

**EISNERAMPER**

**AMERICAN JEWISH HISTORICAL SOCIETY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 and 2020**



# AMERICAN JEWISH HISTORICAL SOCIETY

## Contents

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of financial position as of December 31, 2021 and 2020	3
Statements of activities for the years ended December 31, 2021 and 2020	4
Statement of functional expenses for the year ended December 31, 2021 (with summarized financial information for December 31, 2020)	5
Statement of functional expenses for the year ended December 31, 2020	6
Statements of cash flows for the years ended December 31, 2021 and 2020	7
Notes to financial statements	8

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
American Jewish Historical Society

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of the American Jewish Historical Society (the "Society"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for each of the years 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 the American Jewish Historical Society as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

The Society's 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.

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



"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services.

EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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 the Society'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.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
October 18, 2022



# AMERICAN JEWISH HISTORICAL SOCIETY

## Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 87,693	\$ 307,059
Contributions receivable, net	-	109,500
Other accounts receivable	2,442	5,557
Investments	7,173,050	6,308,368
Prepaid expenses	14,217	15,025
Property and equipment, net	<u>13,512</u>	<u>17,894</u>
	<u>\$ 7,290,914</u>	<u>\$ 6,763,403</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and other liabilities	\$ 93,043	\$ 157,731
Deferred compensation obligation, net	87,537	104,463
Paycheck Protection Program loan payable	<u>-</u>	<u>132,672</u>
Total liabilities	<u>180,580</u>	<u>394,866</u>
Commitments and uncertainty (Notes F and K)		
Net assets:		
Without donor restrictions:		
Undesignated and available for general activities	<u>6,665,582</u>	<u>5,860,993</u>
With donor restrictions:		
Purpose restrictions	69,699	100,491
Time restricted for future periods	27,500	59,500
Perpetual in nature	<u>347,553</u>	<u>347,553</u>
Total net assets with donor restrictions	<u>444,752</u>	<u>507,544</u>
Total net assets	<u>7,110,334</u>	<u>6,368,537</u>
	<u>\$ 7,290,914</u>	<u>\$ 6,763,403</u>

# AMERICAN JEWISH HISTORICAL SOCIETY

## Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support:</b>						
Contributions, grants and bequests	\$ 760,059	\$ 20,000	\$ 780,059	\$ 704,580	\$ 343,048	\$ 1,047,628
Contributions and grants - archival support	-	118,505	118,505	-	212,000	212,000
Special events (net of direct benefit to donors of \$0 in 2021 and \$9,025 in 2020)	-	-	-	408,583	-	408,583
Total public support	<u>760,059</u>	<u>138,505</u>	<u>898,564</u>	<u>1,113,163</u>	<u>555,048</u>	<u>1,668,211</u>
<b>Investment and other revenues:</b>						
Investment income, spending rate	150,935	11,908	162,843	137,065	11,837	148,902
Royalties	16,218	-	16,218	39,128	-	39,128
Rentals	145	-	145	16,154	-	16,154
Miscellaneous	<u>20,959</u>	<u>-</u>	<u>20,959</u>	<u>20,858</u>	<u>-</u>	<u>20,858</u>
Total investment and other revenues	<u>188,257</u>	<u>11,908</u>	<u>200,165</u>	<u>213,205</u>	<u>11,837</u>	<u>225,042</u>
Total public support and revenues before net assets released from restrictions	<u>948,316</u>	<u>150,413</u>	<u>1,098,729</u>	<u>1,326,368</u>	<u>566,885</u>	<u>1,893,253</u>
Net assets released from restrictions	<u>183,913</u>	<u>(183,913)</u>	<u>-</u>	<u>727,975</u>	<u>(727,975)</u>	<u>-</u>
Total support and revenue	<u>1,132,229</u>	<u>(33,500)</u>	<u>1,098,729</u>	<u>2,054,343</u>	<u>(161,090)</u>	<u>1,893,253</u>
<b>Expenses:</b>						
Program services:						
Library and archive	469,514	-	469,514	600,503	-	600,503
Exhibits	-	-	-	4,130	-	4,130
Publications	54,219	-	54,219	35,498	-	35,498
Public programs	<u>49,778</u>	<u>-</u>	<u>49,778</u>	<u>95,819</u>	<u>-</u>	<u>95,819</u>
Total program services	<u>573,511</u>	<u>-</u>	<u>573,511</u>	<u>735,950</u>	<u>-</u>	<u>735,950</u>
Supporting services:						
Management and general	793,977	-	793,977	951,653	-	951,653
Fund-raising	<u>40,441</u>	<u>-</u>	<u>40,441</u>	<u>89,405</u>	<u>-</u>	<u>89,405</u>
Total supporting services	<u>834,418</u>	<u>-</u>	<u>834,418</u>	<u>1,041,058</u>	<u>-</u>	<u>1,041,058</u>
Total expenses	<u>1,407,929</u>	<u>-</u>	<u>1,407,929</u>	<u>1,777,008</u>	<u>-</u>	<u>1,777,008</u>
<b>Change in net assets, before non-operating activities</b>	<b>(275,700)</b>	<b>(33,500)</b>	<b>(309,200)</b>	<b>277,335</b>	<b>(161,090)</b>	<b>116,245</b>
<b>Non-operating activities:</b>						
Gain on forgiveness of debt (see Note G)	252,479	-	252,479	-	-	-
Investment income, net of authorized spending rate (see Note C)	<u>827,810</u>	<u>(29,292)</u>	<u>798,518</u>	<u>417,974</u>	<u>23,924</u>	<u>441,898</u>
<b>Change in net assets</b>	<b>804,589</b>	<b>(62,792)</b>	<b>741,797</b>	<b>695,309</b>	<b>(137,166)</b>	<b>558,143</b>
Net assets, beginning of year	<u>5,860,993</u>	<u>507,544</u>	<u>6,368,537</u>	<u>5,165,684</u>	<u>644,710</u>	<u>5,810,394</u>
<b>Net assets, end of year</b>	<b>\$ 6,665,582</b>	<b>\$ 444,752</b>	<b>\$ 7,110,334</b>	<b>\$ 5,860,993</b>	<b>\$ 507,544</b>	<b>\$ 6,368,537</b>

