HEBREW FREE LOAN SOCIETY, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019

HEBREW FREE LOAN SOCIETY, INC.
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hebrew Free Loan Society, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hebrew Free Loan Society, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hebrew Free Loan Society, Inc. as of June 30, 2020 and 2019, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our conclusion is not modified with respect to this matter.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, Hebrew Free Loan Society, Inc. adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, and the amendments in Accounting Standards Update 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019, using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the accompanying analysis of loan activity on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
December 15, 2020

HEBREW FREE LOAN SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 6,645,676	$ 859,740
Investments, at fair value	8,777,969	8,267,607
Loans receivable (net of allowance for doubtful loans of $217,720 and $209,123, respectively)	19,444,309	16,562,187
Other receivables	206,449	261,716
Prepaid expenses	12,935	15,090
Furniture and equipment (net of accumulated depreciation of $276,939 and $275,021, respectively)	45,425	6,311
TOTAL ASSETS	$ 35,132,763	$ 25,972,651
LIABILITIES AND NET ASSETS		
Liabilities:		
Lines of credit	$ 2,330,760	$ 1,000,000
Accounts payable and accrued expenses	90,953	74,996
Advances payable	117,417	67,897
Loans payable	6,340,000	3,277,509
Total liabilities	8,879,130	4,420,402
Commitments and contingencies (Notes 6, 7, 10 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated general fund	14,134,222	11,981,089
Board-designated quasi-endowment fund	4,523,240	4,542,313
Total net assets without donor restrictions	18,657,462	16,523,402
With donor restrictions:		
Time-restricted for future periods	146,686	104,410
Purpose restrictions	1,970,476	314,631
Donor restricted to be held in perpetuity	5,479,009	4,609,806
Total net assets with donor restrictions	7,596,171	5,028,847
Total net assets	26,253,633	21,552,249
TOTAL LIABILITIES AND NET ASSETS	$ 35,132,763	$ 25,972,651

See accompanying notes to financial statements.

HEBREW FREE LOAN SOCIETY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Summarized Total
Operating revenues, income and other support:				
United Jewish Appeal Federation of Jewish Philanthropies of New York, Inc. (FOJP):				
Basic grant	$ 147,624	$ -	$ 147,624	$ 147,624
Program grants	182,636	-	182,636	209,121
Administrative fees	87,000	-	87,000	87,000
	417,260	-	417,260	443,745
Contributions	1,888,184	-	1,888,184	1,076,042
Net special event loss	-	-	-	(1,144)
In-kind rent (Note 7)	115,000	-	115,000	115,000
Investment income:				
Board-designated spending rate	-	-	-	398,118
Other investment income	38,436	-	38,436	45,348
Other administrative fees	265,008	-	265,008	149,123
Bad debt recovery	-	-	-	160,077
Total operating revenues, income and other support	2,723,888	-	2,723,888	2,386,309
Operating expenses:				
Program services	1,869,679	-	1,869,679	1,667,094
Management and general	288,659	-	288,659	269,748
Fundraising	352,209	-	352,209	283,844
Total operating expenses	2,510,547	-	2,510,547	2,220,686
Excess of operating revenues, income and other support over operating expenses	213,341	-	213,341	165,623
Non-operating revenues, expenses, income and other support:				
Contributions	1,925,934	2,620,174	4,546,108	899,945
Investment loss	(58,065)	-	(58,065)	(244,511)
Net assets released from restrictions	52,850	(52,850)	-	-
Total non-operating revenues, expenses, income and other support	1,920,719	2,567,324	4,488,043	655,434
Change in net assets	2,134,060	2,567,324	4,701,384	821,057
Net assets - beginning of year	16,523,402	5,028,847	21,552,249	20,731,192
NET ASSETS - END OF YEAR	$ 18,657,462	$ 7,596,171	$26,253,633	$ 21,552,249

See accompanying notes to financial statements.

