

Financial Statements and Report of  
Independent Certified Public  
Accountants

**American Jewish World Service, Inc.**

For the year ended April 30, 2023, with  
summarized comparative information for the year  
ended April 30, 2022

## Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statement of financial position as of April 30, 2023, with summarized comparative information as of April 30, 2022	5
Statement of activities for the year ended April 30, 2023, with summarized comparative information for the year ended April 30, 2022	6
Statement of functional expenses for the year ended April 30, 2023, with summarized comparative information for the year ended April 30, 2022	7
Statement of cash flows for the year ended April 30, 2023, with summarized comparative information for the year ended April 30, 2022	8
Notes to financial statements	9

---

**GRANT THORNTON LLP**

757 Third Ave., 9<sup>th</sup> Floor  
New York, NY 10017-2013

**D** +1 212 599 0100

**F** +1 212 370 4520

**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, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of AJWS as of April 30, 2023, 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.

**Emphasis of matter**

As discussed in Note 2 to the financial statements, as of May 1, 2022, AJWS adopted Accounting Standards Codification 842, *Leases*. Our opinion is not modified with respect to this matter.

**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 AJWS's ability to continue as a going concern for one year after the date the financial statements are available to be 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 2022 summarized comparative information**

We have previously audited AJWS's 2022 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2022. In our opinion, the accompanying summarized comparative information as of and for the year ended April 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



New York, New York  
October 4, 2023

**American Jewish World Service, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**As of April 30, 2023, with summarized comparative information as of April 30, 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 23,929,502	\$ 22,565,067
Contributions receivable, net	11,255,620	14,700,474
Investments	35,125,120	32,379,428
Prepaid expenses and other assets	919,210	1,078,869
Right-of-use assets for operating leases (Note 12)	9,162,287	-
Property and equipment, net	859,723	1,058,068
	<b>\$ 81,251,462</b>	<b>\$ 71,781,906</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,004,870	\$ 1,019,573
Grants payable	4,996,217	3,507,894
Lease liability for operating leases (Note 12)	10,261,554	-
Deferred rent	-	1,085,181
Unearned revenue	447	14,274
Charitable gift annuity obligations	369,125	383,686
	<b>16,632,213</b>	<b>6,010,608</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Without donor restrictions		
Undesignated	17,761,433	16,171,948
Designated for donor-advised fund	711,754	732,536
Board-designated for reserve fund	21,607,286	21,122,901
Board-designated for working capital fund	4,399,305	4,463,885
	<b>44,479,778</b>	<b>42,491,270</b>
With donor restrictions	<b>20,139,471</b>	<b>23,280,028</b>
Total net assets	<b>64,619,249</b>	<b>65,771,298</b>
Total liabilities and net assets	<b>\$ 81,251,462</b>	<b>\$ 71,781,906</b>

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

American Jewish World Service, Inc.

STATEMENT OF ACTIVITIES

For the year ended April 30, 2023, with summarized comparative information for the year ended April 30, 2022

