

Financial Statements and Report of
Independent Certified Public
Accountants

American Jewish World Service, Inc.

For the year ended April 30, 2022, with
summarized comparative information for the year
ended April 30, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
American Jewish World Service, Inc.

Report on the financial statements**Opinion**

We have audited the financial statements of American Jewish World Service, Inc. ("AJWS"), which comprise the statement of financial position as of April 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year 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 American Jewish World Service, Inc. as of April 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.

Basis for opinion

We conducted our audit of the 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 AJWS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the AJWS's ability to continue as a going concern for one year after the date the financial statements are 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 US GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 AJWS'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 AJWS'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.

Report on 2021 summarized comparative information

We have previously audited AJWS's 2021 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2021. In our opinion, the accompanying summarized comparative information as of and for the year ended April 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



New York, New York
October 6, 2022

American Jewish World Service, Inc.

STATEMENT OF FINANCIAL POSITION

As of April 30, 2022, with summarized comparative information as of April 30, 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 22,565,067	\$ 15,395,727
Contributions receivable, net	14,700,474	27,656,553
Investments	32,379,428	33,395,341
Prepaid expenses and other assets	1,078,869	879,941
Property and equipment, net	1,058,068	1,236,508
Total assets	\$ 71,781,906	\$ 78,564,070
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,019,573	\$ 815,514
Grants payable	3,507,894	4,407,808
Loan payable	-	2,132,540
Deferred rent	1,085,181	1,044,730
Unearned revenue	14,274	6,950
Charitable gift annuity obligations	383,686	377,338
Total liabilities	6,010,608	8,784,880
 Commitments and contingencies		
Net assets		
Without donor restrictions		
Undesignated	16,171,948	13,962,098
Designated for donor-advised fund	732,536	1,706,374
Board-designated for reserve fund	21,122,901	19,616,146
Board-designated for working capital fund	4,463,885	4,522,449
Total without donor restrictions	42,491,270	39,807,067
With donor restrictions		
	23,280,028	29,972,123
Total net assets	65,771,298	69,779,190
Total liabilities and net assets	\$ 71,781,906	\$ 78,564,070

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

American Jewish World Service, Inc.

STATEMENT OF ACTIVITIES

For the year ended April 30, 2022, with summarized comparative information for the year ended April 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Contributions				
Individuals	\$ 14,847,227	\$ 6,172,258	\$ 21,019,485	\$ 21,265,596
Donor-advised fund	2,100,000	-	2,100,000	3,600,000
Bequests	802,123	-	802,123	411,822
Foundations and corporations	721,796	17,880,821	18,602,617	37,190,325
Donated services and goods	671,938	-	671,938	631,995
Government agencies	852,510	-	852,510	411,771
Investment return, net of expenses of \$205,166 in 2022 and \$172,108 in 2021	(2,772,927)	(30,867)	(2,803,794)	5,465,909
Miscellaneous revenue	43,528	233	43,761	103,243
Gain on loan forgiveness	2,132,540	-	2,132,540	-
Net assets released from restrictions				
Satisfaction of purpose restrictions	25,619,766	(25,619,766)	-	-
Satisfaction of time restrictions	5,094,774	(5,094,774)	-	-
Total revenues and support	<u>50,113,275</u>	<u>(6,692,095)</u>	<u>43,421,180</u>	<u>69,080,661</u>
Program services				
Programs	32,673,912	-	32,673,912	32,744,168
Communications	3,672,291	-	3,672,291	3,298,845
Strategic learning, research and evaluation	1,167,985	-	1,167,985	1,100,787
Total program services expenses	<u>37,514,188</u>	<u>-</u>	<u>37,514,188</u>	<u>37,143,800</u>
Supporting services				
Management and general	2,962,403	-	2,962,403	2,850,717
Fundraising	6,952,481	-	6,952,481	6,679,520
Total supporting services expenses	<u>9,914,884</u>	<u>-</u>	<u>9,914,884</u>	<u>9,530,237</u>
Total expenses	<u>47,429,072</u>	<u>-</u>	<u>47,429,072</u>	<u>46,674,037</u>
Change in net assets	2,684,203	(6,692,095)	(4,007,892)	22,406,624
Net assets				
Beginning of year	<u>39,807,067</u>	<u>29,972,123</u>	<u>69,779,190</u>	<u>47,372,566</u>
End of year	<u>\$ 42,491,270</u>	<u>\$ 23,280,028</u>	<u>\$ 65,771,298</u>	<u>\$ 69,779,190</u>