See notes to financial statements.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Statement of Functional Expenses

Year Ended December 31, 2021

(with summarized financial information for December 31, 2020)

	Program Services			Supporting Services			Total		
	Library and Archive	Publications	Public Programs	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2021	2020
Salaries and related expenses:									
Salaries	\$ 193,863	\$ -	\$ -	\$ 193,863	\$ 349,481	\$ -	\$ 349,481	\$ 543,344	\$ 644,376
Payroll taxes and employee benefits	59,570	-	-	59,570	60,850	-	60,850	120,420	123,823
Total salaries and related expenses	253,433	-	-	253,433	410,331	-	410,331	663,764	768,199
Other expenses:									
Insurance	14,320	-	-	14,320	23,185	-	23,185	37,505	40,825
Occupancy	97,917	-	-	97,917	158,537	-	158,537	256,454	255,278
Payments to affiliates	-	-	-	-	-	-	-	-	230,785
Office	2,021	22,541	15,118	39,680	23,526	19,620	43,146	82,826	70,654
Installation and photography	-	-	-	-	-	-	-	-	493
Digitization and storage	93,305	-	-	93,305	1,415	275	1,690	94,995	88,651
Travel and entertainment	561	-	4,730	5,291	1,705	7,469	9,174	14,465	11,593
Printing	-	30,430	400	30,830	409	-	409	31,239	47,588
Advertising and promotion	-	848	15,075	15,923	-	250	250	16,173	86,165
Solicitation	1,123	50	-	1,173	6,364	12,827	19,191	20,364	29,629
Professional fees	5,161	350	14,426	19,937	165,770	-	165,770	185,707	131,763
Catering expenses	-	-	-	-	-	-	-	-	9,025
Miscellaneous	-	-	29	29	26	-	26	55	11,368
Total other expenses	214,408	54,219	49,778	318,405	380,937	40,441	421,378	739,783	1,013,817
Total expenses before depreciation	467,841	54,219	49,778	571,838	791,268	40,441	831,709	1,403,547	1,782,016
Depreciation	1,673	-	-	1,673	2,709	-	2,709	4,382	4,017
Total expenses	469,514	54,219	49,778	573,511	793,977	40,441	834,418	1,407,929	1,786,033
Less: direct benefit to donor	-	-	-	-	-	-	-	-	(9,025)
Total expenses per statements of activities	\$ 469,514	\$ 54,219	\$ 49,778	\$ 573,511	\$ 793,977	\$ 40,441	\$ 834,418	\$ 1,407,929	\$ 1,777,008