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenues and support</b>				
Contributions				
Individuals	\$ 15,147,934	\$ 6,099,008	\$ 21,246,942	\$ 21,019,485
Donor-advised fund	2,099,630	-	2,099,630	2,100,000
Bequests	204,247	-	204,247	802,123
Foundations and corporations	547,225	17,059,415	17,606,640	18,602,617
Donated services and goods	668,062	-	668,062	671,938
Government revenue	794,088	-	794,088	852,510
Investment return, net of fees of \$250,612 in 2023 and \$205,166 in 2022	452,688	5,907	458,595	(2,803,794)
Miscellaneous revenue	204,570	1,343	205,913	43,761
Gain on loan forgiveness	-	-	-	2,132,540
Net assets released from restrictions				
Satisfaction of purpose restrictions	22,134,034	(22,134,034)	-	-
Satisfaction of time restrictions	4,172,196	(4,172,196)	-	-
Total revenues and support	<u>46,424,674</u>	<u>(3,140,557)</u>	<u>43,284,117</u>	<u>43,421,180</u>
<b>Program services</b>				
Programs	30,191,946	-	30,191,946	32,673,912
Communications	3,644,069	-	3,644,069	3,672,291
Strategic learning, research and evaluation	974,373	-	974,373	1,167,985
Total program services expenses	<u>34,810,388</u>	<u>-</u>	<u>34,810,388</u>	<u>37,514,188</u>
<b>Supporting services</b>				
Management and general	2,765,050	-	2,765,050	2,962,403
Fundraising	6,860,728	-	6,860,728	6,952,481
Total supporting services expenses	<u>9,625,778</u>	<u>-</u>	<u>9,625,778</u>	<u>9,914,884</u>
Total expenses	<u>44,436,166</u>	<u>-</u>	<u>44,436,166</u>	<u>47,429,072</u>
<b>CHANGE IN NET ASSETS</b>	1,988,508	(3,140,557)	(1,152,049)	(4,007,892)
<b>Net assets</b>				
Beginning of year	<u>42,491,270</u>	<u>23,280,028</u>	<u>65,771,298</u>	<u>69,779,190</u>
End of year	<u>\$ 44,479,778</u>	<u>\$ 20,139,471</u>	<u>\$ 64,619,249</u>	<u>\$ 65,771,298</u>

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

American Jewish World Service, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2023, with summarized comparative information for the year ended April 30, 2022

	2023							2022 Total	
	Programs	Communications	Strategic Learning, Research and Evaluation	Program Services Total	Management and General	Fundraising	Supporting Services Total		Total
Salaries and benefits	\$ 6,523,043	\$ 2,039,316	\$ 575,495	\$ 9,137,854	\$ 1,898,385	\$ 3,490,561	\$ 5,388,946	\$ 14,526,800	\$ 15,043,804
Program grants (donor-advised)	1,952,359	-	-	1,952,359	-	-	-	1,952,359	2,906,120
Program grants (non donor-advised)	17,518,402	-	-	17,518,402	-	-	-	17,518,402	18,857,051
Professional services	2,267,281	601,087	235,643	3,104,011	372,385	1,451,126	1,823,511	4,927,522	5,430,968
Conferences, meetings and travel	409,329	41,569	27,589	478,487	54,341	67,640	121,981	600,468	173,469
Occupancy	701,247	249,871	71,252	1,022,370	173,181	356,258	529,439	1,551,809	1,569,766
Telecommunications and systems applications	303,190	130,127	25,732	459,049	66,277	207,814	274,091	733,140	791,120
Printing and publications	453	16,316	18	16,787	8,823	575,727	584,550	601,337	568,273
Office supplies and other office expenses	70,675	38,941	8,188	117,804	21,717	37,970	59,687	177,491	173,415
Insurance	72,656	22,657	6,460	101,773	15,703	34,289	49,992	151,765	141,774
Postage	3,481	5,013	372	8,866	4,180	128,447	132,627	141,493	135,547
Dues and subscriptions	61,742	16,618	7,995	86,355	16,708	36,326	53,034	139,389	114,505
Advertising and promotion	48,048	431,399	1,247	480,694	805	213,374	214,179	694,873	713,576
Provision for uncollectible accounts	-	-	-	-	-	49,326	49,326	49,326	-
Depreciation and amortization	109,987	39,284	11,202	160,473	27,227	57,514	84,741	245,214	260,521
Other fees	143,196	9,478	2,688	155,362	102,037	113,345	215,382	370,744	446,378
Miscellaneous	6,857	2,393	492	9,742	3,281	41,011	44,292	54,034	102,785
Total	<u>\$ 30,191,946</u>	<u>\$ 3,644,069</u>	<u>\$ 974,373</u>	<u>\$ 34,810,388</u>	<u>\$ 2,765,050</u>	<u>\$ 6,860,728</u>	<u>\$ 9,625,778</u>	<u>\$ 44,436,166</u>	<u>\$ 47,429,072</u>

