

**Financial Statements and Supplementary Schedule Together with  
Report of Independent Certified Public Accountant**

**FRIENDS OF YAD SARAH**

**June 30, 2022**

**(With Summarized Comparative Information for June 30, 2021)**

**Shelley C. Hubert, CPA, MPA**

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# **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

To the Board of Directors of Friends of Yad Sarah,

I have audited the accompanying financial statements of the Friends of Yad Sarah, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities 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.

## **Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with audit standards generally accepted in the United States of America. Those standards require that I 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 judgement, 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 Organization'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 of the effectiveness of the Organization's internal control. Accordingly, I do not express such an 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Yad Sarah, Inc. as of June 30, 2022, 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.

## Other Matters

### Supplementary information

The audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting records used to prepare the financial statements. In my opinion, the supplementary information is a fairly presented statement, in all material respects, in relation to the financial statements as a whole.

### Report of 2021 summarized comparative information

I have previously audited the Organization's 2021 financial statements (not presented herein) and have expressed an unmodified audit opinion on those audited financial statements in my report dated March 15, 2022. In my opinion, the accompanying summarized comparative information as of June 30, 2022 and from the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*SHELLEY HUBERT Shelley Hubert*

Shelley C. Hubert

New York, NY

·NYS CPA #062198

January 15, 2023

**Friends of Yad Sarah**  
**Statement of Financial Position**

**As of June 30, 2022 and 2021**

| <b>Assets:</b>   |                                   | <b>Comparative</b>                |
|--|-----------------------------------|-----------------------------------|
| <b>Current:</b>  | <b>Fiscal 2022</b>                | <b>Fiscal 2021</b>                |
| Cash and cash equivalents (note 2)                         | \$ 208,851                        | \$ 829,983                        |
| Accrued Interest Receivable                                | <u>3,639</u>                      | <u>2,318</u>                      |
| <b>Total Current Assets</b>                                | <b>212,490</b>                    | <b>832,301</b>                    |
| Securities held for long-term investment (notes 2, 4)      | 4,466,787                         | 5,406,360                         |
| Long Term Pledges and Charitable Remainder Trusts (note 3) | 620,336                           | 728,652                           |
| Due From Affiliate (note 3)                                | <u>1,239,374</u>                  | <u>1,352,567</u>                  |
| <b>Total Long term Investments</b>                         | <u><b>6,326,497</b></u>           | <u><b>7,487,578</b></u>           |
| <b>Total Assets</b>  | <u><u><b>\$ 6,538,987</b></u></u> | <u><u><b>\$ 8,319,879</b></u></u> |
| <br><b>Liabilities and Net Assets:</b>                     |                                   |                                   |
| <b>Current Liabilities</b>                                 |                                   |                                   |
| Accounts Payable and accrued expenses                      | \$ 4,915                          | \$ 23,521                         |
| Due to Lifetime Beneficiaries (note 2)                     | <u>1,955,120</u>                  | <u>2,131,093</u>                  |
|  | <u><b>1,960,035</b></u>           | <u><b>2,154,614</b></u>           |
| <br><b>Net assets:</b>                                     |                                   |                                   |
| Without Donor Restrictions                                 | 3,758,806                         | 5,299,957                         |
| With Donor Restrictions (note 5)                           | <u>820,146</u>                    | <u>865,308</u>                    |
| <b>Total net assets (note 2)</b>                           | <u><b>4,578,952</b></u>           | <u><b>6,165,265</b></u>           |
| <b>Total liabilities and net assets</b>                    | <u><u><b>\$ 6,538,987</b></u></u> | <u><u><b>\$ 8,319,879</b></u></u> |