See notes to financial statements.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Statement of Functional Expenses Year Ended December 31, 2020

	Program Services				Supporting Services			Total	
	Library and Archive	Exhibits	Publications	Public Programs	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2020
Salaries and related expenses:									
Salaries	\$ 254,881	\$ 2,030	\$ -	\$ 340	\$ 257,251	\$ 387,125	\$ -	\$ 387,125	\$ 644,376
Payroll taxes and employee benefits	60,339	155	-	11	60,505	63,318	-	63,318	123,823
Total salaries and related expenses	<u>315,220</u>	<u>2,185</u>	<u>-</u>	<u>351</u>	<u>317,756</u>	<u>450,443</u>	<u>-</u>	<u>450,443</u>	<u>768,199</u>
Other expenses:									
Insurance	-	-	-	-	-	40,825	-	40,825	40,825
Occupancy	105,923	734	-	118	106,775	148,503	-	148,503	255,278
Payments to affiliates	94,700	657	-	105	95,462	135,323	-	135,323	230,785
Office	344	-	330	22,052	22,726	23,842	24,086	47,928	70,654
Installation and photography	-	493	-	-	493	-	-	-	493
Digitization and storage	81,933	-	-	40	81,973	6,678	-	6,678	88,651
Travel and entertainment	168	50	-	3,698	3,916	7,384	293	7,677	11,593
Printing	316	-	32,975	5,421	38,712	5,119	3,757	8,876	47,588
Advertising and promotion	-	-	2,193	30,819	33,012	-	53,153	53,153	86,165
Solicitation	-	-	-	4,645	4,645	17,033	7,951	24,984	29,629
Professional fees	-	-	-	27,890	27,890	103,708	165	103,873	131,763
Catering expenses	-	-	-	-	-	-	9,025	9,025	9,025
Miscellaneous	250	-	-	678	928	10,440	-	10,440	11,368
Total other expenses	<u>283,634</u>	<u>1,934</u>	<u>35,498</u>	<u>95,466</u>	<u>416,532</u>	<u>498,855</u>	<u>98,430</u>	<u>597,285</u>	<u>1,013,817</u>
Total expenses before depreciation	598,854	4,119	35,498	95,817	734,288	949,298	98,430	1,047,728	1,782,016
Depreciation	1,649	11	-	2	1,662	2,355	-	2,355	4,017
Total expenses	600,503	4,130	35,498	95,819	735,950	951,653	98,430	1,050,083	1,786,033
Less: direct benefit to donor	-	-	-	-	-	-	(9,025)	(9,025)	(9,025)
Total expenses per statements of activities	<u>\$ 600,503</u>	<u>\$ 4,130</u>	<u>\$ 35,498</u>	<u>\$ 95,819</u>	<u>\$ 735,950</u>	<u>\$ 951,653</u>	<u>\$ 89,405</u>	<u>\$ 1,041,058</u>	<u>\$ 1,777,008</u>

See notes to financial statements.



# AMERICAN JEWISH HISTORICAL SOCIETY

## Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 741,797	\$ 558,143
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	4,382	4,017
Donated securities	(253,486)	(219,387)
Proceeds from sale of donated securities	253,486	219,387
Gain on loan forgiveness	(252,479)	-
Realized and unrealized gains on investments	(772,736)	(471,352)
Bad debt expense	-	9,180
Changes in:		
Contributions receivable, net	109,500	27,910
Other accounts receivable	3,115	(2,957)
Prepaid expenses	808	5,449
Accounts payable and other liabilities	(64,688)	24,535
Deferred compensation obligation, net	<u>(16,926)</u>	<u>2,504</u>
Net cash (used in) provided by operating activities	<u>(247,227)</u>	<u>157,429</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	-	(21,911)
Purchases of securities	(977,402)	(546,837)
Proceeds from sales of securities	<u>885,456</u>	<u>149,038</u>
Net cash used in investing activities	<u>(91,946)</u>	<u>(419,710)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan payable	<u>119,807</u>	<u>132,672</u>
<b>Decrease in cash and cash equivalents</b>	<b>(219,366)</b>	<b>(129,609)</b>
Cash and cash equivalents, beginning of year	<u>307,059</u>	<u>436,668</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>87,693</u></b>	<b>\$ <u>307,059</u></b>

See notes to financial statements.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

The American Jewish Historical Society (the "Society"), incorporated in Washington, D.C. in 1898, was founded for the collection, preservation, exhibition, publication, and popularization of material of every kind having reference to the settlement, history, and life of Jews on the American continent. In addition, the Society's programs include the promotion and encouragement of research in, and the study of, Jewish history in general, and particularly in its relation to American Jewish history, and in connection with the causes and nature of Jewish emigration from various parts of the world to the American continent.

