

**The United Synagogue of  
Conservative Judaism and Affiliate**

Consolidated Financial Statements

June 30, 2022 and 2021

## **Independent Auditors' Report**

### **Board of Directors**

**The United Synagogue of Conservative Judaism and Affiliate  
New York, New York**

### ***Opinion***

We have audited the accompanying consolidated financial statements of The United Synagogue of Conservative Judaism and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The United Synagogue of Conservative Judaism and Affiliate as of June 30, 2022 and 2021 and the results of its operations and its cash flows for 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The United Synagogue of Conservative Judaism and Affiliate 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Synagogue of Conservative Judaism and Affiliate's ability to continue as a going concern within one year after the date that consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 United Synagogue of Conservative Judaism and Affiliate'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 consolidated financial statements.
- Conclude whether in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Synagogue of Conservative Judaism and Affiliate'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.

*PKF O'Connor Davies, LLP*

November 28, 2022

**The United Synagogue of  
Conservative Judaism and Affiliate**

Consolidated Statements of Financial Position

	June 30	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,432,228	\$ 4,349,019
Investments	12,496,603	14,523,789
Dues receivable	94,836	77,482
Accounts and other receivables, net	79,142	178,859
Prepaid expenses	459,181	266,543
Contributions receivable, net	181,813	307,539
Property and equipment, net	9,743,485	10,072,806
Other assets	1,187	2,277
Total Assets	<b>\$28,488,475</b>	<b>\$29,778,314</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,029,598	\$ 945,531
Accrued salaries, vacation and benefits	316,980	349,147
Contingency reserve	3,000,000	3,000,000
Refunds payable	-	221,727
Loan payable	-	855,455
Advance deposits	1,941,927	979,315
Total Liabilities	6,288,505	6,351,175
Net Assets		
Without donor restrictions		
Operating	8,849,723	8,698,259
Board-designed	8,012,454	9,043,859
Total Without Donor Restrictions	16,862,177	17,742,118
With donor restrictions	5,337,793	5,685,021
Total Net Assets	22,199,970	23,427,139
Total Liabilities and Net Assets	<b>\$28,488,475</b>	<b>\$29,778,314</b>

See notes to consolidated financial statements

**The United Synagogue of  
Conservative Judaism and Affiliate**

Consolidated Statements of Activities

	Year Ended					
	June 30, 2022			June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, LOSSES AND OTHER SUPPORT</b>						
Contributions	\$ 1,457,869	\$ 799,427	\$ 2,257,296	\$ 1,718,204	\$ 804,181	\$ 2,522,385
Membership dues	6,306,568	-	6,306,568	6,261,899	-	6,261,899
Program revenue	2,979,608	-	2,979,608	2,390,669	-	2,390,669
Grant revenue	853,322	-	853,322	1,183,738	-	1,183,738
Miscellaneous	8,073	-	8,073	10,570	-	10,570
Net assets released from restrictions	872,460	(872,460)	-	470,086	(470,086)	-
Total Revenues, Gains, Losses and Other Support	<u>12,477,900</u>	<u>(73,033)</u>	<u>12,404,867</u>	<u>12,035,166</u>	<u>334,095</u>	<u>12,369,261</u>
<b>EXPENSES</b>						
Program Services						
Youth	6,406,815	-	6,406,815	5,360,667	-	5,360,667
Education	811,053	-	811,053	683,801	-	683,801
Kehilla strengthening and transformation	1,843,846	-	1,843,846	1,554,555	-	1,554,555
Other	104,112	-	104,112	76,047	-	76,047
Total Program Services	<u>9,165,826</u>	<u>-</u>	<u>9,165,826</u>	<u>7,675,070</u>	<u>-</u>	<u>7,675,070</u>
Supporting Services						
Management and general	1,771,304	-	1,771,304	4,461,992	-	4,461,992
Fundraising	1,277,398	-	1,277,398	1,075,218	-	1,075,218
Total Supporting Services	<u>3,048,702</u>	<u>-</u>	<u>3,048,702</u>	<u>5,537,210</u>	<u>-</u>	<u>5,537,210</u>
Total Expenses	<u>12,214,528</u>	<u>-</u>	<u>12,214,528</u>	<u>13,212,280</u>	<u>-</u>	<u>13,212,280</u>
Change in Net Assets Before Nonoperating Activities	263,372	(73,033)	190,339	(1,177,114)	334,095	(843,019)
<b>NONOPERATING ACTIVITIES</b>						
Foreign currency exchange loss	(51,834)	-	(51,834)	(16,656)	-	(16,656)
Investment (loss) income	(1,091,479)	(274,195)	(1,365,674)	2,438,633	343,677	2,782,310
Change in Net Assets	(879,941)	(347,228)	(1,227,169)	1,244,863	677,772	1,922,635
<b>NET ASSETS</b>						
Beginning of year	<u>17,742,118</u>	<u>5,685,021</u>	<u>23,427,139</u>	<u>16,497,255</u>	<u>5,007,249</u>	<u>21,504,504</u>
End of year	<u>\$ 16,862,177</u>	<u>\$ 5,337,793</u>	<u>\$ 22,199,970</u>	<u>\$ 17,742,118</u>	<u>\$ 5,685,021</u>	<u>\$ 23,427,139</u>