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

American Jewish World Service, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2022, with summarized comparative information for the year ended April 30, 2021

	2022								2021
	Programs	Communications	Strategic Learning, Research and Evaluation	Program Services Total	Management and General	Fundraising	Supporting Services Total	Total	Total
Salaries and benefits	\$ 6,682,661	\$ 2,010,228	\$ 742,827	\$ 9,435,716	\$ 1,976,940	\$ 3,631,148	\$ 5,608,088	\$ 15,043,804	\$ 14,823,560
Program grants (donor-advised)	2,906,120	-	-	2,906,120	-	-	-	2,906,120	3,559,016
Program grants (non donor-advised)	18,857,051	-	-	18,857,051	-	-	-	18,857,051	19,238,383
Professional services	2,541,291	699,481	264,356	3,505,128	465,974	1,459,866	1,925,840	5,430,968	3,868,026
Conferences, meetings and travel	110,977	15,869	20,075	146,921	12,448	14,100	26,548	173,469	71,908
Occupancy	680,682	255,191	77,003	1,012,876	194,139	362,751	556,890	1,569,766	1,618,312
Telecommunications and systems applications	324,163	141,900	28,952	495,015	77,109	218,996	296,105	791,120	832,403
Printing and publications	116	22,681	13	22,810	12,799	532,664	545,463	568,273	463,223
Office supplies and other office expenses	68,056	38,177	8,227	114,460	22,334	36,621	58,955	173,415	184,723
Insurance	68,098	20,325	6,136	94,559	15,502	31,713	47,215	141,774	116,428
Postage	4,381	1,798	421	6,600	1,359	127,588	128,947	135,547	236,716
Dues and subscriptions	53,891	14,505	3,718	72,114	11,252	31,139	42,391	114,505	102,802
Advertising and promotion	51,232	399,605	368	451,205	785	261,586	262,371	713,576	767,611
Provision for uncollectible accounts	-	-	-	-	(697)	-	(697)	(697)	64,880
Depreciation and amortization	114,179	41,336	12,476	167,991	31,485	61,045	92,530	260,521	283,118
Other fees	176,355	7,906	2,375	186,636	136,657	123,085	259,742	446,378	383,536
Miscellaneous	34,659	3,289	1,038	38,986	4,317	60,179	64,496	103,482	59,392
Total	<u>\$ 32,673,912</u>	<u>\$ 3,672,291</u>	<u>\$ 1,167,985</u>	<u>\$ 37,514,188</u>	<u>\$ 2,962,403</u>	<u>\$ 6,952,481</u>	<u>\$ 9,914,884</u>	<u>\$ 47,429,072</u>	<u>\$ 46,674,037</u>

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

American Jewish World Service, Inc.