*See accompanying notes to financial statements*

**Friends of Yad Sarah**  
**Statement of Activities**

*Twelve months ended June 30, 2022*

|  | Without<br>Donor<br>Restrictions  | With Donor<br>Restrictions      | Total 2022                        | Comparative<br>2021               |
|--|-----------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| <b>Revenues:</b>                       |                                   |                                 |                                   |                                   |
| <b>Public Support:</b>                 |                                   |                                 |                                   |                                   |
| Individuals                            | 3,260,420                         | 50,000                          | 3,310,420                         | 2,329,841                         |
| Foundations                            | 225,000                           | -                               | 225,000                           | 89,800                            |
| Trusts and Estates                     | <u>459,486</u>                    | -                               | 459,486                           | 1,126,705                         |
| Corporations                           | <u>243,790</u>                    | -                               | <u>243,790</u>                    | -                                 |
| <b>Total Public Support</b>            | <b>\$ 4,188,696</b>               | <b>\$ 50,000</b>                | <b>\$ 4,238,696</b>               | <b>\$ 3,546,346</b>               |
| <b>Investment Earnings</b>             |                                   |                                 |                                   |                                   |
| Interest Income                        | 73,318                            | -                               | 73,318                            | 157,259                           |
| Realized Gains                         | 106,530                           | -                               | 106,530                           | 334,424                           |
| Unrealized Gains/(Losses)              | (777,913)                         | -                               | (777,913)                         | 208,505                           |
| Other Income (Note 4)                  | 55,130                            | -                               | 55,130                            | 1,045,925                         |
| Net assets Released from Restrictions  | <u>95,162</u>                     | <u>(95,162)</u>                 | <u>-</u>                          | <u>-</u>                          |
| <b>Total Revenue</b>                   | <b>3,740,924</b>                  | <b>(45,162)</b>                 | <b>3,695,762</b>                  | <b>5,292,459</b>                  |
| <b>Expenses:</b>                       |                                   |                                 |                                   |                                   |
| Program Service                        | 4,868,375                         |                                 | 4,868,375                         | 5,653,785                         |
| Management and general                 | 102,128                           |                                 | 102,128                           | 155,531                           |
| Fundraising                            | <u>311,572</u>                    | <u>-</u>                        | <u>311,572</u>                    | <u>305,742</u>                    |
| <b>Total Expenses</b>                  | <b><u>5,282,075</u></b>           | <b><u>-</u></b>                 | <b><u>5,282,075</u></b>           | <b><u>6,115,058</u></b>           |
| <b>Change in Net Assets</b>            | <b>(1,541,151)</b>                | <b>(45,162)</b>                 | <b>(1,586,313)</b>                | <b>(822,599)</b>                  |
| <b>Net Assets, Beginning of Period</b> | <b><u>5,299,957</u></b>           | <b><u>865,308</u></b>           | <b><u>6,165,265</u></b>           | <b><u>6,987,864</u></b>           |
| <b>Net Assets, End of Period</b>       | <b><u><u>\$ 3,758,806</u></u></b> | <b><u><u>\$ 820,146</u></u></b> | <b><u><u>\$ 4,578,952</u></u></b> | <b><u><u>\$ 6,165,265</u></u></b> |

