

**The Jewish Foundation for the Righteous
Financial Statements
December 31, 2021**

The Jewish Foundation for the Righteous
December 31, 2021
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Independent Auditors' Report

To the Board of Directors

The Jewish Foundation for the Righteous

Opinion

We have audited the accompanying financial statements of Jewish Foundation for the Righteous ("JFR"), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JFR as of December 31, 2021 and the results of its operations and 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 in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JFR 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 these 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 financials 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 JFR's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 generally accepted 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, including omissions, 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 generally accepted auditing standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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 JFR's internal control. Accordingly, no such opinion is expressed.
4. 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.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the JFR'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.



East Brunswick, New Jersey

April 22, 2022

The Jewish Foundation for the Righteous
Statement of Financial Position
December 31, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 983,946
Investments, at fair value	11,554,610
Prepaid expenses and other	5,491

Total Current Assets	12,544,047
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Cash and cash equivalents - donor restricted	37,226
Investments, at fair value - donor restricted	470,269
Property and equipment, net	2,911
Security deposit	4,083

Total Assets	\$ 13,058,536
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Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable and accrued expenses	\$ 34,749
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Commitments (Note 7)

Net Assets

Without donor restrictions	12,516,292
With donor restrictions	507,495

Total Net Assets	13,023,787
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Total Liabilities and Net Assets	\$ 13,058,536
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The accompanying notes are an integral part of these financial statements.

The Jewish Foundation for the Righteous
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Donor contributions	\$ 1,787,113	\$ 14,561	\$ 1,801,674
Grants	-	80,800	80,800
Interest and dividends	347,052	-	347,052
Participant and exhibit fees	8,283	-	8,283
Donated services	31,814	-	31,814
Net assets released from restrictions	80,800	(80,800)	-
	<u>2,255,062</u>	<u>14,561</u>	<u>2,269,623</u>
Total Revenues, Gains and Other Support			
Expenses			
Program services	1,505,456	-	1,505,456
Management and general	43,512	-	43,512
Fundraising	173,072	-	173,072
	<u>1,722,040</u>	<u>-</u>	<u>1,722,040</u>
Total Expenses			
Change in Net Assets from Operating Activities	533,022	14,561	547,583
Unrealized and Realized Gain on Investments, Net of Investment Expenses of \$124,468	862,074	-	862,074
	<u>1,395,096</u>	<u>14,561</u>	<u>1,409,657</u>
Change In Net Assets			
Net Assets - Beginning	<u>11,121,196</u>	<u>492,934</u>	<u>11,614,130</u>
Net Assets - Ending	<u>\$ 12,516,292</u>	<u>\$ 507,495</u>	<u>\$ 13,023,787</u>

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

The Jewish Foundation for the Righteous
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program	Management and General	Fundraising	Total
Rescuer grants and allocations	\$ 816,430	\$ -	\$ -	\$ 816,430
Payroll expenses and personnel services	398,499	22,642	31,699	452,840
Professional fees	98,322	14,000	6,079	118,401
Direct mail	-	-	118,350	118,350
Education	70,372	-	-	70,372
Rent	47,065	2,615	2,615	52,295
Office expense	39,689	2,481	7,442	49,612
Computer expense	11,082	739	2,955	14,776
Postage, printing and graphic design	10,962	438	3,215	14,615
Telephone	11,125	478	359	11,962
Depreciation	1,910	119	358	2,387
Total Expenses	\$ 1,505,456	\$ 43,512	\$ 173,072	\$ 1,722,040

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

The Jewish Foundation for the Righteous
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities

Change in net assets	\$ 1,409,657
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Unrealized/realized gain on investments	(986,542)
Depreciation	2,387
Changes in operating assets and liabilities	
Prepaid expenses and other	(1,795)
Accounts payable and accrued expenses	8,114

Net Cash Provided by Operating Activities

431,821

Cash Flows from Investing Activities

Proceeds from sale of investments	1,807,013
Purchases of investments	(2,164,998)

Net Cash Used in Investing Activities

(357,985)

Net Increase in Cash and Cash Equivalents

73,836

Cash, Cash Equivalents and Donor Restricted Cash - Beginning of Year

947,336

Cash, Cash Equivalents and Donor Restricted Cash - End of Year

\$ 1,021,172

Cash and Cash Equivalents	\$ 983,946
Cash and Cash Equivalents - donor restricted	37,226