The Society is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

#### [2] Basis of accounting:

The financial statements of the Society have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

#### [3] Use of estimates:

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

#### [4] Investments:

The Society's investments in equity securities and mutual funds are reported at their fair values in the statements of financial position based on quoted market prices. Money market funds held as part of the investment portfolio are also included in the balances reported as investments.

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

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values on the dates of donation. The Society's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities received and the proceeds generated from their sales are included within operating activities.

The Board of Trustees has adopted a portfolio spending policy whereby a predetermined amount of each year's investment assets is used to fund current operations. For both 2021 and 2020, respectively, the spending rate policy was calculated as 3% of the prior three-year rolling average of semi-annual market values.

## AMERICAN JEWISH HISTORICAL SOCIETY

### Notes to Financial Statements December 31, 2021 and 2020

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [5] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, net of accumulated depreciation. The Society capitalizes items of property and equipment that have a cost of \$7,500 or more and useful lives greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over estimated useful lives of the related assets which range from five to ten years.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events during 2021 or 2020 requiring management to test for impairment adjustments to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

##### [6] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and qualifying expenditures during the coronavirus ("COVID-19") pandemic.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution.

During 2020, the Society applied for and received PPP funds of \$132,672. The Society elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. In addition, during 2021, the Society applied for and received a Second Draw of a PPP loan in the amount of \$119,807. The Society applied for forgiveness of both loans during 2021 and received full forgiveness from the bank and the SBA in the amount of \$252,479. Accordingly, the forgiven amounts are reflected as a gain on PPP loan forgiveness in the statement of activities for the year ended December 31, 2021 (see also Note G).

##### [7] Collections:

The Society maintains three collections:

- (i) a library collection of over 37,000 volumes and 300 periodical titles, to provide important and secondary material for researchers and the general public;
- (ii) archives of the written and oral legacy of the American Jewish experience, with over 16,000 linear feet containing 1,500 collections, over 500 memoirs and manuscripts, and more than 1,000 photos; and
- (iii) a collection of various works of art and artifacts preserving a critical, visual record of American-Jewish history and material culture, including almost 100 paintings, approximately 100 silver collection pieces, historic American Jewish Sports artifacts and memorabilia, historic handwritten letters, and religious artifacts that document American-Jewish life.

All collection items are catalogued and preserved, and activities verifying their existence and assessing their condition are performed regularly. The cost or value of these collections is not included in the statements of financial position. Each of the three collections receives new items each year through contributions that are not included in the financial statements.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [7] Collections: (continued)

Items purchased by the Society for the collections, primarily for the library, are recorded as expenses in the year in which the items are purchased. The collections are insured for an amount up to \$7,000,000 through policies maintained by the Society.

The Society reviews its collections on an ongoing basis and may periodically acquire or de-access items. Proceeds from deaccessions are classified as without donor restrictions, except when donor restrictions apply and are restricted to fund future acquisitions of collections, or the preservation, conservation or direct care of the collections.

#### [8] Net assets:

The net assets of the Society and changes therein are reported as follows:

(i) *Net assets without donor restrictions:*

The Society's net assets without donor restrictions represent those resources that are not subject to donor restrictions as to their use and are available for current operations.

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. Also included in net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of Washington D.C.'s Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in the satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or funds are appropriated through action of the Board of Trustees, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "net assets released from restrictions."

#### [9] Revenue recognition:

(i) *Contributions, special events, grants, and bequests:*

Contributions and grants to the Society are recognized as revenue upon the receipt of either cash, other assets, or of unconditional pledges. Contributions and grants are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions and grants are recognized when the donor's conditions have been met by requisite actions of the Society's management or the necessary events have taken place, and if received in advance, are recognized in the statements of financial position as funds received in advance.

The Society records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [9] Revenue recognition: (continued)

(i) *Contributions, special events, grants, and bequests: (continued)*

Gross proceeds paid by attendees at special events held as fundraising activities represent contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year the special event takes place. Special event revenue for a future year's period is deferred and recognized when the event takes place.