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

**American Jewish World Service, Inc.**

**STATEMENT OF CASH FLOWS**

**For the year ended April 30, 2023, with summarized comparative information for the year ended April 30, 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,152,049)	\$ (4,007,892)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in present value discount of contributions receivable	112,830	(16,888)
Change in allowance for doubtful accounts	49,326	(697)
Change in right-of-use assets for operating leases	1,023,698	-
Depreciation and amortization	245,214	260,521
Net realized and unrealized losses on investments	22,769	3,105,421
Actuarial loss on charitable gift annuity obligation	33,680	54,589
Gain on loan forgiveness	-	(2,132,540)
Changes in operating assets and liabilities:		
Decrease in contributions receivable	3,282,698	12,973,664
Decrease (increase) in prepaid expenses and other assets	159,659	(198,928)
(Decrease) increase in accounts payable and accrued expenses	(14,703)	204,059
Increase (decrease) in grants payable	1,488,323	(899,914)
Decrease in lease liability for operating leases	(1,009,612)	-
Increase in deferred rent	-	40,451
Increase (decrease) in unearned revenue	(13,827)	7,324
Net cash provided by operating activities	4,228,006	9,389,170
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(46,869)	(82,081)
Purchases of investments	(41,077,398)	(18,290,411)
Proceeds from sale of investments	38,308,937	16,200,903
Net cash used in investing activities	(2,815,330)	(2,171,589)
<b>Cash flows from financing activities:</b>		
Payment on obligations under charitable gift annuity obligation	(48,241)	(48,242)
Net cash used in financing activities	(48,241)	(48,242)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,364,435	7,169,339
<b>Cash and cash equivalents at beginning of year</b>	22,565,067	15,395,727
<b>Cash and cash equivalents at end of year</b>	\$ 23,929,502	\$ 22,565,067
<b>Supplemental information:</b>		
Right-of-use assets obtained in exchange for new lease liabilities	\$ 10,185,985	\$ -

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



**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**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 17 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 generally accepted accounting principles 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 14).

***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, 2023,  
with summarized comparative information for the year ended April 30, 2022**

***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, *Revenue from Contracts with Customers*. 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 13).

***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.

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

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 except for approximately \$55,000, which is expected to be paid in fiscal year 2025.

***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, 2022, 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.

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

For the years ended April 30, 2023 and 2022, 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.

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 4, 2023.

***Recently Adopted Accounting Guidance***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use ("ROU") asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provided an optional transition method for applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, (i.e., the comparatives under ASC 840 option).

AJWS adopted Topic 842 on May 1, 2022 (the effective date), using the comparatives approach under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. AJWS similarly elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. AJWS elected to not record short-term leases with an initial term of 12 months or less on its

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

statement of financial position. AJWS has elected the nonpublic business entity accounting policy alternative to use a risk-free discount rate instead of AJWS's incremental borrowing rate for all existing asset classes.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$10,185,985 and \$11,271,166, respectively. As part of adopting the standard, previously recognized liabilities for deferred rent were reclassified as a component of the ROU assets, which totaled \$1,085,181 as of May 1, 2022 and reconciles the difference between the ROU asset and operating lease liability at the date of adoption. AJWS did not have any capital leases (now referred to as finance leases). The standard did not significantly affect the AJWS's changes in net assets or cash flows.

**NOTE 3 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable are expected to be collected as follows:

	2023	2022
Within one year	\$ 8,660,180	\$ 8,142,559
One to five years	2,897,149	6,697,468
	11,557,329	14,840,027
Less: discount to present value at rates ranging from 0.15% to 3.83%	(137,577)	(24,747)
Allowance for uncollectible contributions	(164,132)	(114,806)
	<b>\$ 11,255,620</b>	<b>\$ 14,700,474</b>

In addition to the contributions receivable above, certain donors provided conditional contributions over a period of one to 10 years, as follows:

	2023	2022
Conditional receivables	<b>\$ 4,757,000</b>	<b>\$ 1,746,000</b>

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 years ended April 30, 2023 and 2022. These contributions amounted to 30% and 31%, respectively, of total revenues and support when donor-advised funds are included. When donor-advised fund contributions are excluded, such percentages were 28% and 29%, respectively.