HEBREW FREE LOAN SOCIETY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, income and other support:				
United Jewish Appeal Federation of Jewish Philanthropies of New York, Inc. (FOJP):				
Basic grant		$ 147,624	$ -	$ 147,624
Program grants		209,121	-	209,121
Administrative fees		87,000	-	87,000
		443,745	-	443,745
Contributions		1,076,042	-	1,076,042
Special event revenue:				
Special event income	$693			
Less: direct benefits to donors	1,837			
Net special event loss		(1,144)	-	(1,144)
In-kind rent (Note 7)		115,000	-	115,000
Investment income:				
Board-designated spending rate		398,118	-	398,118
Other investment income		45,348	-	45,348
Other administrative fees		149,123	-	149,123
Bad debt recovery		160,077	-	160,077
Total operating revenues, income and other support		2,386,309	-	2,386,309
Operating expenses:				
Program services		1,667,094	-	1,667,094
Management and general		269,748	-	269,748
Fundraising		283,844	-	283,844
Total operating expenses		2,220,686	-	2,220,686
Excess of operating revenues, income and other support over operating expenses		165,623	-	165,623
Non-operating revenues, expenses, income and other support:				
Contributions		49,387	850,558	899,945
Investment loss		(244,511)	-	(244,511)
Net assets released from restrictions		52,850	(52,850)	-
Total non-operating revenues, expenses, income and other support		(142,274)	797,708	655,434
Change in net assets		23,349	797,708	821,057
Net assets, beginning of year		16,500,053	4,231,139	20,731,192
NET ASSETS, END OF YEAR		$ 16,523,402	$ 5,028,847	$ 21,552,249

See accompanying notes to financial statements.

HEBREW FREE LOAN SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019)

	Program Services	Supporting Services				
	Loan Programs	Management and General	Fundraising	Total Supporting Services	2020 Total	2019 Summarized Total
Salaries	$ 873,030	$ 192,075	$ 227,783	$ 419,858	$ 1,292,888	$ 1,136,940
Payroll taxes and benefits	259,610	36,120	42,893	79,013	338,623	316,617
Professional fees	27,895	3,576	4,292	7,868	35,763	35,248
Consultants	116,725	17,465	17,607	35,072	151,797	27,146
Insurance	26,933	3,169	1,585	4,754	31,687	30,143
Computer expenses	45,553	5,359	2,680	8,039	53,592	74,494
Office supplies, expenses and equipment	30,340	8,669	4,334	13,003	43,343	33,282
Postage	7,331	660	80	740	8,071	8,525
Printing and publications	7,743	497	9,014	9,511	17,254	30,847
Telephone	7,115	2,033	1,016	3,049	10,164	11,044
Conferences, training and transportation	14,502	2,047	512	2,559	17,061	19,574
Occupancy (includes in-kind rent of $115,000 each at June 30, 2020 and 2019)	208,766	16,606	11,862	28,468	237,234	232,768
Catering, facility rental and entertainment	-	-	1,468	1,468	1,468	1,837
Depreciation	1,343	383	192	575	1,918	2,471
Bank fees and credit reports	23,902	-	14,852	14,852	38,754	23,826
Interest expense	131,995	-	-	-	131,995	139,922
Investment management fees	-	7,694	-	7,694	7,694	5,971
Marketing and communications	74,716	-	-	-	74,716	91,186
Bad debt expense	10,000	-	-	-	10,000	-
Miscellaneous	2,180	-	12,039	12,039	14,219	6,653
	1,869,679	296,353	352,209	648,562	2,518,241	2,228,494
Investment management fees deducted from investment income	-	(7,694)	-	(7,694)	(7,694)	(5,971)
Special event direct costs	-	-	-	-	-	(1,837)
TOTAL OPERATING EXPENSES REPORTED BY FUNCTION	$ 1,869,679	$ 288,659	$ 352,209	$ 640,868	$ 2,510,547	$ 2,220,686

See accompanying notes to financial statements.