(ii) *Donated services:*

For recognition of donated services in the Society's financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require a specialized skill; and (ii) be provided by individuals possessing these skills. Donated services are recorded at their estimated fair values at the dates of donation and are reported without donor restriction. Donated services are reported as both contributions and offsetting expenses in the statements of activities.

#### [10] Accrued vacation:

Accrued vacation is included as a liability in the financial statements and represents the Society's obligation for the potential cost of unused employee vacation time that would be payable in the event that these employees leave the Society. At December 31, 2021, the accrued vacation obligation was \$12,838 and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position. There was no accrued vacation obligation at December 31, 2020.

#### [11] Functional allocation of expenses:

The costs of providing the Society's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Accordingly, direct costs have been functionalized within the program, management and general, and fundraising categories based on the nature of the expense. Indirect costs such as salaries including payroll taxes and employee benefits, occupancy and depreciation have been allocated based on the basis of time and effort by employees.

#### [12] Advertising costs:

The Society expenses the cost of advertising as incurred. Advertising expenses were \$16,173 and \$86,164 during 2021 and 2020, respectively.

#### [13] Measure of operations:

The Society includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, net of authorized spending rate, and gain on loan forgiveness is recognized as part of non-operating activities in the statements of activities.

#### [14] Income taxes:

The Society is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income-tax obligations. Because of the Society's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Society's financial statements.

## AMERICAN JEWISH HISTORICAL SOCIETY

### Notes to Financial Statements December 31, 2021 and 2020

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [15] Upcoming accounting pronouncements:

###### (i) *Contributed Nonfinancial Assets:*

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements.

###### (ii) *Leases:*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use 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 income statement. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Society for the annual period beginning after December 15, 2021, and can be early adopted. Upon the adoption of the guidance, operating leases are capitalized on the statement of financial position at the present value of lease payments. The statement of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate at the date of adoption. The impact on the Society's financial statements is currently being evaluated.

##### [16] Subsequent events:

The Society evaluated subsequent events through October 18, 2022, the date on which the financial statements were available to be issued.

#### NOTE B - RECEIVABLES

##### [1] Contributions receivable:

Contributions receivable of \$118,680 at December 31, 2020 were fully collected during 2021. In addition, during 2020, the Society reserved \$9,180 of amounts expected not to be received. The Society has applied that reserve to those receivables not expected to be received.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE B - RECEIVABLES (CONTINUED)

#### [2] Other receivables:

At each year-end, other receivables consisted of amounts due to the Society for exchange-type transactions. All amounts are due within one year. Based on management's past experience, these receivables are expected to be fully collected, and accordingly, no allowance for doubtful accounts has been established.

### NOTE C - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 271,229	\$ 271,229	\$ 219,387	\$ 219,387
Equity securities	51,632	51,632	196,211	196,211
Mutual funds:				
Equity funds	5,130,804	2,489,917	4,165,969	2,344,348
Fixed-income funds	<u>1,719,385</u>	<u>1,661,722</u>	<u>1,726,801</u>	<u>1,622,096</u>
	<u>\$ 7,173,050</u>	<u>\$ 4,474,500</u>	<u>\$ 6,308,368</u>	<u>\$ 4,382,042</u>

During each year, investment income consisted of the following:

	Year Ended December 31,	
	2021	2020
Unrealized gains	\$ 772,224	\$ 422,795
Realized gains	512	48,557
Interest and dividends	<u>188,625</u>	<u>119,448</u>
	961,361	590,800
Less: investment income recognized under spending policy	<u>(162,843)</u>	<u>(148,902)</u>
Investment income, net of authorized spending rate	<u>\$ 798,518</u>	<u>\$ 441,898</u>

## AMERICAN JEWISH HISTORICAL SOCIETY

### Notes to Financial Statements December 31, 2021 and 2020

#### NOTE C - INVESTMENTS (CONTINUED)

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

The availability of market data is monitored by the Society's management to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer would be reported at the beginning of the reporting period. The Society's investments in money market funds and mutual funds are classified entirely within Level 1.

#### NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 380,319	\$ 380,319
Leasehold improvements	<u>21,911</u>	<u>21,911</u>
	<b>402,230</b>	402,230
Less: accumulated depreciation	<u>(388,718)</u>	<u>(384,336)</u>
	<u><b>\$ 13,512</b></u>	<u>\$ 17,894</u>

#### NOTE E - DEFERRED-COMPENSATION PLAN

The Society has a nonqualified, unfunded deferred-compensation plan for several former employees. The plan provides for annual payments of varying amounts for the remainder of the former employees' lives or the lives of their spouses, whichever is longer.