STATEMENT OF CASH FLOWS

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (4,007,892)	\$ 22,406,624
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in present value discount of contributions receivable	(16,888)	(8,500)
Change in allowance for doubtful accounts	(697)	64,880
Depreciation and amortization	260,521	283,118
Net realized and unrealized losses (gains) on investments	3,105,421	(5,165,451)
Actuarial loss on charitable gift annuity obligation	54,589	31,479
Loss on disposal of fixed assets	-	9,294
Gain on loan forgiveness	(2,132,540)	-
Changes in operating assets and liabilities:		
Decrease (increase) in contributions receivable	12,973,664	(10,462,230)
Increase in prepaid expenses and other assets	(198,928)	(53,150)
Increase (decrease) in accounts payable and accrued expenses	204,059	(246,624)
(Decrease) increase in grants payable	(899,914)	1,979,271
Increase in deferred rent	40,451	73,221
Increase (decrease) in unearned revenue	7,324	(81,277)
Net cash provided by operating activities	<u>9,389,170</u>	<u>8,830,655</u>
Cash flows from investing activities:		
Purchases of property and equipment	(82,081)	(85,119)
Purchases of investments	(18,290,411)	(74,825,359)
Proceeds from sale of investments	16,200,903	70,653,850
Net cash used in investing activities	<u>(2,171,589)</u>	<u>(4,256,628)</u>
Cash flows from financing activities:		
Contributions subject to charitable gift annuity obligation	-	28,686
Payment on obligations under charitable gift annuity obligation	(48,241)	(44,295)
Net cash used in financing activities	<u>(48,241)</u>	<u>(15,609)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,169,340	4,558,418
Cash and cash equivalents at beginning of year	<u>15,395,727</u>	<u>10,837,309</u>
Cash and cash equivalents at end of year	<u>\$ 22,565,067</u>	<u>\$ 15,395,727</u>

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

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 1 - ORGANIZATION

American Jewish World Service, Inc. ("AJWS"), a not-for-profit organization incorporated under the laws of the State of New York, is the leading Jewish organization working to fight poverty and realize human rights in Africa, Asia, Latin America and the Caribbean. By supporting hundreds of social change organizations in 19 countries, AJWS responds to the most pressing issues of our time - from disasters, genocide and hunger, to the persecution of women and minorities worldwide. AJWS's international grantmaking and U.S. advocacy focus on four central issues that AJWS believes are key to securing human rights and ending poverty: advancing sexual health and rights; promoting civil and political rights; defending land, water and climate justice; and aiding communities in the aftermath of disasters. AJWS pursues lasting change by supporting grassroots and global human rights organizations by mobilizing supporters in the United States to advocate for global justice. With Jewish values and a global reach, AJWS is making a difference in millions of lives and bringing a more just and equitable world closer for all.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Net Asset Classification

AJWS classifies its net assets in the following categories:

Net Assets Without Donor Restrictions

Net assets without donor restrictions include funds that have not been restricted by an outside donor and are, therefore, available for use in carrying out the general operations of AJWS. Net assets without donor restrictions may be designated for specific purposes by actions of the Board of Trustees (Note 9).

Net Assets With Donor Restrictions

Net assets with donor restrictions include funds that have been restricted by donor-imposed stipulations and either expire with the passage of time or can be fulfilled and removed by actions of AJWS pursuant to stipulations (see Note 7). When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net asset released from restrictions.

Net assets with donor restrictions also include donor-imposed restrictions that stipulate that resources be maintained in perpetuity, but permit AJWS to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes (Note 15).

Cash and Cash Equivalents

AJWS maintains cash in bank accounts which, at times, may exceed federally insured limits. AJWS has not experienced any losses in such accounts.

For the purpose of the statement of cash flows, AJWS considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

Investments

Investments are stated at fair value in the accompanying statement of financial position. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses on sale of investments are calculated on the basis of specific identification of the securities sold and included within investment returns in the accompanying statement of activities. Purchases and sales of investments are recorded on a trade-date basis.

Property and Equipment

AJWS's policy for capitalization of property and equipment is limited to purchases of \$1,000 or more. Property and equipment (consisting of leasehold improvements, furniture and office equipment and website) are recorded at cost or, if donated, at fair value at the date of donation. Depreciation and amortization are recorded using the straight-line method over the lesser of the estimated useful lives of the assets or lease term.