See notes to consolidated financial statements

**The United Synagogue of  
Conservative Judaism and Affiliate**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services					Supporting Services		
	Kehilla Strengthening and Transformation					Management and General	Fundraising	Total
	Youth	Education	Transformation	Other	Total			
Salaries and benefits	\$ 2,566,796	\$ 363,445	\$ 826,257	\$ 32,402	\$ 3,788,900	\$ 1,041,197	\$ 570,273	\$ 5,400,370
Professional fees	791,139	112,021	254,669	9,987	1,167,816	320,917	175,772	1,664,505
Advertising and promotion	4,805	680	1,547	61	7,093	1,949	1,068	10,110
Meetings and conferences	17,623	2,495	5,673	222	26,013	7,148	3,915	37,076
Dues and subscriptions	-	-	-	31,804	31,804	8,740	4,787	45,331
Insurance	122,240	17,309	39,349	1,543	180,441	49,585	27,159	257,185
Equipment lease	20,740	2,937	6,676	262	30,615	8,413	4,608	43,636
Occupancy	125,129	17,718	40,279	1,580	184,706	50,757	27,801	263,264
Office supplies	11,955	1,693	3,848	151	17,647	4,849	2,656	25,152
Travel	56,998	8,071	18,348	720	84,137	23,121	12,664	119,922
Postage and shipping	46,256	6,550	14,890	584	68,280	18,764	10,277	97,321
Printing and publications	120,919	17,121	38,924	1,526	178,490	49,049	26,865	254,404
Program expenses and participant costs	2,088,412	210,373	478,262	18,755	2,795,802	-	330,095	3,125,897
Biennial convention	76,162	-	-	-	76,162	-	-	76,162
Telephone	46,829	6,631	15,074	591	69,125	18,996	10,404	98,525
Depreciation	198,650	28,128	63,946	2,508	293,232	80,580	44,135	417,947
Bad debt	-	-	-	-	-	41,744	-	41,744
Miscellaneous	<u>112,162</u>	<u>15,881</u>	<u>36,104</u>	<u>1,416</u>	<u>165,563</u>	<u>45,495</u>	<u>24,919</u>	<u>235,977</u>
<b>Total</b>	<u>\$ 6,406,815</u>	<u>\$ 811,053</u>	<u>\$ 1,843,846</u>	<u>\$ 104,112</u>	<u>\$ 9,165,826</u>	<u>\$ 1,771,304</u>	<u>\$ 1,277,398</u>	<u>\$ 12,214,528</u>