*See accompanying notes to financial statements*

**Friends of Yad Sarah**  
**Statement of Functional Expenses**

*Twelve months ended June 30, 2022*

|  | Program<br>services and    |                          |                          |                            | Comparative                |
|--|----------------------------|--------------------------|--------------------------|----------------------------|----------------------------|
|  | Public                     | Management               |                          | Total                      | fiscal 6/30/21             |
|  | <u>Education</u>           | <u>and General</u>       | <u>Fundraising</u>       |                            |                            |
| <b>Program Service transmissions:</b>  |                            |                          |                          |                            |                            |
| <b>Total transmissions for the benefit of Yad Sarah and affiliates in Israel (note 2o)</b> | <b>\$ 4,151,592</b>        |                          |                          | <b>\$ 4,151,592</b>        | <b>\$ 5,090,663</b>        |
| <b>Salaries and related expenses:</b>  |                            |                          |                          |                            |                            |
| Salaries   | 156,465                    | 26,074                   | 54,526                   | 237,065                    | 214,698                    |
| Employment taxes and benefits  | <u>41,135</u>              | <u>6,519</u>             | <u>14,366</u>            | <u>62,020</u>              | <u>57,211</u>              |
| <b>Total salaries and related expenses</b>   | <b>197,600</b>             | <b>32,593</b>            | <b>68,892</b>            | <b>299,085</b>             | <b>271,909</b>             |
| <b>Other Expenses:</b>   |                            |                          |                          |                            |                            |
| Direct Mail Design, Printing   | 178,447                    |                          | 76,477                   | 254,924                    | 209,927                    |
| Postage  | 88,411                     |                          | 37,891                   | 126,302                    | 109,998                    |
| Professional fees  | 158,869                    | 13,236                   | 83,753                   | 255,858                    | 250,278                    |
| Publications and advertisements  | 72,860                     |                          | 31,226                   | 104,086                    | 89,404                     |
| Conferences  |                            |                          |                          | -                          | -                          |
| Travel, Lodging, and Meals   | 4,771                      |                          | 2,045                    | 6,815                      | 557                        |
| Insurance  |                            | 4,676                    |                          | 4,676                      | 6,137                      |
| Supplies, office expenses, filing fees   | 7,937                      | 9,323                    | 3,402                    | 20,661                     | 22,584                     |
| Information technology   | 7,888                      | 3,944                    | 7,888                    | 19,720                     | 19,690                     |
| Investment fees and bank charges   | <u>-</u>                   | <u>38,357</u>            | <u>-</u>                 | <u>38,357</u>              | <u>43,910</u>              |
| <b>Total expenses before depreciation</b>  | <b>4,868,375</b>           | <b>102,128</b>           | <b>311,572</b>           | <b>5,282,075</b>           | <b>6,115,058</b>           |
| Depreciation   | <u>-</u>                   | <u>-</u>                 | <u>-</u>                 | <u>-</u>                   | <u>-</u>                   |
| <b>Total Expenses</b>  | <b><u>\$ 4,868,375</u></b> | <b><u>\$ 102,128</u></b> | <b><u>\$ 311,572</u></b> | <b><u>\$ 5,282,075</u></b> | <b><u>\$ 6,115,058</u></b> |

*See accompanying notes to financial statements*

Friends of Yad Sarah  
Statement of Cash Flows

*Twelve months ended June 30, 2022*

|   |                   |
|---|-------------------|
| Cash flow from operating activities:  |                   |
| Change in net assets  | \$ (1,586,313)    |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                   |
| Accrued Interest receivable   | (1,321)           |
| Pledges and Charitable Remainder Receivables  | 108,316           |
| Notes Receivable  | 113,193           |
| Unrealized gains/losses   | 777,913           |
| Increase (decrease) in:   |                   |
| Accounts payable and accrued expenses   | (18,607)          |
| Due to lifetime beneficiaries   | <u>(175,973)</u>  |
| Net cash provided by operating activities   | <u>(782,792)</u>  |
| Cash flows for financing activities:  |                   |
| Purchases of Investments  | (614,013)         |
| Proceeds from sale of investments   | <u>775,673</u>    |
| Net cash (added to)/liquidated from investing activities                                | <u>161,660</u>    |
| Net Increase in cash and cash equivalents   | (621,132)         |
| Cash and cash equivalents, beginning of period  | <u>829,983</u>    |
| Cash and cash equivalents, end of period  | <u>\$ 208,851</u> |

*See accompanying notes to financial statements*

**NOTE 1: ORGANIZATION**

Friends of Yad Sarah, Inc. (the "Organization") was incorporated in New York in 1976. Friends of Yad Sarah represents the mission of Yad Sarah to its friends in the USA and to the international community at the United Nations.

The defining mission of Yad Sarah is to enable chronically ill, disabled, infirm, and terminally ill people, ranging in age from infancy to old age, to live at home either on their own or in the care of their families or caregivers, with dignity and as independently as possible. With the 800,000 people helped every year, a dedicated 7000+ volunteers supported by a small staff and operating through over 126 branches located in every corner of Israel, Yad Sarah provides an all-encompassing and fully integrated range of medical equipment and home-based healthcare support services, all for free or at nominal cost to hundreds of thousands of people in Israel annually.