Revenue Recognition

AJWS recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-605. In accordance with ASC 958-605, AJWS evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, AJWS applies guidance under FASB ASC 606. If the transfer of assets is determined to be a contribution, AJWS evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before AJWS is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

AJWS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), 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.

Unconditional promises due in less than one year are recorded at their net realizable value. Unconditional promises to give due in one year or more are recorded at the present value of their net realizable value, using a discount rate, which also considers the credit risk factors of the donor at the time the promise is received. Amortization of the discount is offset against contributions revenue. An allowance for doubtful contributions received is provided by management based upon AJWS's experience with the donors and their ability to pay.

AJWS receives certain contributed services and materials that meet the criteria established by ASC 958 for recognition as contributions (Note 14).

Expenses

The costs of providing program services and supporting services have been allocated among functional categories depending upon the ultimate purpose of the expense. Functional expenses that are not exclusively attributable to program services or supporting services have been allocated by management among the program and supporting services benefited based on time and effort.

Grants are recorded as an expense and a payable when grants are approved and communicated to the grantees. All grants payable are expected to be paid within the following year.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with AJWS's financial statements for the year ended April 30, 2021, from which the summarized information was derived.

Fair Value Measurement

AJWS applies FASB ASC 820, *Fair Value Measurements*, which provides a framework for measuring fair value under US GAAP. ASC 820 applies to all financial instruments measured and reported on a fair value basis.

As defined in ASC 820, fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, AJWS uses various methods, including market price, income and cost approaches. Based on these approaches, AJWS often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. AJWS utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, AJWS is required to provide the following information according to the fair value hierarchy, which assess the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1, including quoted prices for similar assets or liabilities quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or that can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

For the years ended April 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is based on quoted market prices, when available, or bid or evaluation prices provided by recognized broker-dealers.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. AJWS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Income Taxes

AJWS 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 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.

AJWS is exempt from federal income tax under Internal Revenue Code (the "Code") 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. AJWS 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. AJWS has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, AJWS has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Subsequent Events

AJWS evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 6, 2022.

Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In October 2019, the FASB approved a proposal to defer the effective date of ASU 2016-02 by one year. Furthermore, in June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date of ASU 2016-02 for not-for-profit entities by an additional year. Therefore, the new standard is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. AJWS is currently evaluating the impact of the adoption of the new standard and anticipates adoption will increase total assets and total liabilities by the net present value of future lease obligations (see Note 13).

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 3 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable are expected to be collected as follows:

	2022	2021
Within one year	\$ 8,142,559	\$ 15,183,691
One to five years	6,697,468	12,630,000
	14,840,027	27,813,691
Less: discount to present value at rates ranging from 0.15% to 1.45%	(24,747)	(41,635)
Allowance for uncollectible contributions	(114,806)	(115,503)
	\$ 14,700,474	\$ 27,656,553

In addition to the contributions receivable above, certain donors provided conditional contributions or have confirmed their intentions to recommend approximate annual contributions over a period of one to 10 years, as follows:

	2022	2021
Conditional receivables	\$ 1,746,000	\$ 3,849,000

These anticipated contributions have not been recognized in the accompanying financial statements, as they do not meet the criteria for recognition of contributions revenue under FASB ASC 958-605.

A significant portion of AJWS's total revenues and support, excluding donated services and goods, was provided by a single donor during the year ended April 30, 2022, and two donors during the year ended April 30, 2021. These contributions amounted to 31% and 50%, respectively, of total revenues and support when donor-advised funds from one of the donors is included. When donor-advised fund contributions are excluded, such percentages were 29% and 48%, respectively.