HEBREW FREE LOAN SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services				
	Loan Programs	Management and General	Fundraising	Total Supporting Services	Special Event Direct Costs	Total
Salaries	$ 765,296	$ 191,197	$ 180,447	$ 371,644	$ -	$ 1,136,940
Payroll taxes and benefits	241,947	35,092	39,578	74,670	-	316,617
Professional fees	27,465	3,658	4,125	7,783	-	35,248
Consultants	18,545	-	8,601	8,601	-	27,146
Insurance	25,621	3,014	1,508	4,522	-	30,143
Computer expenses	63,320	7,449	3,725	11,174	-	74,494
Office supplies, expenses and equipment	23,298	6,656	3,328	9,984	-	33,282
Postage	5,656	849	2,020	2,869	-	8,525
Printing and publications	8,777	487	21,583	22,070	-	30,847
Telephone	7,731	2,209	1,104	3,313	-	11,044
Conferences, training and transportation	16,638	2,349	587	2,936	-	19,574
Occupancy (includes in-kind rent of $115,000)	204,836	16,294	11,638	27,932	-	232,768
Catering, facility rental and entertainment	-	-	-	-	1,837	1,837
Depreciation	1,730	494	247	741	-	2,471
Bank fees and credit reports	23,826	-	-	-	-	23,826
Interest expense	139,922	-	-	-	-	139,922
Investment management fees	-	5,971	-	5,971	-	5,971
Marketing and communications	91,186	-	-	-	-	91,186
Miscellaneous	1,300	-	5,353	5,353	-	6,653
	1,667,094	275,719	283,844	559,563	1,837	2,228,494
Investment management fees deducted from investment income	-	(5,971)	-	(5,971)	-	(5,971)
Special event direct costs	-	-	-	-	(1,837)	(1,837)
TOTAL OPERATING EXPENSES REPORTED BY FUNCTION	$ 1,667,094	$ 269,748	$ 283,844	$ 553,592	$ -	$ 2,220,686

See accompanying notes to financial statements.

HEBREW FREE LOAN SOCIETY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 4,701,384	$ 821,057
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	58,065	(153,607)
Depreciation	1,918	2,471
Bad debt expense (recovery)	10,000	(160,077)
Decrease (increase) in assets:		
Other receivables	55,267	(133,143)
Prepaid expenses	2,155	(1,582)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	15,957	21,920
Advances payable	49,520	10,726
Net cash provided by operating activities	4,894,266	407,765
Cash flows from investing activities:		
Loans issued	(17,871,653)	(15,713,178)
Repayments of loans receivable	14,979,531	13,478,833
Purchase of investments	(1,068,427)	(177,730)
Proceeds from sale of investments	500,000	750,000
Purchase of furniture and equipment	(41,032)	(7,270)
Net cash used in investing activities	(3,501,581)	(1,669,345)
Cash flows from financing activities:		
Borrowings from (repayments on) lines of credit, net	1,330,760	(190,000)
Proceeds from loans payable	3,065,000	1,912,000
Principal payments on loans payable	(2,509)	(50,816)
Net cash provided by financing activities	4,393,251	1,671,184
Net increase in cash and cash equivalents	5,785,936	409,604
Cash and cash equivalents - beginning of year	859,740	450,136
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,645,676	$ 859,740
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 121,995	$ 139,923
Supplemental schedules for non-cash investing and financing activities:		
Forgiveness of loan receivable/loan payable (Note 6)	$ 2,500	$ 14,994

See accompanying notes to financial statements.

NOTE 1. NATURE OF BUSINESS

The Hebrew Free Loan Society (the "Society") makes interest-free loans for philanthropic purposes within the New York metropolitan area. The Society's activities are rooted in the age-old Jewish tradition of Gemilut Chasadim, which views interest-free lending as the highest form of charity because it renders assistance while preserving dignity and promoting self-help. The Society seeks to make loans where the availability of interest-free credit will make a significant difference in people's lives.

In furtherance of these principles, the Society makes loans to individuals and families in need on a non-sectarian basis, and with a goal of promoting economic self-sufficiency. In addition, the Society's loans help ensure the continued vibrancy of the New York Jewish community by strengthening Jewish institutions and helping people meet the cost of participation in the Jewish community. The Society, often working in partnership with local organizations, will reach out into the Jewish community to identify needs and to bring its programs to the attention of those who might benefit.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in accordance with accounting requirements for not-for-profit organizations. The Society classifies net assets, revenues, expenses, and gains and losses based on the existence or absence of donor imposed restrictions.