## AMERICAN JEWISH HISTORICAL SOCIETY

### Notes to Financial Statements December 31, 2021 and 2020

#### NOTE E - DEFERRED-COMPENSATION PLAN (CONTINUED)

The Society's deferred-compensation obligation was \$87,537 and \$104,463 for 2021 and 2020, respectively, and is estimated to be paid as follows:

Year Ending December 31,	Amount
2022	\$ 18,000
2023	18,000
2024	18,000
2025	18,000
2026	<u>18,000</u>
	90,000
Reduction of compensation payable to present value at a 1.01% discount rate	<u>(2,463)</u>
	<u>\$ 87,537</u>

Payments made to the beneficiaries of the plan for 2021 and 2020 were \$18,000 for both years.

#### NOTE F - RELATED-PARTY TRANSACTIONS

In October 1995, the Society, along with three other not-for-profit organizations, the Leo Baeck Institute, Inc., the YIVO Institute for Jewish Research, Inc., and the Yeshiva University Museum signed an agreement forming the Center for Jewish History, Inc. (the "Center"), a separate, 501(c)(3) not-for-profit corporation. Thereafter, the American Sephardi Federation entered into a supplemental agreement with the initial members which provided for its membership into the Center. Upon liquidation of the Center, member organizations would be entitled to receive a share of the proceeds of the liquidation, subject to certain senior claims. Liquidation of the Center requires the consent of all member organizations.

The Center provides for the operation of the Society's operating facility, including: (i) maintenance of all offices and specialized areas; (ii) control of the mechanical systems for the building; (iii) maintenance of elevators; (iv) support for all technology; (v) security; and (vi) many other related services. The Center also serves as the central repository for the Society's archival documents, books, photographs, paintings, and artifacts. Although the Center derives its revenue from sources typical of not-for-profit enterprises, revenues generated by the Center are not sufficient to cover its operating expenses. For the years 2021 and 2020, the Society and other members agreed to contribute an aggregate amount of \$1,358,000 and \$1,340,000, respectively, to cover the Center's operating costs. The amount contributed by each member is based upon the member's allocated space at the Center.

During 2019, the Society came to an agreement with the Center whereby the Center would handle the bulk of the accounting services for the Society. During 2020, the accounting services agreement with the Center was terminated and the Society retained external support for their accounting services. During 2017, the Center and other member organizations entered into an amended agreement that included updated bylaws and other governance-related matters to further enhance and strengthen the collaboration among the five member organizations.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE F - RELATED-PARTY TRANSACTIONS (CONTINUED)

In relation to its agreements with the Center, the Society incurred operating expenses of \$250,738 and \$255,278 for 2021 and 2020, respectively. Amounts due to the Center were \$26,518 and \$81,104 as of December 31, 2021 and 2020, respectively, and are included in accounts payable and accrued expenses in the accompanying statements of financial position.

In addition, during 2020, the Center charged each of the partners its share of a special assessment for operating deficits incurred by the Center during 2020. The Society's share of the assessment was \$230,785, which is included in facility service expense in the accompanying statements of financial position.

### NOTE G - PPP LOAN PAYABLE

In 2020, the Society received \$132,672 in funds from Signature Bank and reported this amount as a PPP loan payable as of December 31, 2020. During 2021, the Society received a second draw of PPP of \$119,807. In January and December 2021, the bank and the SBA formally approved forgiveness of both PPP loans in the amount of \$252,479, and accordingly, it has been reported in the statement of activities as gain on PPP loan forgiveness for 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. Under the CARES Act, all borrowers are required to maintain their loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

### NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Library and archives	\$ 14,425	\$ 15,925
Public programs	<u>-</u>	<u>-</u>
	<u>14,425</u>	<u>15,925</u>
Subject to appropriation:		
Accumulated endowment earnings reserved for appropriation	<u>55,274</u>	<u>84,566</u>
Restricted for future periods	<u>27,500</u>	<u>59,500</u>
Perpetual in nature:		
Library and archives	131,550	131,550
Publications	146,311	146,311
Public programs	<u>69,692</u>	<u>69,692</u>
	<u>347,553</u>	<u>347,553</u>
	<u>\$ 444,752</u>	<u>\$ 507,544</u>

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions during each year were for the following:

	Year Ended December 31,	
	2021	2020
Library and archives	\$ 124,512	\$ 332,980
Publications	5,013	4,983
Public programs	2,388	299,368
Time	<u>52,000</u>	<u>90,644</u>
	<u>\$ 183,913</u>	<u>\$ 727,975</u>

### NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENT

#### [1] The endowment:

The Society's endowment consists of three donor-restricted funds established for a variety of purposes as described in Note H.