See notes to consolidated financial statements

**The United Synagogue of  
Conservative Judaism and Affiliate**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services					Supporting Services		
	Youth	Education	Kehilla Strengthening and Transformation	Other	Total	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,391,352	\$ 338,603	\$ 769,781	\$ 30,188	\$ 3,529,924	\$ 970,025	\$ 531,300	\$ 5,031,249
Professional fees	487,824	69,073	157,031	6,158	720,086	197,880	108,383	1,026,349
Advertising and promotion	14,793	2,095	4,762	187	21,837	6,001	3,287	31,125
Meetings and conferences	5,172	732	1,665	65	7,634	2,098	1,149	10,881
Dues and subscriptions	-	-	-	15,084	15,084	4,145	2,270	21,499
Insurance	84,387	11,949	27,164	1,065	124,565	34,231	18,749	177,545
Equipment lease	19,957	2,826	6,424	251	29,458	8,095	4,434	41,987
Occupancy	115,153	16,305	37,068	1,454	169,980	46,711	25,584	242,275
Office supplies	11,064	1,567	3,562	140	16,333	4,488	2,458	23,279
Travel	5,234	741	1,685	66	7,726	2,123	1,163	11,012
Postage and shipping	39,816	5,638	12,817	503	58,774	16,151	8,846	83,771
Printing and publications	113,446	16,063	36,518	1,432	167,459	46,018	25,205	238,682
Program expenses and participant costs	1,753,746	176,661	401,621	15,750	2,347,778	-	277,197	2,624,975
Biennial convention	25,291	-	-	-	25,291	-	-	25,291
Telephone	47,690	6,752	15,352	602	70,396	19,345	10,596	100,337
Contingency reserve	-	-	-	-	-	3,000,000	-	3,000,000
Depreciation	191,849	27,165	61,757	2,422	283,193	77,821	42,624	403,638
Bad debt	-	-	-	-	-	5,000	-	5,000
Miscellaneous	53,893	7,631	17,348	680	79,552	21,860	11,973	113,385
<b>Total</b>	<b>\$ 5,360,667</b>	<b>\$ 683,801</b>	<b>\$ 1,554,555</b>	<b>\$ 76,047</b>	<b>\$ 7,675,070</b>	<b>\$ 4,461,992</b>	<b>\$ 1,075,218</b>	<b>\$ 13,212,280</b>

See notes to consolidated financial statements

**The United Synagogue of  
Conservative Judaism and Affiliate**

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,227,169)	\$ 1,922,635
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	417,947	403,638
Net realized and unrealized losses (gains) on investments	1,441,905	(2,394,422)
Foreign currency exchange loss	51,834	16,656
Forgiveness of Paycheck Protection Program loan and related accrued interest	(855,455)	(831,294)
Change in discount to present value of receivables	8,986	-
Bad debt expense	41,744	5,000
Changes in operating assets and liabilities		
Dues receivable	(17,354)	222,086
Accounts and other receivables	99,717	(281)
Prepaid expenses	(192,638)	(61,547)
Contributions receivable	74,996	(81,762)
Other assets	1,090	3,043
Accounts payable and accrued expenses	84,067	394,469
Accrued salaries, vacation and benefits	(32,167)	(312,866)
Contingency reserve	-	3,000,000
Refunds payable	(221,727)	221,727
Advance deposits	962,612	(128,694)
Net Cash from Operating Activities	638,388	2,378,388
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(88,626)	(13,586)
Purchases of investments	(1,090)	(639,182)
Proceeds from sale of investments	534,537	486,108
Net Cash from Investing Activities	444,821	(166,660)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	-	855,455
Change in Net Cash and Cash Equivalents	1,083,209	3,067,183
Cash and Cash Equivalents, Beginning of Year	4,349,019	1,281,836
Cash and Cash Equivalents, End of Year	\$ 5,432,228	\$ 4,349,019

See notes to consolidated financial statements



**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**1. Organization and Tax Status**

The United Synagogue of Conservative Judaism (“The United Synagogue”) was formed in 1913. It is a religious association of congregations of the Conservative Movement of Judaism and has 562 affiliated congregations. The United Synagogue’s Conservative Jewish program encompasses youth, educational and congregational programming. The United Synagogue is the sole member of the USCJ Supporting Foundation, Inc. (the “Foundation”). The United Synagogue and the Foundation are collectively referred to herein as the “Organization.”

The United Synagogue’s primary sources of revenues are membership dues, program revenue and contributions. The Foundation’s primary source of revenue is investment income.

***Tax Status***

The United Synagogue and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements are prepared on the accrual basis of accounting.

***Basis of Consolidation***

The consolidated financial statements include the accounts of The United Synagogue and the Foundation. All material inter-entity transactions have been eliminated in the consolidation.

***Use of Estimates***

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

**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Cash and Cash Equivalents***

Cash and cash equivalents include certain investments in highly liquid instruments with maturities, when acquired, of three months or less. The Organization routinely invests its surplus operating funds in money market accounts. The money market accounts invest in highly liquid U.S. Government and agency obligations. Investments in money market accounts are not insured or guaranteed by the U.S. Government.

***Investments and Investment Return***

Investments are carried at fair value. The fair value of alternative investments has been estimated using the net asset value ("NAV") as reported by the management of the respective alternative investment fund. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

***Dues, Accounts and Other Receivables***

Receivables are recognized based on established rates for dues and the programs operated. Receivables are recognized during the period in which the performance obligations are completed. Interest income is not accrued or recorded on outstanding receivables.