A significant portion of AJWS's total gross contributions receivable balances were provided by four donors as of April 30, 2022 and 2021, which amounted to \$11,502,100 and \$23,693,408, respectively. These contributions represent 78% and 85% of the gross contributions receivable as of April 30, 2022 and 2021, respectively.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 4 - INVESTMENTS

Investment, at fair value, consisted of the following as of April 30,:

Description	2022		
	Level 1	Level 2	Total
Investments			
Money market funds	\$ 3,651,010	\$ -	\$ 3,651,010
Fixed income securities	2,842,706	-	2,842,706
Equity funds	16,367,120	-	16,367,120
Mutual funds	8,778,794	-	8,778,794
Exchange-traded funds	739,798	-	739,798
Total	\$ 32,379,428	\$ -	\$ 32,379,428
Description	2021		
Description	Level 1	Level 2	Total
Investments			
Money market funds	\$ 2,485,851	\$ -	\$ 2,485,851
Fixed income securities	3,510,998	521,746	4,032,744
Equity funds	16,979,964	-	16,979,964
Mutual funds	9,064,491	-	9,064,491
Exchange-traded funds	832,291	-	832,291
Total	\$ 32,873,595	\$ 521,746	\$ 33,395,341

Money market funds, equity funds, exchange-traded funds and mutual funds listed on a national securities exchange are stated at the last reported sales, trade or evaluation price on the day of valuation.

Investments in fixed income securities are stated at the last reported sales price on the day of valuation. Where no last sales price was recorded on that date, the last quoted bid or evaluation price was used.

The components of investment return, net of expenses follow:

	2022	2021
Interest and dividend income	\$ 506,793	\$ 472,566
Realized (losses) gains	(111,265)	1,863,431
Unrealized (losses) gains	(2,994,156)	3,302,020
Management fees	(205,166)	(172,108)
	\$ (2,803,794)	\$ 5,465,909

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment, at cost, consisted of the following as of April 30,:

	Depreciation/ Amortization Period	2022	2021
Computer equipment	3-5 years	\$ 381,529	\$ 357,425
Computer software	3-7 years	999,562	941,587
Website	4 years	226,400	226,400
Office equipment	5-15 years	300,385	300,385
Office furniture	5-15 years	785,696	785,696
Leasehold improvements	Lease term	2,156,718	2,156,718
		4,850,290	4,768,211
Less: accumulated depreciation and amortization		(3,792,222)	(3,531,703)
Property and equipment, net		\$ 1,058,068	\$ 1,236,508

Depreciation and amortization expense is as follows for the years ended April 30, 2022 and 2021:

	2022	2021
Depreciation and amortization expense	\$ 260,521	\$ 283,118

NOTE 6 - CHARITABLE GIFT ANNUITY OBLIGATIONS

AJWS has an established gift annuity program, whereby donors may contribute assets to AJWS in exchange for the right to receive a fixed-dollar annual return during their lifetimes. The difference between the amount provided for the gift annuities and the present value of the liabilities for future payments, determined on an actuarial basis, is recognized as a contribution without donor restrictions on the date of the gift and, therefore, is considered a charitable contribution for the respective donor's income tax purposes. Such liabilities are adjusted annually, based on actuarially determined mortality rates and risk adjusted discount rates. The discount rates used were 4% to 10.4% in 2022 and 2021. Gains and losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset category in the accompanying statement of activities.

AJWS's assets associated with these charitable gift annuity agreements are included in the accompanying statement of financial position as investments and cash and cash equivalents.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At April 30, 2022 and 2021, net assets with donor restrictions consisted of and were restricted for the following purposes:

	2022	2021
Programs	\$ 19,690,543	\$ 24,772,038
Communications	23,000	-
Fundraising	-	75,000
Time-restricted (for board-designated reserve fund)	50,000	1,395,150
Time-restricted (for general support)	3,176,597	3,388,863
Family philanthropy funds	300,539	326,084
Donor-restricted endowment (Note 15)	39,349	14,988
	\$ 23,280,028	\$ 29,972,123

Net assets released from restrictions consisted of the following for the years ended April 30, 2022 and 2021:

	2022	2021
Programs	\$ 23,642,766	\$ 22,528,702
Communications	502,000	500,000
Strategic learning, research and evaluation	100,000	100,000
Management and general	700,000	700,000
Fundraising	675,000	675,000
Family philanthropy funds	-	109,339
	25,619,766	24,613,041
Time-restricted (for board-designed reserve fund)	1,353,408	2,399,280
Time-restricted (for general support)	3,751,370	3,182,488
Permanently restricted endowment	(10,004)	-
	5,094,774	5,581,768
	\$ 30,714,540	\$ 30,194,809

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 8 - JOINT COSTS

AJWS produced several publications to educate the public that included appeals for contributions. Joint costs were incurred and allocated as follows for the years ended April 30, 2022 and 2021:

	2022	2021
Programs	\$ 197,265	\$ 176,670
Communications	215,443	192,072
Management and general	15,383	13,347
Fundraising	913,580	814,719
	\$ 1,341,671	\$ 1,196,808

NOTE 9 - BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions represent expendable funds that are available for support of AJWS's operations. Net assets without donor restrictions include amounts that the board designated for a reserve fund and a working capital fund.

The reserve fund is a distinct pool of liquid assets that AJWS can, with Board approval, access to ensure the sustainability of its programs and to pursue opportunities of strategic importance. It was created to cover at least six months of operational and grant expenses, and AJWS may use both the principal and earnings of the reserve fund to mitigate unexpected losses and undesirable financial events. In addition, AJWS expects to add \$1,395,150 to the reserve fund when certain pledges come due and are collected, which are currently included in net assets with donor restrictions as time-restricted for board-designated reserve fund (Note 7).

The working capital fund is to be used to cover expenses, with Board approval, when AJWS anticipates receiving replacement funds later in the same fiscal year. The anticipated replacement funds are expected either based on a pledge due later in the fiscal year and/or from renewal gifts. The working capital fund is different from the reserve fund as the latter may be used only in the case of organizational emergencies or significant organizational opportunities. The total amounts designated by the Board of Trustees for reserve fund and working capital fund were as follows as of April 30, 2022 and 2021:

	2022	2021
Board-designated for reserve fund	\$ 21,122,901	\$ 19,616,146
Board-designated for working capital fund	4,463,885	4,522,449
	\$ 25,586,786	\$ 24,138,595

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021

NOTE 10 - DONOR-ADVISED FUND

AJWS administers a donor-advised fund (the "Fund") within the meaning of Section 4966(d)(2) of the Internal Revenue Code of 1986, for the purpose of facilitating grants to non-U.S. grantee organizations. The Fund is owned and controlled by AJWS, which serves as the "sponsoring organization" of the Fund within the meaning of Code Section 4966(d)(1). The assets of the Fund include the initial gift made upon its creation and any subsequent gifts. The Fund's assets are held as cash or cash equivalents, with any earnings from the investment of the assets of the Fund transferred to AJWS for its own charitable purposes and operations. AJWS makes grants from the Fund based on donor recommendations; however, AJWS has full discretion to accept or reject a grant recommendation.

Revenue for grant purposes was as follows for the years ended April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Donor-advised fund	<u>\$ 2,100,000</u>	<u>\$ 3,600,000</u>

Grants expense from the Fund follows for the years ended April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program grants (donor-advised)	<u>\$ 2,906,120</u>	<u>\$ 3,559,016</u>

NOTE 11 - 403(B) PLAN

AJWS established a 403(b) plan, available to all eligible employees who qualify, under Section 401(a) of the Code. AJWS also makes a safe-harbor matching contribution to each participant who makes salary deferrals to the plan. Employer contributions under the plan are as follows for the years ended April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Employer 403(b) plan contributions	<u>\$ 423,405</u>	<u>\$ 420,746</u>

NOTE 12 - CONDITIONAL GRANTS AND CONTINGENCIES

In 2022 and 2021, the donor-advised fund awarded certain conditional grants to various grantee organizations. The remaining portions of these grants are conditional to AJWS's determination of the grantees' proper use of the previously distributed funds as well as sufficient funds being on deposit with AJWS. Conditional grants as of April 30, 2022 and 2021 amounted to approximately \$1,280,500 and \$2,520,000, respectively.