Cash, Cash Equivalents and Donor Restricted Cash - End of Year

\$ 1,021,172

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

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 1 Organization

The Jewish Foundation for the Righteous, Inc. ("JFR") is a Section 501(c)(3) not-for-profit corporation whose purpose is to identify, honor and support righteous gentiles who risked their lives to save Jews during the Holocaust and to provide for Holocaust education. As of December 31, 2021, JFR was providing monthly financial assistance to approximately 153 aged and needy non-Jewish rescuers in approximately 14 countries throughout the world. In addition, JFR educates teachers and students about the history of the Holocaust and the significance of the righteous as moral and ethical exemplars. JFR is supported primarily through contributions from individual donors, grants, and fundraising activities.

Note 2 Summary of 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. JFR presents information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of JFR and changes therein may be classified, if applicable, and reported as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.
- Net assets with donor restrictions – Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of JFR and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (See Note 4).

Note 2 Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from interest and dividends are recognized when earned. Earnings from interest and dividends are for the support of current operations. Unrealized and realized gains, net of investment expenses are retained to support operations of future years and to offset potential market declines.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment, it is at least reasonably possible that changes in the values of investment will occur in the near term and that such changes could materially affect the investment values reported in the financial statements.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized.

Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which are as follows:

Computers, phones, printers and copiers	5 years
Exhibits	5 years

Revenue Recognition

Pledges are recognized in contribution income when a donor makes a pledge that is, in substance, unconditional. Pledges to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Contributions and grants received are measured at their fair values and are reported as an increase in net assets. JFR reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use, or if they are designated as support for future periods. 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 in the statement of activities as "Net assets released from restrictions."

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 2 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue from the sale of videos and other educational materials is recognized at the point of sale.

JFR records participants and exhibit fees and special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received upon completion of the event.

Donated Services

Donated services are recognized as contribution if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people whose services would otherwise be purchased by JFR.

Donated legal services were rendered on behalf of JFR and amounted to \$31,814 for the year ended December 31, 2021.

A number of unpaid volunteers have made or have agreed to make significant contributions of their time. The value of such contributions is not reflected in the accompanying financial statements since these services do not require specialized skills.

Grants and Other Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. On a periodic basis, management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current economic conditions. At December 31, 2021, there were no grants or other receivables.

Grants and Allocations

As part of its mission, JFR has committed to provide grants and assistance to rescuers. Grants and allocations are recorded as they are approved by JFR's board of trustees and meet the criteria of grant requirements.

Income Taxes

JFR is an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). JFR is subject to unrelated business income taxes ("UBIT"), if applicable. For the year ended December 31, 2021, JFR did not owe any UBIT.

Note 2 Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

JFR recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, JFR assesses the likelihood, based on its technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management evaluated JFR's tax positions and concluded that JFR had taken no uncertain tax positions that require adjustments to the financial statements. JFR files in both U.S. federal and various state taxing jurisdictions, which are subject to audit for three years from the date of filing.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on usage or other basis established by management.

Depreciation and rent are allocated based on square footage. The remaining allocated expenses are allocated based on usage or other basis established by management.

Subsequent Events

JFR has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued.

Note 3 Concentration of Credit Risk

Financial instruments that potentially subject JFR to concentration of credit risk consist primarily of cash and cash equivalents and investments in excess of insured amounts. At times, JFR's cash and cash equivalents and investments, which are placed with major financial institutions, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. JFR has not experienced any losses on such accounts.

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 4 Fair Value Measurements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that JFR has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 4 Fair Value Measurements (Continued)

The following table presents JFR's investments measured at fair value on a recurring basis, except those measured at cost, as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Balanced	\$ 1,624,351	\$ -	\$ -	\$ 1,624,351
Equities blend	41,796	-	-	41,796
Fixed income blend	506,380	-	-	506,380
Exchange traded funds	1,671,296	-	-	1,671,296
Equity:				
Information technology	1,047,726	-	-	1,047,726
Health care	722,721	-	-	722,721
Financials	647,589	-	-	647,589
Industrials	555,752	-	-	555,752
Consumer discretionary	481,458	-	-	481,458
Communication services	376,130	-	-	376,130
Consumer staples	320,069	-	-	320,069
Materials	166,115	-	-	166,115
Energy	152,568	-	-	152,568
Utilities	134,197	-	-	134,197
Real Estate	58,157	-	-	58,157
Fixed income:				
Long-term bond	-	1,143,019	-	1,143,019
Intermediate-term bond	-	956,803	-	956,803
Short-term bond	-	<u>1,418,752</u>	-	<u>1,418,752</u>
Total Investments	<u>\$ 8,506,305</u>	<u>\$ 3,518,574</u>	<u>\$ -</u>	<u>\$ 12,024,879</u>