**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Allowance for Doubtful Accounts***

The Organization determines whether an allowance for doubtful accounts should be provided for its receivables. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information.

Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2022 and 2021, the Organization recorded an allowance of \$135,000 on accounts and other receivables. As of June 30, 2022 and 2021, the Organization recorded an allowance of \$278,756 and \$308,297, respectively, on contributions receivable. No allowance has been recorded for dues receivable.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The Organization's policy is to capitalize items with a cost of \$1,000 or greater, and a useful life of more than one year.

***Long-Lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2022 and 2021.

***Advance Deposits***

Advance deposits are for future programs that have not yet been held. The advance deposits are recorded as liabilities until such time that they will be earned.

**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions. The net assets of the Organization and the changes therein are classified as follows:

*Without donor restrictions* – net assets that represent resources that are not subject to donor restrictions. The Organization’s board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*With donor restrictions* – net assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity.

***Revenue and Revenue Recognition***

***Program Revenue***

Program revenue includes revenues from providing events, trips and other programming for youth and members of The United Synagogue. Revenue is recognized when a program is conducted and such services are provided as this constitutes when performance obligations have been met.

***Membership Dues***

Revenue from membership dues are recognized as support over the membership period. Memberships are recognized over the life of the membership period as the performance obligation is met.

***Contract Balances***

There were no contract assets as of June 30, 2022, 2021 and 2020. There were contract liabilities of \$1,941,927, \$979,315 and \$1,108,009 as of June 30, 2022, 2021 and 2020 and are included in advanced deposits on the statement of financial position. Accounts and other receivables were \$79,142, \$178,859 and \$178,578 as of June 30, 2022, 2021 and 2020.

***Contributions and Grant Revenue***

Contributions and grants, including unconditional promises to give, are provided to the Organization either with or without restrictions placed on the gift by the donor, and are recognized as revenue in the period received.

**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Contributions and Grant Revenue (continued)***

Contributions or grants for unconditional gifts to be collected in future years are discounted using factors that approximate the risk and expected timing of future contribution payments.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

***Rent***

Rent is expensed on the straight-line basis when there are material step ups in rent or periods of free rent.

***Advertising***

Advertising costs are expensed as incurred. Advertising expenses totaled \$10,110 and \$31,125 for the years ended June 30, 2022 and 2021, respectively.

***Foreign Currency Transactions***

The Organization accounts for foreign transactions in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") 830-20, *Foreign Currency Transactions*. Transaction gain and losses, which are a result of transactions denominated in currencies other than U.S. dollars are included in determining change in net assets for the period in which the transactions occurred. Net transaction adjustment losses for the years ended June 30, 2022 and 2021 was \$51,834 and \$16,656, respectively.

***Functional Allocation of Expenses***

The costs of providing services have been summarized on a functional basis. Certain costs have been allocated among the program, management and general and fundraising categories based on the program and supporting services benefited, based on the actual expenditures and costs allocated based on employee time attributed to the program or service.

**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Operating Measure***

The consolidated statements of activities separately report changes in net assets from operating and non operating activities. Operating activities consist principally of revenues and expenses related to ongoing activities. Non operating activities consist of net investment return and foreign currency exchange activity.

***Fair Value Measurements***

Fair value measurements establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the NAV per share as a practical expedient.

The following is a description of the type of investments and the valuation methodologies used for assets measured at either fair value or NAV. There have been no changes in the methodologies used at June 30, 2022, as compared to those used at June 30, 2021.

*Money Market Funds and Equities:* Valued at the closing price reported on the active market on which the individual security is traded.

*Fixed Income—Corporate Bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities.

**The United Synagogue of  
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Fair Value Measurements (continued)***

*Mutual Funds*: Valued at the closing price reported on the active market on which the individual security is traded.

*Dynamic Assets Allocation Overlays* include equity securities, fixed-income instruments of issuers located within and outside the United States, real estate related securities, below-investment grade (“high yield”) securities (commonly known as “junk bonds”), currencies and commodities. The portfolio’s asset class exposures may be implemented and adjusted either through transactions in individual securities or through derivatives.

*Limited Liability Company’s* underlying investments consist of certain equity funds, hedged credit funds, and private credit funds, real estate asset and real estate funds and are valued at the NAV of shares held at year-end as a practical expedient. The NAV is based on the fair value of the underlying assets held less any liability as determined by the underlying investment managers. The practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The goals outlined below imply three primary objectives for managing these investments (the Limited Liability Company’s Pooled Endowment Portfolio):

- To obtain a return on investment sufficient to make the desired annual distributions without eroding the inflation-adjusted value of invested assets.
- To invest prudently, in order to preserve the inflation-adjusted value of the endowment and guard against material reductions in its value.
- To maintain liquidity sufficient to support routine withdrawals for distribution purposes as well as any non-routine withdrawals.