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

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash. The Society considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments and investment income

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

Investment transactions are recorded on a trade-date basis. Income from investments, including both realized and unrealized gains and losses, are treated as an increase in net assets without donor restrictions unless otherwise specified by donors. The earnings from dividends and interest are recognized when earned.

Fair value measurements

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

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

> Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.
>
> Level 2 - inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions receivable

Contributions receivable are stated at the amount management expects to collect from the donors. Contributions receivable are due in less than one year; therefore, no discount to present value is required.

Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. Management has determined that no allowance was required at June 30, 2020 and 2019.

Loans receivable

The Society records loans receivable upon disbursement of loans to borrowers, net of an allowance for doubtful loans.

On a periodic basis, the Society evaluates its loans receivable and establishes an allowance for doubtful loans, if necessary, based on a history of past write-offs and collections. The total amount of write-offs was $1,400 and $1,493 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the allowance for doubtful loans was $217,720 and $209,123, respectively.

Advances payable

Advances payable consist primarily of excess funds from advances to the Society to fund various scholarship programs that it administers.

Furniture and equipment

Furniture and equipment are stated at cost if acquired or their fair values at the date of donation. Maintenance and repairs are charged to operations when incurred. Expenditures that increase the value or significantly extend the lives of assets with a cost of $1,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to six years. When furniture and equipment are sold, or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and payroll taxes and benefits	Time and effort
Insurance	Full time equivalent
Computer expenses	Direct cost & full time equivalent
Office supplies, expenses and equipment	Direct cost & full time equivalent
Telephone	Direct cost & full time equivalent
Occupancy	Square footage
Depreciation	Direct cost & full time equivalent

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Society derives revenue and support primarily from grants, contributions, investments and program fees.

Year ended June 30, 2020

The Society adopted FASB ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on July 1, 2019. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Society recognizes revenue when it satisfies a performance obligation by transferring control over a service to a customer. The majority of the Society's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Society determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

Program services are offered by the Society throughout the course of the year. Revenues from these services are recognized at the point at which control over the services are rendered. Event revenue is recognized over the period the event takes place.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

Year ended June 30, 2019

For the year ended June 30, 2019 the Society recognized revenue when (1) the service was performed and the Society had no significant obligations remaining to be performed; (2) a final understanding as to specific nature and terms of the agreed upon transaction had occurred; (3) price was fixed and determinable; and (4) collection was assured. Services generally met these criteria, and revenue was recognized, when services were rendered.

Grants and contributions

Contributions of cash and other assets are presented 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Non-operating revenues, expenses, income and other support

Contributions received for loan programs, investment income in excess of the board-approved spending rate, other investment income (described in Note 4), and net assets released from restrictions, are included in non-operating revenues, expenses, income and other support.

Recently implemented accounting pronouncements

Revenue recognition

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Topic 606 and Subtopic 340-40 are collectively referred to as "ASC 606". ASC 606 replaces existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services.

The Society adopted ASC 606 effective July 1, 2019, using the modified retrospective transition method. Use of the modified retrospective approach means the Society's comparative periods prior to initial application are not restated. The Society has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Society did not apply any practical expedients in implementing ASC 606.

Contributions

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Society adopted ASU 2018-08 effective July 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Society has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Society's financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and communications

Marketing and communications costs are expensed as incurred and were $74,716 and $91,186 for the years ended June 30, 2020 and 2019, respectively.

Income taxes

The Society qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

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

Management has evaluated the tax positions of the Society and has concluded that no uncertain tax positions that require adjustment to the financial statements had been taken.