**Nature of Activities**

Friends of Yad Sarah assists individuals, families and communities with dedication opportunities, volunteer projects, planned giving, and special events, raising much needed funds to support the work of the Yad Sarah organization and its dedicated corps of volunteers in Israel.

Friends of Yad Sarah helps arrange services for tourists with special needs and guided visits to Yad Sarah House, the organization's headquarters in Jerusalem.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions- net assets available for use in general operations and are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.
- Net assets with donor restrictions- net assets that are subject to donor-imposed restrictions that permit the Organization to use, expend or maintain the assets as specified. Some donor-imposed restrictions are temporary in nature, those restrictions can be satisfied either by the passage of time or by the actions of the Organization. Other donor-imposed restrictions can be perpetual in nature, where they must be maintained permanently by the Organization and only the income be used as specified by the donor.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by the donor-imposed restrictions. Expenses are reported as decreases in net assets without donor



restrictions. If an expense is incurred for a purpose for which the net assets with donor restrictions are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as a release from restrictions in the statement of activities. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor or by law.

#### Comparative Totals

The fiscal 2022 financial statements are presented with prior year summarized comparative information. With respect to the statement of activities, such information is presented in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made in the preparation of financial statements include the net realizable value of pledges, gift annuities, Charitable Remainder Trusts, and notes receivable.

#### Recently issued Accounting Pronouncement

In August 2016, FASB issued ASU 2016-14, not-for-profit Entities (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency, in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the effective date of the amendments will align with Revenue from Contracts with Customers: effective for annual periods beginning after December 15<sup>th</sup>, 2018 (i.e., Organization's fiscal year 2019).

As of June 30, 2022, the Organization has not recorded any pledges that include a barrier to receipt.

#### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Contributions, Pledges, and Legacies Receivable

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized within the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contribution of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give are recorded as contributions at their net present value, discounted at 3% in fiscal 2022 and 2021 respectively. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The Organization uses the allowance method to determine the uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Legacies are recorded when the will is declared valid, amount to be received can be reasonably estimated and the probate process is complete.

### Charitable Gift Annuities and Charitable Remainder Trusts

The Organization enters into agreements with donors to accept and administer charitable gift annuities, which provide for payments to the donors or their beneficiaries based upon specified annuity amounts. Assets held under charitable gift annuities are included in investments (Note 4). Contribution revenue is recognized at the date the annuity contract is established after recording the liability for the present value of the estimated future payments expected to be made to the donor and/or beneficiary. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments.

The Organization is the beneficiary of certain charitable remainder trusts. The present value of the estimated future cash receipts from these trusts is recognized as an asset and as a contribution when the Organization is notified that the trust has been established.

### Donated Services and Gifts-in-Kind (GIK)

Donated services are reported as contributions and expenses in amounts equal to their estimated fair value on the date of receipt. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized.

A considerable number of individuals have donated significant amounts of their time to the Organization's program and supporting functions; however, these services do not meet criteria for recognition in accordance with U.S. generally accepted accounting principles and therefore are not recorded in the accompanying financial statements.

### Due from Affiliate

In fiscal year ended 1995, Friends of Yad Sarah wired funds of \$2,800,000 to Yad Sarah, recording a transmission expense. Those funds were used by YSM, a wholly owned subsidiary of Yad Sarah which created a note payable to Friends of Yad Sarah. As Friends of Yad Sarah did not record this transaction as a receivable in the year of transfer when YSM made partial payments for its loan from fiscal 1995 to fiscal 2015, Friends of Yad Sarah transmitted those funds to Yad Sarah for operations. These transactions were researched in fiscal 2016 where Friends of Yad Sarah learned that YSM had created a loan payable which was valued at \$2,149,088 as of December 31, 2015. YSM has made a commitment to repay this debt by a maximum amount of \$250,000 per year until repaid. As such, Friends of Yad Sarah recognized a receivable for the fiscal year ended June 30, 2016 and recording a prior period adjustment.

