCOUNTS RECEIVABLE, NET

As of June 30, 2023, accounts receivable, net, are comprised of the following:

	(in thousands)
Accounts receivable	\$ 399
Accounts receivable - health and fitness	83
Accounts receivable - youth and family	<u>70</u>
Total	<u><u>\$ 552</u></u>

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

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE D - INVESTMENTS AND CHARITABLE SPLIT-INTEREST AGREEMENTS

As of June 30, 2023, the costs and fair values of investments were as follows:

	<u>Fair Value</u>	<u>Cost</u>
Working capital - cash and money-market funds	\$ 3,985	\$ 3,985
Investments in limited partnerships:		
Private equity	35	481
Mutual funds:		
Equity securities	41,595	39,840
Fixed income	10,777	11,576
Real Estate	<u>2,786</u>	<u>3,045</u>
 Total	 <u>\$ 59,178</u>	 <u>\$ 58,927</u>

Investment income (loss) earned during the year ended June 30, 2023 consisted of the following:

	(in thousands)
Interest and dividends, net	\$ 2,623
Net realized gains on sales of investments	192
Net unrealized gains on investments	3,280
Net unrealized gains on charitable remainder unitrusts	<u>145</u>
 Total	 <u>\$ 6,240</u>

Investment income is reported net of investment, management, performance and custodial fees of approximately \$79,000 for the year ended June 30, 2023. These are specific fees charged by 92NY's various investment managers in each fiscal year and do not include other fees that may be embedded in various other investment accounts and transactions.

Concentrations of 92NY's category of investments in excess of 10% of the fair value of its portfolio were comprised of 79% in equity security mutual funds and 21% in fixed income mutual funds as of June 30, 2023.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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

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

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

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

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

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

The availability of available market data is monitored by 92NY's management to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended June 30, 2023, there were no transfers among fair value hierarchy levels.

The following table summarize the fair values of 92NY's assets at June 30, 2023, in accordance with the ASC Topic 820 fair value hierarchy levels:

	Amounts Within Fair Value Hierarchy				
	(in thousands)				
	Level 1	Level 3	Total	Valued at NAV	Total
Investments in limited partnerships:					
Private equity fund	\$ -	\$ -	\$ -	\$ 35	\$ 35
Mutual funds:					
Equity securities	41,595	-	41,595	-	41,595
Fixed-income funds	10,777	-	10,777	-	10,777
Real Estate	2,786	-	2,786	-	2,786
Investments within fair value hierarchy	<u>\$ 55,158</u>	<u>\$ -</u>	<u>\$ 55,158</u>	<u>\$ 35</u>	<u>55,193</u>
Investment amounts not included in fair value hierarchy					<u>3,985</u>
Total investments					<u>\$ 59,178</u>
Charitable remainder unitrusts	\$ -	\$ 1,951	\$ -	\$ -	\$ 1,951
Charitable lead annuity trust	-	660	-	-	660
Total charitable split-interest agreements	<u>\$ -</u>	<u>\$ 2,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,611</u>

The following tables summarize the changes in the fair values of 92NY's Level 3 assets during the year ended June 30, 2023:

	Charitable Remainder Unitrust	Charitable Lead Annuity Trust
Balance, July 1, 2022	\$ 1,961	\$ 735
Unrealized gains (losses)	145	-
Distributions	-	(78)
Change in the value of split-interest agreements	<u>(155)</u>	<u>3</u>
Balance, June 30, 2023	<u>\$ 1,951</u>	<u>\$ 660</u>

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Qualification of unobservable inputs (in thousands):

Instrument	Fair Value	Principle Valuation Technique	Unobservable Inputs	Range
Charitable remainder unitrusts	\$ 1,951	Fair value of underlying trust assets	Expected recovery	N/A
Charitable lead annuity trust	\$ 660	Discounted future cash flows	Mortality rate/ discount rate	N/A

The following table describes the redemption terms for investments measured at NAV for the year ended June 30, 2023:

	Fair Value (in thousands)	Redemption Frequency	Redemption Notice Period
Investments in limited partnerships:			
Private equity	\$ 35	Upon dissolution of the partnership or sale to a third-party	Upon dissolution of the partnership or sale to a third-party
Total	<u>\$ 35</u>		

There were no unfunded commitments related to these investments as of June 30, 2023.

NOTE E - PROPERTY AND EQUIPMENT, NET

As of June 30, 2023, property and equipment, net, consisted of the following:

	(in thousands)
Land	\$ 2,525
Buildings and building improvements	71,706
Furniture and equipment	67,392
	<u>141,623</u>
Less: accumulated depreciation and amortization	(105,446)
Construction-in-progress	9,894
	<u>\$ 46,071</u>

There were no disposals during the year ended June 30, 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

During the year ended June 30, 2023, net assets released from restrictions consisted of the following:

	(in thousands)
Educational and cultural activities	\$ 8,812
Capital expenditures	<u>6,223</u>
Total	<u>\$ 15,035</u>

For the year ended June 30, 2023, net assets released from restrictions for educational and cultural activities included approximately \$769,000 of amounts appropriated from the endowment.