Accounting pronouncements issued but not yet effective

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. In July 2018, FASB also issued ASU No. 2018-10, *Codification Improvements to Topic 842*, and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Society to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening statement of financial position. In November 2019, FASB issued ASU No. 2019-10 *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*. ASU 2019-10 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2020. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) ("ASU 2020-05"). ASU 2020-05 provided for an optional election to defer the effective date for Topic 842 and related amendments for an additional year. Entities may elect to adopt the guidance on the adoption of Topic 842 for annual reporting periods beginning after December 15, 2021. The Society has determined to defer Topic 842 and is evaluating the impact this new guidance will have on its financial statements and related disclosures.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Society has evaluated subsequent events through December 15, 2020, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements, except as disclosed in Note 10.

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Society's financial assets at June 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	$ 6,645,676
Investments, at fair value	8,777,969
Loans receivable, net	19,444,309
Other receivables	206,449
Total financial assets at year end	35,074,403
Less amounts not available to be used in the next 12 months:	
Loans receivable	(3,028,296)
Other receivables	(28,167)
Investments, cash and cash equivalents encumbered by donor or board restrictions	(12,119,411)
Total financial assets not available for operations in the next 12 months	(15,175,874)
Financial assets available for general expenditures in the next 12 months	$ 19,898,529

The Society generally aims to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in a pooled investment account, money market accounts and a loan fund.

NOTE 4. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

a) *Market approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

b) *Cost approach*. Amount that would be required to replace the service capacity of an asset (replacement cost); and

c) *Income approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds - Valued at the cost plus accrued interest, which approximates fair value due to the liquidity of the investments.

FJC Agency Loan Fund - The investment in the FJC Agency Loan Fund is recorded at fair value based upon the cash liquidation value.

UJA Federation Pooled Investment Account - Valued at the Society's share of the investments of the UJA pooled investments as reported by the UJA and its investment managers and advisors. The methods and procedures used to value these investments may include, but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value, absent readily available market values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the investments measured at fair value by level at June 30, 2020:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2020	Valuation Technique
Money market funds	$ 351	$ -	$ -	$ 351	(a)
FJC Agency Loan Fund	-	-	1,015,776	1,015,776	(c)
UJA Federation - Pooled Investment Account	-	-	7,761,842	7,761,842	(c)
Total	$ 351	$ -	$ 8,777,618	$ 8,777,969	

The following table presents the investments measured at fair value by level at June 30, 2019:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2019	Valuation Technique
Money market funds	$ 351	$ -	$ -	$ 351	(a)
FJC Agency Loan Fund	-	-	462,204	462,204	(c)
UJA Federation - Pooled Investment Account	-	-	7,805,052	7,805,052	(c)
Total	$ 351	$ -	$ 8,267,256	$ 8,267,607	

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth the changes in Level 3 investments:

	2020	2019
Balance - beginning	$ 8,267,256	$ 8,685,920
Total income included in change in net assets	(58,065)	153,607
Purchases	1,032,000	132,632
Sales	(500,000)	(750,000)
Interest and dividends	44,121	51,068
Investment management fees	(7,694)	(5,971)
Balance - ending	$ 8,777,618	$ 8,267,256
The amount of total loss for the period included in change in net assets attributable to the change in unrealized loss relating to assets still held at the year end	$ (351,958)	$ (538,287)

	2020	2019
Interest and dividends	$ 44,121	$ 51,068
Net realized and unrealized gain	(58,065)	153,607
Investment management fees	(7,694)	(5,971)
Total investment income (loss)	$ (21,638)	$ 198,704
Investment income included in operating revenues:		
Board-designated spending rate	$ -	$ 398,118
Other investment income	36,427	45,097
Investment loss included in non-operating revenues, expenses, income and other support	(58,065)	(244,511)
Total investment income (loss)	$ (21,638)	$ 198,704

The Society has an investment in the UJA Federation Pooled Investment Account ("PIA"). The board has determined that 5% of all PIA assets on a rolling 12-quarter and 20-quarter basis for the years ended June 30, 2020 and 2019, respectively, can be used for operations. The Society did not expend the funds appropriated for expenditures from the board designated spending rate for the year ended June 30, 2020. For the year ended June 30, 2019, $398,118 was allocated to operating (investment) income from the PIA.