### Fixed Assets

Purchased property and equipment is capitalized at cost if purchase price is over \$3,000. All property and equipment with a purchase price of under \$3,000 is expensed in the year purchased. Property and equipment are depreciated using the straight-line method over estimated useful lives, ranging from three to five years. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific person.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. As a not-for-profit organization, the Organization is also exempt from state and local income taxes. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS and New York State, generally for three years after they are filed.

### Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a function basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Transmissions

All transmissions made to Yad Sarah, are made pursuant to authorization by the Board of Directors of the Organization.

### Note 3: PLEDGES AND LEGACIES RECEIVABLE, DUE FROM AFFILIATES

At June 30, 2022 and 2021, pledges, legacies, and CRT receivables:

| Amount Due                          | <u>2022</u>       | <u>2021</u>       |
|-------------------------------------|-------------------|-------------------|
| Within One year                     | 100,000           | 200,000           |
| One to five years                   | 450,000           | 450,000           |
| More than five years                | <u>155,852</u>    | <u>192,666</u>    |
|                                     | 705,852           | 842,666           |
| Less discount to present value      | <u>(85,440)</u>   | <u>(114,014)</u>  |
| Net Pledges and legacies receivable | <u>\$ 620,336</u> | <u>\$ 728,652</u> |

The Organization is the ultimate beneficiary of a certain irrevocable charitable remainder trust. The present value of the trust is \$148,288 and \$180,590 as of June 30, 2022 and 2021 respectively; and is included above in gross receivables.

At June 30, 2022 and 2021 Due from Affiliates:

| Amount Due                          | <u>2022</u>      | <u>2021</u>      |
|-------------------------------------|------------------|------------------|
| Within One year                     | 250,000          | \$ 250,000       |
| One to five years                   | 1,250,000        | 1,250,000        |
| More than five years                | <u>99,178</u>    | <u>99,088</u>    |
| Total                               | 1,599,178        | 1,599,088        |
| Less discount to present value      | <u>(359,804)</u> | <u>(246,611)</u> |
| Net Pledges and legacies receivable | <u>1,239,374</u> | <u>1,352,477</u> |

In the fiscal year ended 1995, Friends of Yad Sarah (FYS) wired funds of \$2,800,000 to Yad Sarah, recording a transmission expense. Those funds were used by YSM, a wholly owned subsidiary of Yad Sarah which created a note payable to FYS. As FYS did not record this transaction as a receivable in the year of transfer when YSM made partial payments for its loan from fiscal 1995 to fiscal 2015, FYS transmitted those funds to Yad Sarah for operations. These transactions were re researched in fiscal 2016 when FYS learned that YSM had created a loan payable valued at \$2,149,088 as of December 31, 2015. YSM has made a commitment to repay this debt by a maximum of \$250,000 per year until repaid. As such, FYS recognized the receivable for the fiscal year ended June 30, 2016 and recorded a prior period adjustment. Yad Sarah made annual payments until the outbreak of the COVID pandemic. Due to unanticipated fiscal pressures related to the overall pandemic including health safety protocols, Yad Sarah has taken a hiatus from payments starting in FYE 2020 and has not resumed payments as of June 30, 2022. The receivable is therefore being further discounted accordingly.

## Note 4: INVESTMENTS

Investments, at fair value are composed of the following assets.

|                            | June 30 ,2022<br>Market value | June 30 ,2021<br>Market value |
|----------------------------|-------------------------------|-------------------------------|
| Cash and Cash Equivalents  | 195,501                       | 625,006                       |
| Mutual Funds - Equities    | 1,486,980                     | 2,181,639                     |
| Mutual Funds- Fixed Income | 2,480,459                     | 2,517,748                     |
| Fixed income Securities    | 11,500                        | 1,500                         |
| Private Equity             | 69,738                        | 80,468                        |
| Real Estate                | 222,607                       | -                             |
| Total                      | <u>4,466,786</u>              | <u>5,406,360</u>              |

### Fair Value Measurements

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 the the asset or liability in an orderly transaction between market participants on the measurement date. U.S. generally accepted accounting principals require the Organization to disclose the fair value of its assets and liabilities based on the level of of observable inputs. The three levels of the fair value heirarchy are as follows:

Level 1 inputs are quoted priced (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are observable inputs for the asset or liability.