*Limited Liability Partnership’s* underlying investments consist of:

- Limited partnerships that invest in domestic equities
- Investments in funds holding equity securities of companies primarily in emerging and frontier markets outside the United States
- Limited partnerships that invest in equity or debt that are not publicly traded, equity of start-up companies, companies embarking on new ventures or restructuring/turnaround plans that are illiquid
- Limited partnerships with absolute return/hedged equity strategies
- Multiple credit-related investments via limited partnerships
- Multiple real assets investment via limited partnerships

Valued at the NAV per share based on the underlying investments carried at fair value and a 30-day notice of redemption.

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**2. Summary of Significant Accounting Policies (continued)**

***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2019.

**3. Investments**

The following tables set forth by level and type, within the fair value hierarchy, the assets at fair value as of June 30:

	2022		
	Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Investments Measured at NAV (a)
Investments at fair value			
Money market funds	\$ 185,673	\$ 185,673	\$ -
Mutual Funds			
Fixed income	1,756,630	1,756,630	-
Equity	326,659	326,659	-
Global real estate	114,932	114,932	-
Limited liability partnership	3,983,298	-	3,983,298
Exchange traded funds	303,979	303,979	-
Equities			
Basic materials	71,387	71,387	-
Consumer goods	229,093	229,093	-
Financial	194,609	194,609	-
Healthcare	114,908	114,908	-
Industrial goods	52,416	52,416	-
Construction	57,257	57,257	-
Energy	50,651	50,651	-
Technology	479,087	479,087	-
Dynamic Assets Allocation Overlays			
Overlay A - equity-oriented asset allocation	440,030	-	440,030
Overlay B - fixed income - oriented asset allocations	249,884	-	249,884
Limited liability company	3,886,110	-	3,886,110
Total Investments	<u>\$ 12,496,603</u>	<u>\$ 3,937,281</u>	<u>\$ 8,559,322</u>



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**3. Investments (continued)**

	2021		
	Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Investments Measured at NAV (a)
Investments at fair value			
Money market funds	\$ 378,228	\$ 378,228	\$ -
Mutual Funds			
Fixed income	2,159,908	2,159,908	-
Equity	389,221	389,221	-
Global real estate	137,078	137,078	-
Fixed income, corporate bonds	-	-	-
Limited liability partnership	4,513,561	-	4,513,561
Exchange traded funds	148,393	148,393	-
Equities			
Basic materials	39,286	39,286	-
Consumer goods	308,278	308,278	-
Financial	362,226	362,226	-
Healthcare	115,826	115,826	-
Industrial goods	113,114	113,114	-
Energy	31,676	31,676	-
Construction	18,645	18,645	-
Technology	524,238	524,238	-
Dynamic Assets Allocation Overlays			
Overlay A - equity-oriented asset allocation	506,695	-	506,695
Overlay B - fixed income - oriented asset allocations	287,788	-	287,788
Limited liability company	4,489,628	-	4,489,628
Total Investments	<u>\$ 14,523,789</u>	<u>\$ 4,726,117</u>	<u>\$ 9,797,672</u>

- (a) As discussed in Note 2, certain investments that are measured at fair value using NAV value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

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**3. Investments (continued)**

**Alternative Investments**

The following table summarizes investments in certain entities measured at fair value based on NAV per share, as a practical expedient as of June 30, 2022 and 2021:

	2022 Fair Value	2021 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Dynamic asset allocation overlays					
Overlay A - equity-oriented asset allocation	\$ 440,030	\$ 506,695	\$ -	Daily	None
Overlay B - fixed income - oriented asset allocation	249,884	287,788	-	Daily	None
Limited liability partnership	3,983,298	4,513,561	-	Monthly	30 days
Limited liability company	3,886,110	4,489,628	-	Monthly	15 days
	<u>\$ 8,559,322</u>	<u>\$ 9,797,672</u>	<u>\$ -</u>		

Please refer to note 2 for a description of the above investments.