The fair values of the fixed income securities are based on quoted prices of similar securities and observable market data. The fair value of mutual funds is based on the quoted market price of shares held at year end. The fair value of equity securities is based on the closing price reported in the active market in which the individual security is traded.

Note 5 Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 983,946
Investments	<u>11,554,610</u>
Total Financial Assets Available to Meet General Expenditures	<u>\$ 12,538,556</u>

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 5 Liquidity and Availability (Continued)

JFR's goal is generally to maintain financial assets to meet at least 1 year of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

Note 6 Property and Equipment

Property and equipment consisted of the following at December 31, 2021:

Computers	\$ 111,703
Exhibits	<u>84,112</u>
Total Property and Equipment	195,815
Less: accumulated depreciation	<u>(192,904)</u>
Total	<u>\$ 2,911</u>

Depreciation expense amounted to \$2,387 for the year ended December 31, 2021.

Note 7 Commitments

In July 2018, JFR entered into a lease agreement for its office space which expires in June 2023. The lease agreement requires JFR to pay, as additional rent, its proportionate share of building maintenance and operating expenses, which includes property taxes. JFR has the right to terminate the lease after the fourth year and is subject to a termination fee equal to the unamortized costs of all construction costs for the space. Rent expense amounted to \$52,295 for the year ended December 31, 2021.

The aggregate future minimum annual rental payments are as follows:

<u>December 31,</u>	<u>Amount</u>
2022	\$ 48,996
2023	<u>24,498</u>
Total	<u>\$ 73,494</u>

Note 8 Net Assets with Donor Restrictions

Donor designated funds, which are net assets with donor restrictions, relate solely to rescuer grants and are not considered endowment. For the year ended December 31, 2021, increases to net assets with donor restrictions and net assets released from net assets with donor restrictions totaled \$80,800.

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 9 Endowment Funds

Endowment funds, which are net assets with donor restrictions, were as follows for the year ended December 31, 2021:

Balance, beginning	\$ 492,934
Donor contributions	<u>14,561</u>
Balance, ending	<u>\$ 507,495</u>

Net assets with donor restrictions consist of two donor funds relating to a specific purpose, the income from which is to be used for Holocaust education purposes. The contributions consists of distributions from a trust established under a will of an individual whereby less than 1% of the fair market value of the trust's assets are distributed to JFR on an annual basis. Such contributions totaled \$14,561 for the year ended December 31, 2021. Investment earnings are to be used for general operation purposes and are not allocated to net assets with donor restrictions.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). JFR and its board of trustees have interpreted NYPMIFA as requiring the preservation in perpetuity 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.

JFR's investment pool includes a diversified portfolio of investments. JFR's investment objective is to earn the highest possible yield consistent with a prudent level of risk. JFR's spending policy consists of fixed expenses based on an annual budget approved by the board of trustees at the beginning of each year and variable expenses to be approved by the board of trustees as deemed necessary

Note 10 Employee Benefit Plan

JFR has established a noncontributory defined contribution plan under Section 403(b) of the Code for eligible employees. An officer of JFR serves as trustee of the plan. During the year ended December 31, 2021, JFR contributed approximately \$19,500 to the plan.

Note 11 Recent Accounting Pronouncement

Effective for its annual financial statements for 2022, JFR expects to adopt new accounting standards issued by FASB that will require significant changes in accounting for operating leases under which JFR is lessee. Upon adoption, among other effects, JFR will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. JFR is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

Jewish Foundation for the Righteous
Notes to Financial Statements
December 31, 2021

Note 12 Other Matter - COVID-19

In late 2019, a novel strain of coronavirus, COVID-19, emerged globally. As the impact of the spread of the COVID-19 coronavirus continues to spread in the United States and around the world, JFR may experience disruptions that could impact its ability to carry out its activities. As of the date of the issuance of these financial statements, the Board cannot reasonably estimate the impact to JFR's future activities, revenues, financial condition or results of operations.