#### [2] Interpretation of relevant law:

As discussed in Note A[8](ii), UPMIFA is applicable to all of the Society's donor-restricted endowment funds. The Board of Trustees will continue to adhere to UPMIFA's requirements.

#### [3] Endowment net-asset composition by type of fund:

	December 31, 2021		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted funds	<u>\$ 55,274</u>	<u>\$ 347,553</u>	<u>\$ 402,827</u>
Total endowment funds	<u>\$ 55,274</u>	<u>\$ 347,553</u>	<u>\$ 402,827</u>

  

	December 31, 2020		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted funds	<u>\$ 84,566</u>	<u>\$ 347,553</u>	<u>\$ 432,119</u>
Total endowment funds	<u>\$ 84,566</u>	<u>\$ 347,553</u>	<u>\$ 432,119</u>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board of Trustees for expenditure.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

#### [4] Changes in endowment net assets:

During each year, endowment net assets changed as follows:

	December 31, 2021		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 84,566	\$ 347,553	\$ 432,119
Investment earnings, net	(17,384)	-	(17,384)
Appropriation	<u>(11,908)</u>	<u>-</u>	<u>(11,908)</u>
Endowment net assets, end of year	<u>\$ 55,274</u>	<u>\$ 347,553</u>	<u>\$ 402,827</u>

	December 31, 2020		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 60,642	\$ 347,553	\$ 408,195
Investment earnings, net	35,761	-	35,761
Appropriation	<u>(11,837)</u>	<u>-</u>	<u>(11,837)</u>
Endowment net assets, end of year	<u>\$ 84,566</u>	<u>\$ 347,553</u>	<u>\$ 432,119</u>

#### [5] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar value of the donor's original, permanently restricted contribution. Under the terms of UPMIFA, the Society has no responsibility to restore such decreases in value. At December 31, 2021 and 2020, there were no funds with deficiencies.

#### [6] Return objectives and risk parameters:

The Society's Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets and assuming a moderate level of investment risk. Endowment assets are those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce acceptable rates of return, with an appropriate level of investment risk.

#### [7] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Society 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). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives, within prudent risk constraints.

# AMERICAN JEWISH HISTORICAL SOCIETY

## Notes to Financial Statements December 31, 2021 and 2020

### NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

#### [8] Spending policy and investment objectives:

The Society's Board of Trustees has a policy to appropriate, and did appropriate, for distribution each year 3% of its endowment funds' three-year rolling average of semi-annual market values and has investment objectives to conform to current market conditions.

### NOTE J - CREDIT RISK

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash accounts deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management believes that the Society does not face a significant risk of loss on these accounts that might result from failures of these institutions.

### NOTE K - UNCERTAINTY

The extent of the impact of the coronavirus ("COVID-19") outbreak on the operational and financial performance of the Society will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Society's program services, all of which are highly uncertain and cannot be predicted. If demand for the Society's services, and the ability of the Society to complete grant-funded services are impacted for an extended period, results of operations may be materially adversely affected.

### NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Society's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 87,693	\$ 307,059
Contributions and other receivables	2,442	115,057
Investments	<u>7,173,050</u>	<u>6,308,368</u>
Total financial assets available within one year	<u>7,263,185</u>	<u>6,730,484</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose restrictions	(69,699)	(100,491)
Restrictions by donors with time-restrictions	(27,500)	(59,500)
Restrictions by donors that are perpetual in nature	<u>(347,553)</u>	<u>(347,553)</u>
Total amounts unavailable for general expenditure within one year	<u>(444,752)</u>	<u>(507,544)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,818,433</u>	<u>\$ 6,222,940</u>

## **AMERICAN JEWISH HISTORICAL SOCIETY**

### **Notes to Financial Statements December 31, 2021 and 2020**

#### **NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

Liquidity policy:

The Society has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come. The Society's liquidity policy is to ensure that the Society operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor or restriction will be used to satisfy the minimum liquidity target.