Various claims and regulatory reviews may arise in the ordinary course of AJWS's activities. Based upon information currently available, management believes that such matters, if any, will not have a material effect on the financial position or operations of AJWS.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

NOTE 13 - COMMITMENTS

AJWS leases its office spaces under several noncancelable operating leases that have various expiring terms, with the latest expiring in June 2032. Rents under these leases are subject to escalations for their share of increases in real estate taxes. AJWS subleased part of its office space under non-cancelable operating leases. Sublease income under the leases amounted to approximately \$89,000 for the year ended April 30, 2022. Minimum future obligations under the leases, net of sublease income and exclusive of required payments for increases in real estate taxes, follow:

<u>Years Ending April 30:</u>	<u>Gross Rent</u>	<u>Sublease</u>	<u>Net Total</u>
2023	\$ 1,291,051	\$ (43,472)	\$ 1,247,579
2024	1,226,971	-	1,226,971
2025	1,196,234	-	1,196,234
2026	1,195,362	-	1,195,362
2027	1,225,246	-	1,225,246
Thereafter	6,833,289	-	6,833,289
	<u>\$ 12,968,153</u>	<u>\$ (43,472)</u>	<u>\$ 12,924,681</u>

Rent expense under these leases (inclusive of escalations) charged to operations amounted to approximately \$1,350,000 and \$1,379,000 for the years ended April 30, 2022 and 2021, respectively.

For financial statement purposes, rent expense is recognized on a straight-line basis over the term of the lease. The difference between rental payments made under these leases and rent expense calculated on a straight-line basis is reflected in the accompanying statement of financial position as deferred rent.

NOTE 14 - DONATED SERVICES AND GOODS

AJWS received specialized service volunteers and donated goods, which are recorded in the accompanying financial statements at their approximate fair values, as follows, for the years ended April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Donated legal services	\$ 254,300	\$ 174,813
Donated online-advertisement service	384,710	424,254
Donated computer software	32,928	32,928
	<u>\$ 671,938</u>	<u>\$ 631,995</u>

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
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NOTE 15 - ENDOWMENTS

AJWS is subject to the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), and has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. AJWS classifies as net assets with donor restrictions: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment fund that remains within net assets with donor restrictions until those amounts are appropriated for expenditure by AJWS in a manner consistent with the standard of prudence prescribed by NYPMIFA.

AJWS’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The Board of Trustees has determined that when AJWS receives a contribution and the donor restricts AJWS from spending the principal, New York law requires AJWS to maintain the original historical dollar value of the contribution received as an endowment. This amount and income from interest and dividends are recorded as net assets with donor restrictions.

AJWS 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. Endowment assets include those assets of donor-restricted funds that AJWS must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that provide a high total return (income and capital gains) over the long term, consistent with the preservation of principal. AJWS expects that earnings growth will match or exceed inflation and that the real (i.e., inflation-adjusted) value of the endowment will be maintained. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, AJWS 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).

AJWS’s Board of Trustees determines the amount of appropriation each year. In establishing this policy, AJWS considered the long-term expected return on its endowment. Accordingly, over the long term, AJWS expects the current spending policy to support the objective of maintaining 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.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

Changes in endowment net assets for the years ended April 30, 2022 and 2021 are as follows:

	<u>Total with Donor Restrictions</u>
Endowment net assets, April 30, 2020	\$ 13,785
Investment return	
Investment income	1,732
Unrealized and realized losses	<u>(466)</u>
Total investment return	1,266
Investment expenses	
Management fee	<u>(63)</u>
Endowment net assets, April 30, 2021	14,988
Investment return	
Investment income	92
Unrealized and realized losses	<u>(3,279)</u>
Total investment return	(3,187)
Reclassification	10,004
Contribution	17,610
Investment expenses	
Management fee	<u>(66)</u>
Endowment net assets, April 30, 2022	<u>\$ 39,349</u>