**4. Property and Equipment**

Property and equipment consisted of the following as of June 30:

	2022	2021	Estimated Useful Lives
Land in Israel	\$ 893,710	\$ 893,710	
Building in Israel	14,697,694	14,697,694	40 years
Equipment	283,215	1,919,637	3-10 years
Cemetery plots	1	1	
Leasehold improvements	292,034	292,034	15 years
	16,166,654	17,803,076	
Accumulated depreciation and amortization	(6,423,169)	(7,730,270)	
	<u>\$ 9,743,485</u>	<u>\$ 10,072,806</u>	

The Organization owns land in Jerusalem, Israel and constructed a building used as a youth education and dormitory facility. Fully depreciated equipment totaling \$1,725,046 which is no longer being utilized has been removed from property and equipment.

The United Synagogue owns various cemetery plots. The plots were not valued and have been recorded at a nominal value of \$1 in these consolidated financial statements.

**5. Retirement Plan**

The Organization has a defined contribution retirement plan managed by a third party (The Joint Retirement Board). Employer contributions are 3.75 percent when each employee covered electively contributes at least 4 percent of their gross salary. Pension expense for the years ended June 30, 2022 and 2021 was \$81,370 and \$91,838, respectively.

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**6. Contributions Receivable**

Unconditional contributions receivable has been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using discount rates of 4 to 6 percent. The receivables as of June 30 are due as follows:

	2022		
	Without Purpose Restrictions	With Purpose Restrictions	Total
Due within one year	\$ 325,894	\$ 77,276	\$ 403,170
Due in one to five years*	80,505	5,000	85,505
	<u>406,399</u>	<u>82,276</u>	<u>488,675</u>
Less allowance for uncollectible amounts	(212,031)	(66,725)	(278,756)
	194,368	15,551	209,919
Less discount to present value	(21,079)	(7,027)	(28,106)
	<u>\$ 173,289</u>	<u>\$ 8,524</u>	<u>\$ 181,813</u>
	2021		
	Without Purpose Restrictions	With Purpose Restrictions	Total
Due within one year	\$ 93,053	\$ 66,255	\$ 159,308
Due in one to five years*	184,692	291,456	476,148
	<u>277,745</u>	<u>357,711</u>	<u>635,456</u>
Less allowance for uncollectible amounts	(27,747)	(280,550)	(308,297)
	249,998	77,161	327,159
Less discount to present value	-	(19,620)	(19,620)
	<u>\$ 249,998</u>	<u>\$ 57,541</u>	<u>\$ 307,539</u>

\* Amounts in the “due in one to five years” category above that are in the “without purpose restrictions” column are time restricted.

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**7. Loan Payable**

On May 1, 2020, the Organization received the first loan under the Paycheck Protection Program (the "PPP Loan") in the amount of \$831,294 from the Small Business Administration ("SBA"). The PPP loan was scheduled to mature in May 2022. This amount has been forgiven in its entirety on March 18, 2021, and is included in grant revenue in the June 30, 2021 consolidated statement of activities, as certain conditions were met.

On March 27, 2021, the Organization received a second loan under the Paycheck Protection Program in the amount of \$853,322 from the SBA. The loan was scheduled to mature in March 2023. This amount has been forgiven in its entirety on March 18, 2022, and is included in grant revenue in the June 30, 2022 consolidated statement of activities, as certain conditions were met.

**8. Related Organizations in Israel**

The Organization is related to three organizations in Israel. The United Synagogue of America (Amutta) is a registered Amutta under Israeli law, whose purpose is to promote conservative Judaism through programs for youth and education. An Amutta is a tax-exempt entity in Israel formed for charitable or religious purposes and is governed by its members. The Organization is related to the Amutta as it owns 0.1 percent of the outstanding shares of the Amutta.

The Organization and the Amutta also own two corporations established for the public good in Israel: United Synagogue Center and Conservative Judaism Educational Company Limited (CJEC). The Amutta owns 99.9 percent of the outstanding shares of both the United Synagogue Center and CJEC. The Organization owns 0.1 percent of the outstanding shares of both the United Synagogue Center and CJEC. These corporations are not consolidated into these financial statements.

The Amutta, the United Synagogue Center and CJEC use a December 31 year-end. Individual financial statements have been issued in Israel using Israeli accounting principles. Those financial statements were denominated in New Israeli Shekel.

The Organization's investment in these Israeli entities is immaterial and is not reflected in these consolidated financial statements.