The level in the fair value heirarchy within which a fair value measurement in its entirety falls is based on a lower level of input that is signifiant to the fair vlue measurement. The classification of investment in the fair value hierarchy is not necessarily an indication of risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following tables summarize investments within the fair value hierchy at June 30, 2022.

|                            | Tier 1              | Tier 2              | Tier 3           | Total               |
|----------------------------|---------------------|---------------------|------------------|---------------------|
| Fiscal 2022                |                     |                     |                  |                     |
| Market                     |                     |                     |                  |                     |
| Cash and Cash Equivalents  | 195,501             |                     |                  | 195,501             |
| Fixed income Securities    |                     | 11,500              |                  | 11,500              |
| Mutual Funds - Equities    | 1,486,980           |                     |                  | 1,486,980           |
| Mutual Funds- Fixed Income |                     | 2,480,459           |                  | 2,480,459           |
| Private Equity             |                     |                     | 69,738           |                     |
| Real Estate                | 222,607             | -                   | -                | 222,607             |
| Total                      | <u>\$ 1,905,089</u> | <u>\$ 2,491,959</u> | <u>\$ 69,738</u> | <u>\$ 4,397,048</u> |

The following tables summarize investments within the fair value hierarchy at June 30, 2021.

|                            | <u>Tier 1</u>       | <u>Tier 2</u>       | <u>Tier 3</u>    | <u>Total</u>        |
|----------------------------|---------------------|---------------------|------------------|---------------------|
| Fiscal 2021                |                     |                     |                  |                     |
| Market                     |                     |                     |                  |                     |
| Cash and Cash Equivalents  | 625,006             |                     |                  | 625,006             |
| Fixed income Securities    |                     | 1,500               |                  | 1,500               |
| Mutual Funds - Equities    | 2,181,639           |                     |                  | 2,181,639           |
| Mutual Funds- Fixed Income |                     | 2,517,748           |                  | 2,517,748           |
| Private Equity             | -                   | -                   | 80,468           | 80,468              |
| Total                      | <u>\$ 2,806,645</u> | <u>\$ 2,519,248</u> | <u>\$ 80,468</u> | <u>\$ 5,406,360</u> |

Investments include amounts associated with charitable gift annuities of approximately \$2,925,000 and \$3,647,000 as of June 30, 2022 and 2021 respectively. These assets include amounts set aside by the Organization for state mandated insurance reserves, which are maintained at the required level in accordance with New York State law.

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As required by U.S. GAAP for fair value measurement, the following table summarizes the changes in fair values associated with Level 3 assets as of June 30, 2022 and 2021.

|                             |                  |
|-----------------------------|------------------|
| Balance as of July 1, 2021  | \$ 80,468        |
| Redemptions                 | (55,130)         |
| Other income                | 44,400           |
| Balance as of June 30, 2022 | <u>\$ 69,738</u> |
| Balance as of July 1, 2020  | \$ 682,665       |
| Redemptions                 | (602,197)        |
| Realized Gains              | -                |
| Balance as of June 30, 2021 | <u>\$ 80,468</u> |

Private Equity holdings represent investment in the Ariel Limited Fund and the Ascot Partners, L.P. which are funds that invested in funds operated by Bernard L. Madoff Investment Securities, LLC. Liquidation of these funds have been in the charge of Bart M Schwartz, Receiver of Funds, who has almost fully completed his investigation and has disbursed funds accordingly.

As of June 30, 2022, distributions totaling \$5,263,859 have been received. The stated net asset value for Ascot Partners LP is \$69,738. Ariel Limited Fund is fully liquidated as of June 30, 2022.