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
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NOTE 16 - LIQUIDITY AND AVAILABILITY OF RESOURCES

AJWS receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions as well as support without donor restrictions. AJWS regularly monitors the availability of resources required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. AJWS's financial assets available within one year of April 30, 2022 and 2021 for general expenditures are as follows:

	2022	2021
Cash and cash equivalents	\$ 22,565,067	\$ 15,395,727
Contributions receivable, gross	8,142,559	15,183,691
Investments, at fair value	32,379,428	33,395,341
Other assets	14,496	14,113
Total financial assets available	63,101,550	63,988,872
Less:		
Contractual, legal or donor-imposed restrictions:		
Amounts subject to board appropriation (board-designated for reserve fund and board-designated for working capital fund)	25,586,786	24,138,595
Amounts reserved for donor-advised fund	732,536	293,000
Amounts reserved for charitable gift annuity obligation	674,831	747,412
Satisfaction of donor restrictions	13,738,638	14,824,537
Total amounts unavailable for general expenditures within one year	40,732,791	40,003,544
Total financial assets available within one year to meet general expenditures	\$ 22,368,759	\$ 23,985,328

As part of AJWS's liquidity management, AJWS structures its financial assets to be available as its general operations, liabilities, and other obligations require. To manage its liquidity, AJWS operates within a prudent range of financial soundness and stability and maintains adequate liquid assets to fund near term operating needs and continues to build its reserves to provide reasonable assurance that long-term obligations will be met.

NOTE 17 - SELF-INSURED UNEMPLOYMENT

AJWS is required to provide for unemployment claims for former employees by making payments to a state unemployment insurance program or by self-insurance. Since January 2014, AJWS is self-insured for unemployment claims under a plan monitored by a third-party administrator. Annually, the administrator determines AJWS's required contributions to the plan to pay future unemployment claims as they arise. AJWS had a plan balance of approximately \$200,000 and \$192,000 at April 30, 2022 and 2021, respectively, which is included in prepaid expenses and other assets in the accompanying statement of financial position.

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**For the year ended April 30, 2022,
with summarized comparative information for the year ended April 30, 2021**

In accordance with US GAAP, AJWS is required to accrue for expected future claims during the period of employment of those eligible to make unemployment claims. As of April 30, 2022, AJWS had recognized a liability and expense of approximately \$82,000 for possible future claims, which is included in accounts payable and accrued expenses in the accompanying statement of financial position.

NOTE 18 - LOAN PAYABLE

On March 13, 2020, the United States declared a national emergency over the COVID-19 pandemic, and the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was passed by Congress and signed into law on March 27, 2020. The CARES Act was created to provide economic assistance for American workers, families, and small businesses, and preserve jobs in the United States. Under the CARES Act, the Department of Treasury implemented the Small Business Administration's ("SBA") Payroll Protection Program ("PPP"), which provides loans for businesses, nonprofits and other organizations with 500 or fewer employees that meet specific eligibility requirements. Under the Act, the SBA has forgiven the loans if beneficiary organizations meet the criteria determined by the SBA. On April 6, 2020, AJWS applied for the SBA's PPP and was granted approval. AJWS received loan proceeds totaling \$2,132,540 on April 10, 2020. AJWS accounted for the loan monies received as a loan payable until such time the conditions for recognition as revenue was satisfied. AJWS applied for loan forgiveness on July 1, 2021 and was granted full forgiveness on August 6, 2021.

NOTE 19 - COLLECTIVE BARGAINING AGREEMENT

As of April 30, 2022 approximately 39% of the Organization's employees are union employees covered under a collective bargaining agreement set to expire on August 31, 2025. The agreement covers provisions including, but not limited to, annual wage increases, health insurance benefits, retirement plan benefits, leave policies and support for professional development.