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**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Kehilot (member congregation) programs and services	\$ 663,637	\$ 621,247
Youth scholarships	1,183,740	1,076,434
Youth programs	919,347	1,043,511
Israel educational programs and operating support	360,253	442,910
Tikum olam (social action and disaster relief)	334,093	348,180
Annual fund time-restricted pledges and other	581,463	596,762
	<u>4,042,533</u>	<u>4,129,044</u>
 Endowments		
Subject to endowment spending policy and appropriation		
Day schools principals training program	775,372	775,372
Youth program and scholarships	135,191	135,191
Leadership development	50,000	50,000
Unappropriated investment income from endowments	334,697	595,414
	<u>1,295,260</u>	<u>1,555,977</u>
	<u>\$ 5,337,793</u>	<u>\$ 5,685,021</u>

Net assets released from restrictions for the years ended June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Kehilot (member congregation) programs and services	\$ 222,044	\$ 122,716
Youth scholarships	157,446	59,060
Youth programs	229,602	169,866
Israel educational programs and operating support	7,064	38,626
Tikum olam (social action and disaster relief)	35,599	24,757
Annual fund time-restricted pledges and other	220,705	55,061
	<u>\$ 872,460</u>	<u>\$ 470,086</u>

**The United Synagogue of  
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**9. Net Assets With Donor Restrictions *(continued)***

***Endowments***

*General*

The Organization's endowment consists of 13 donor-restricted endowment funds established for youth scholarships, educational programs and youth programs.

*Interpretation of Relevant Law*

The General Assembly and the Board of Directors of the Organization have adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Organization is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7 percent of the average of its previous five years' balance. As a result of this interpretation, the Organization classifies as restricted net assets - endowment (a) the original value of gifts donated to the endowment subject to perpetuity, (b) the original value of subsequent gifts to the endowment subject to perpetuity, and (c) accumulations to the endowment subject to perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted net assets - endowments is classified as restricted net assets purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

*Return Objectives, Strategies Employed and Spending Policy*

The primary objective of the endowment fund is income consistent with current yield and liquidity in both the equity and fixed-income portfolios. A secondary objective is long-term capital appreciation through investment in the equity portfolio. A total return strategy is emphasized through a balanced investment approach.

*Funds with Deficiencies*

The Organization does not have any funds with deficiencies at June 30, 2022 and 2021.

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**9. Net Assets With Donor Restrictions (continued)**

***Endowments (continued)***

*Changes in Endowment Net Assets*

Changes in endowment net assets for the years ended June 30 are as follows:

	2022	2021
	With Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,555,977	\$ 1,216,870
Additions	8,963	-
Investment (loss) income, net	(269,680)	339,107
Endowment net assets, end of year	\$ 1,295,260	\$ 1,555,977

**10. Board-Designated Net Assets**

During 2016, The United Synagogue transferred, through a formal gift agreement, assets to the Foundation in order to establish a board-designated endowment fund (the Fund), which is to become an asset of the Foundation and shall be governed by the Articles of Incorporation and By-Laws of the Foundation and the Gift Agreement. The gift, and any additional gifts to the Foundation, by The United Synagogue or others, which are to be added to the Fund, shall be held, invested and reinvested by the Foundation in accordance with its standard investment policies and procedures. The assets of the Fund may, at the discretion of the Foundation, be pooled with similar assets in order to facilitate a cost-effective management of the assets of the Foundation, so long as the Foundation is able to account separately for the assets of the Fund.

For the purpose of making distributions from the Fund, the Foundation shall make use of a total return-based spending policy (the Spending Policy), meaning that it will fund distributions from net investment income, consisting of net realized capital gains, net increase or decrease in unrealized appreciation of investments, dividends and other distributions, less fees and costs associated with investing.

The distribution of Fund assets will be permitted to the extent such distributions do not exceed a level that would erode the Fund's long-term, real purchasing power of assets over time. The Foundation's Investment Committee will seek to reduce the variability of annual Fund distributions by factoring past spending and portfolio asset values into its current spending decisions. The Foundation's Investment Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Fund's spending policy, its target allocations, or both.

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**10. Board-Designated Net Assets (continued)**

The Foundation has established a spending policy of 4.5 percent and distributed \$372,506 to The United Synagogue on February 1, 2022. Thereafter, The United Synagogue shall request, no later than December 31 of any calendar year, a distribution to be made in accordance with the Foundation's spending policy. As agreed to by the Foundation's Board, during the next fiscal year, a request of approximately \$300,000 was made in 2022 to be distributed in 2023. All of these transactions are eliminated in consolidation. Notwithstanding the provisions detailed above and the returns, or lack thereof, achieved by the Foundation, The United Synagogue shall be entitled to receive at least the minimum distribution for each year through 2023.