A significant portion of AJWS's total gross contributions receivable balances were provided by six donors as of April 30, 2023 and four donors as of April 30, 2022, which amounted to \$8,050,301 and \$11,502,100, respectively. These contributions represent 70% and 78% of the gross contributions receivable as of April 30, 2023 and 2022, respectively.

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**NOTE 4 - INVESTMENTS**

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

Description	2023		
	Level 1	Level 2	Total
Investments			
Money market funds	\$ 2,814,319	\$ -	\$ 2,814,319
Fixed income securities	4,983,523	-	4,983,523
Equity funds	16,187,274	-	16,187,274
Mutual funds	10,252,856	-	10,252,856
Exchange-traded funds	887,148	-	887,148
Total	<u>\$ 35,125,120</u>	<u>\$ -</u>	<u>\$ 35,125,120</u>
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	<u>\$ 32,379,428</u>	<u>\$ -</u>	<u>\$ 32,379,428</u>

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:

	2023	2022
Interest and dividend income	\$ 731,976	\$ 506,793
Realized losses	(361,638)	(111,265)
Unrealized gains (losses)	338,869	(2,994,156)
Management fees	(250,612)	(205,166)
	<u>\$ 458,595</u>	<u>\$ (2,803,794)</u>

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

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

	Depreciation/ Amortization Period	2023	2022
Computer equipment	3-5 years	\$ 260,682	\$ 381,529
Computer software	3-7 years	999,562	999,562
Website	4 years	226,400	226,400
Office equipment	5-15 years	323,693	300,385
Office furniture	5-15 years	785,696	785,696
Leasehold improvements	Lease term	2,156,718	2,156,718
		4,752,751	4,850,290
Less: accumulated depreciation and amortization		(3,893,028)	(3,792,222)
Property and equipment, net		\$ 859,723	\$ 1,058,068

Depreciation and amortization expense is as follows for the years ended April 30, 2023 and 2022:

	2023	2022
Depreciation and amortization expense	\$ 245,214	\$ 260,521

**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 2023 and 2022. 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, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

At April 30, 2023 and 2022, net assets with donor restrictions consisted of and were restricted for the following purposes:

	2023	2022
Programs	\$ 15,073,533	\$ 19,690,543
Communications	11,115	23,000
Time-restricted (for Board-designated reserve fund)	-	50,000
Time-restricted (for general support)	4,708,721	3,176,597
Family philanthropy funds	305,972	300,539
Donor-restricted endowment (Note 14)	40,130	39,349
	\$ 20,139,471	\$ 23,280,028

Net assets released from restrictions consisted of the following for the years ended April 30, 2023 and 2022:

	2023	2022
Programs	\$ 20,239,266	\$ 23,642,766
Communications	507,380	502,000
Strategic learning, research and evaluation	99,099	100,000
Management and general	693,694	700,000
Fundraising	594,595	675,000
	22,134,034	25,619,766
Time-restricted (for board-designed reserve fund)	50,000	1,353,408
Time-restricted (for general support)	4,122,196	3,751,370
Permanently restricted endowment	-	(10,004)
	4,172,196	5,094,774
	\$ 26,306,230	\$ 30,714,540



**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**NOTE 8 - JOINT COSTS**

AJWS invests in materials designed to educate the general public, which often yield individual contributions. These joint costs, incurred for print publications and digital outreach, among other expenses, were allocated as follows for the years ended April 30, 2023 and 2022:

	2023	2022
Programs	\$ 183,036	\$ 197,265
Communications	198,029	215,443
Management and general	11,872	15,383
Fundraising	843,304	913,580
	\$ 1,236,241	\$ 1,341,671

**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.

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, 2023 and 2022:

	2023	2022
Board-designated for reserve fund	\$ 21,607,286	\$ 21,122,901
Board-designated for working capital fund	4,399,305	4,463,885
	\$ 26,006,591	\$ 25,586,786

American Jewish World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022

**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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Donor-advised fund	<u>\$ 2,099,630</u>	<u>\$ 2,100,000</u>

Grants expense from the Fund follows for the years ended April 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Program grants (donor-advised)	<u>\$ 1,952,359</u>	<u>\$ 2,906,120</u>

In 2023 and 2022, 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, 2023 and 2022 amounted to approximately \$1,119,000 and \$1,280,500, respectively.