NOTE G - ENDOWMENT

The Endowment

92NY's endowment consists of 38 donor-restricted endowment funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

92NY has a policy of making available for operating expenses each year a portion of its endowment funds' average net assets over the 12 months of the fiscal year. In establishing this policy, 92NY considered the long-term expected return on its endowment. This is consistent with 92NY's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The spending policy is consistent with 92NY's objectives to utilize earnings to support programs, while preserving capital and ensuring future endowment growth.

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

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

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

Endowment net asset composition by type of fund as of June 30, 2023:

	Net Assets with Donor Restrictions			
	Accumulated Gains- Restricted to Time and Purpose	Accumulated Gains and Present Value Adjustment	Original Gift	Total
	(in thousands)			
Donor-restricted endowment funds	\$ (109)	\$ -	52,090	\$ 51,981

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Changes in endowment net assets, during the year ended June 30, 2023:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions		Total
		Accumulated Gains- Restricted to Time and Purpose*	Amounts Held in Perpetuity	
		(in thousands)		
Endowment net assets, beginning of year (including contributions receivable of \$10,098)	\$ -	\$ (2,084)	\$ 45,794	\$ 43,710
Contributions, including NPV adjustments	-	-	6,296	6,296
Endowment Spin-off	-	(769)	-	(769)
Accumulate endowment earnings/loss	-	2,744	-	2,744
Endowment net assets, end of year (including contributions receivable of \$10,125)	<u>\$ -</u>	<u>\$ (109)</u>	<u>\$ 52,090</u>	<u>\$ 51,981</u>

* Includes underwater endowments of \$1,248,000 at June 30, 2023.

Return Objectives and Risk Parameters

92NY has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, 92NY relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). 92NY, under the direction of the Investment Committee of the Board of Directors, targets a mix of assets, including cash, money-market funds, securities and various investments in limited partnerships, to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar-value of the donor's original permanently restricted contribution. There were no funds that had deficiencies of this nature as of June 30, 2023. Under the terms of NYPMIFA, 92NY has no responsibility to restore such decreases in value.

The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE H - EMPLOYEE BENEFIT PLANS

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

<u>Plan Legal Name</u>	<u>Actuarial Valuation Date</u>	<u>EIN/Pension Plan Number</u>	<u>Actuarial Present Value of Accumulated Plan Benefits</u>	<u>Plan Assets</u>
			(in millions)	
Retirement Plan of Federation of Jewish Philanthropies of New York and Beneficiary Societies	9/30/2022	51-0172429	\$ 474,686	\$ 474,686

92NY pays pension expenses for employees in the plans of the Local 306 and IATSE unions. Pension expense for the year ended June 30, 2023 was \$1,089,000. In addition, 92NY offers a voluntary Section 403(b) retirement plan for its employees but does not contribute to the plan.

NOTE I - RELATED-PARTY TRANSACTIONS

Related Parties - Contributions

During the year ended June 30, 2023, 92NY received contributions of approximately \$35,352,000 from the members of its Board of Directors. This level of Board participation represented 51% of total contributions and grants, and annual events for the year ended June 30, 2023.

NOTE J - CONCENTRATION OF CREDIT RISK

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

NOTE K - DONATED GOODS AND SERVICES

Volunteers

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

Donated Marketing Services

In Fiscal 2023, the Mayor's Office of Media and Entertainment donated subway cards and bus shelter signage advertising 92NY's rebrand and fall season. The value of the donation was \$92,000.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE L - COMMITMENTS AND CONTINGENCY

Leases

(i) Operating Leases:

92NY leased camp facilities in 2023. 92NY also leases May Center equipment under operating leases with terms that expire through January 31, 2025, with future minimum rental payments of \$677,000 through the year ending June 30, 2024.

Rent expense for the year ended June 30, 2023 was approximately \$650,000.

(ii) Capital Lease:

92NY leases backstage equipment that will terminate in December 2023. Additionally, 92NY leases cardio equipment for the May Center that will terminate in April 2026. The capital lease obligations are reported as a part of accounts payable and accrued expenses and fixed assets in the accompanying consolidated financial statements. The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	<u>(in thousands)</u>
2024	\$ 201
2025	150
2026	125
	<hr/>
	\$ 476
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Legal

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

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table presents the total financial assets held by 92NY as of June 30, 2023 that could be readily made available within one year of the consolidated statement of financial position date to meet general expenditures:

	<u>(in thousands)</u>
Cash	\$ 15,468
Accounts receivable, net	552
Contributions receivable, net	68,066
Investments	59,178
	<hr/>
Total financial assets	143,264
	<hr/>
Net assets with donor restrictions not available for more than one year	(127,169)
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,095
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The Young Men's and Young Women's Hebrew Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

In May 2023, 92NY renewed a \$7,500,000 line of credit with First Republic Bank in the event of an unanticipated liquidity need. At June 30, 2023, 92NY did not draw any funds from the line of credit. The line of credit expires May 2024.

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