The Foundation shall hold, administer and dispose of the Fund in perpetuity in order to accomplish the following purposes of the Fund:

- a) To support The United Synagogue and its affiliates;
- b) To further the purposes of The United Synagogue in creating a spiritual, intellectual and managerial community to fulfill its sacred mission and providing a connection with a common sense of community, shared mission and purpose; and
- c) To fund a variety of religious and charitable activities in connection with The United Synagogue.

Changes in board designated endowment net assets for the years ended June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 9,043,859	\$ 7,585,768
Investment (loss) income, net	(658,899)	1,777,374
Withdrawals	<u>(372,506)</u>	<u>(319,283)</u>
	<u>\$ 8,012,454</u>	<u>\$ 9,043,859</u>



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**11. Operating Leases**

On August 1, 2019, the Organization moved in to its current office located at 3080 Broadway (JTS Campus). In addition to the aforementioned lease, the Organization has various other operating lease arrangements for additional office space at other locations.

Future minimum lease payments in connection with these leases as of June 30, 2022 are as follows:

2023	\$ 237,921
2024	244,928
2025	258,404
2026	<u>273,128</u>
	<u>\$ 1,014,381</u>

The leases expire on dates ranging through June 30, 2026. Total rent expense for the years ended June 30, 2022 and 2021 was \$224,467 and \$220,594, respectively.

**12. Significant Estimates and Concentrations**

Financial instruments which potentially subject the Organization to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. At June 30, 2022 and 2021, the Organization's cash accounts exceeded federally insured limits by approximately \$3,731,000 and \$2,707,000.

The Organization invests in various securities. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the consolidated financial statements.

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**12. Significant Estimates and Concentrations (continued)**

***General Litigation***

The Organization is subject to several claims and lawsuits in multiple states, that arose from services provided in the ordinary course of the Organization's activities over 20 years ago. The Organization plans to engage in a vigorous defense in these actions. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization above amounts previously recorded. Events could occur that would change this estimate materially in the near term since it is not feasible to predict the ultimate outcome of any litigation. Subsequent to June 30, 2022 two cases were settled for approximately \$1,062,000. In addition, subsequent to June 30, 2022 the Organization reached a settlement with a former insurance carrier. The settlement states that the former insurance carrier would reimburse the Organization approximately \$600,000 for the aforementioned settled cases.

**13. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 are comprised of the following:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 5,432,228	\$ 4,349,019
Investments	12,496,603	14,523,789
Dues receivable	94,836	77,482
Accounts and other receivables, net	79,142	178,859
Contributions receivable, net	181,813	307,539
Total Financial Assets	18,284,622	19,436,688
Internal designation		
Board-designated	(8,012,454)	(9,043,859)
Donor-imposed restrictions		
Restricted funds	(5,337,793)	(5,685,021)
Add next year's release of donor restrictions	269,508	343,622
Net Financial Assets After Donor-Imposed Restrictions Available to Meet General Expenditures Within One Year	\$ 5,203,883	\$ 5,051,430

The Organization regularly monitors liquidity required to meet its operating needs and other commitments, while striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and receivables.

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**13. Liquidity and Availability (*continued*)**

For the purposes of analyzing resources available to meet general expenditures over a 12-month period (fiscal year), the Organization considers all expenditures related to its ongoing activities of programming (Teen Engagement and Synagogue Leadership), as well as the conduct of services undertaken to support those activities to be general expenditures. Receivables with donor restrictions are included in the analysis but funds received from these contributions are used solely to fulfill those restrictions and are, therefore, available to meet those current operating needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization is operating with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization also has the ability to un-designate net assets if additional funds are needed.

**14. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through November 28, 2022 which is the date that the consolidated financial statements were available to be issued.

**15. Contingencies**

The Organization's activities and financial performance have been affected by the recent and ongoing outbreak of the coronavirus disease ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020. As mentioned in Note 7, the Organization obtained PPP Loan 2 offered by the Small Business Administration in response to COVID-19 which was forgiven in 2022.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these consolidated financial statements were available for issuance. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in fiscal 2023 cannot be reasonably estimated at this time.

The impact of rising inflation depends on a business's unique economic circumstances. The effects of inflation can become unpredictable and may increase the cost of certain goods and services. The United Synagogue's risk management program monitors and seeks to minimize potential adverse effects of the Organization.

\* \* \* \* \*