**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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Employer 403(b) plan contributions	<u>\$ 398,561</u>	<u>\$ 423,405</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

***Leases 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 \$97,000 for the year ended April 30, 2023.

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

Supplemental statement of financial position information related to operating leases at April 30, 2023:

ROU for operating leases, May 1, 2022	\$ 10,185,985
Accumulated amortization during the year	<u>(1,023,698)</u>
ROU for operating leases, April 30, 2023	<u>\$ 9,162,287</u>
Weighted-average remaining lease term (operating leases)	9 years
Weighted-average discount rate	2.98%

Future minimum rent obligations under AJWS's operating leases as of April 30, 2023, are as follows:

Years Ending April 30:	Amount
2024	\$ 1,325,971
2025	1,196,234
2026	1,195,362
2027	1,225,246
2028	1,255,877
Thereafter	<u>5,577,411</u>
Total minimum lease payments	11,776,102
Less: present value discount	<u>(1,514,548)</u>
Total lease liability for operating leases	<u>\$ 10,261,554</u>

Rental expense under operating leases for the years ended April 30, 2023 and 2022 totaled approximately \$1,353,000 and \$1,350,000, respectively. Cash paid for amounts included in the measurement of lease liabilities was approximately \$1,332,051 for the year ended April 30, 2023.

**Other**

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.

**NOTE 13 - 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, 2023 and 2022:

	2023	2022
Donated legal services	\$ 257,046	\$ 254,300
Donated online-advertisement service	389,416	384,710
Donated computer software	<u>21,600</u>	<u>32,928</u>
	<u>\$ 668,062</u>	<u>\$ 671,938</u>

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**NOTE 14 - 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).

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

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.

Changes in endowment net assets for the years ended April 30, 2023 and 2022 are as follows:

	Total With Donor Restrictions
Endowment net assets, April 30, 2021	\$ 14,988
Investment return	
Investment income	92
Unrealized and realized losses	(3,279)
Total investment return	(3,187)
Reclassification	10,004
Contribution	17,610
Investment expenses	
Management fee	(66)
Endowment net assets, April 30, 2022	39,349
Investment return	
Investment income	794
Unrealized and realized gains	251
Total investment return	1,045
Investment expenses	
Management fee	(264)
Endowment net assets, April 30, 2023	\$ 40,130

**American Jewish World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**For the year ended April 30, 2023,  
with summarized comparative information for the year ended April 30, 2022**

**NOTE 15 - 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, 2023 and 2022 for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$ 23,929,502	\$ 22,565,067
Contributions receivable, gross	11,557,329	8,142,559
Investments, at fair value	35,125,120	32,379,428
Other assets	53,429	14,496
Total financial assets available	70,665,380	63,101,550
Less		
Contractual, legal or donor-imposed restrictions		
Amounts subject to board appropriation (Board-designated for reserve fund and Board-designated for working capital fund)	26,006,591	25,586,786
Amounts reserved for donor-advised fund	92,684	732,536
Amounts reserved for charitable gift annuity obligation	631,108	674,831
Satisfaction of donor restrictions	4,101,831	13,738,638
Total amounts unavailable for general expenditures within one year	30,832,214	40,732,791
Total financial assets available within one year to meet general expenditures	\$ 39,833,166	\$ 22,368,759

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 16 - 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 \$164,000 and \$200,000 on April 30, 2023 and 2022, 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, 2023,  
with summarized comparative information for the year ended April 30, 2022**

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, 2023, 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 17 - COLLECTIVE BARGAINING AGREEMENT**

As of April 30, 2023 approximately 36% of the AJWS'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.