Net asset value per share

	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
UJA Federation - Pooled Investment Account at June 30, 2020	$ 7,761,842	$ -	Monthly	None	30 days

	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
UJA Federation - Pooled Investment Account at July 1, 2019	$ 7,805,052	$ -	Monthly	None	30 days

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The Society's long-term investment objective is to target superior risk-adjusted capital appreciation with a net return that at least equals the consumer price index. Strategic asset allocation targets and ranges are reviewed periodically with the intention of setting them at a level that will allow for the achievement of the long-term objective while taking an appropriate level of risk through diversification.

NOTE 5. LOANS RECEIVABLE

The majority of loans receivable are supported by unsecured personal guarantees except for approximately $1,750,000 at both June 30, 2020 and 2019, of special education loans, which are supported by unsecured not-for-profit guarantees.

NOTE 6. LINES OF CREDIT AND LOANS PAYABLE

All loans are interest free unless specified.

Lines of credit

The Society entered into a line of credit agreement with JP Morgan Chase Bank, N.A. in January 2018 ("JPMC Line of Credit"). Under the JPMC Line of Credit, the Society may borrow up to $1,000,000, with interest-only payable monthly at LIBOR plus 1.25% per annum (1.44% at June 30, 2020). The JPMC Line of Credit matured on January 31, 2020, and the agreement was extended and increased to $2,000,000 with principal and interest due on January 31, 2022. The funds are collateralized by liquid securities maintained by the Society. The outstanding balance on the JPMC Line of Credit at June 30, 2020 and 2019, was $1,000,000.

The Society entered into a loan agreement with the UJA Federation of New York ("UJA") in April 2020 ("UJA Loan Agreement"). Under the UJA Loan Agreement, the Society may borrow up to $20,000,000 to fund a loan program. The purpose of the Loan is to allow the Society to make interest-free loans to social service organizations that are core partners and or affiliates of UJA's network. The Society will repay UJA on all sums collected as repayment under the UJA loans immediately upon receipt. UJA guarantees one hundred percent of the principal amount and UJA approves all loans. The outstanding balance on the UJA Loan Agreement as of June 30, 2020, was $1,330,760.

Loans payable

The Society operates and administers a loan program (the "Teacher Loan Program") to be funded by The Avi Chai Foundation ("ACF") to provide interest-free loans to full-time Judaic studies teachers in Jewish day schools in five communities outside New York State toward the purchase of primary residences under the terms of a loan agreement that requires ACF to lend up to $2.5 million to the Society to make interest-free loans ("Teacher Loans") under the Teacher Loan Program. The Society repays ACF on all sums collected as repayment under the Teacher Loans on a quarterly basis. Half of each Teacher Loan is forgiven over its 10-year amortization period, provided the borrower continues to teach in a day school in accordance with the terms of the Teacher Loan Program. The Society has no obligation under the loan agreement to repay ACF any amounts borrowed and lent under a Teacher Loan but not repaid to the Society under the Teacher Loan Program.

NOTE 6. LINES OF CREDIT AND LOANS PAYABLE (CONTINUED)

Loans payable (continued)

In March 2009, ACF notified the Society that it was discontinuing the Teacher Loan Program effective June 30, 2009. The Society will continue to perform its obligations, and ACF will continue to pay the Society's administrative fees until all the Teacher Loans have been repaid or forgiven.

During the years ended June 30, 2020 and 2019, $2,500 and $14,994, respectively of Teacher Loans were forgiven, and ACF forgave corresponding amounts from the Society. The balance was fully repaid during the fiscal year ended June 30, 2020. The balance due at June 30, 2019, was $2,289.

The Society entered into a loan agreement with a foundation in July 2012 (the "Foundation Loan Agreement"). Under the Foundation Loan Agreement, the Society may borrow up to $1,250,000 to fund the Special Education Bridge Loan Program, with interest payable quarterly at Prime plus 3% per annum, as published in *The Wall Street Journal* (6.25% at June 30, 2020 and 8.5% at June 30, 2019.) Principal and interest are due on December 31, 2021. The funds are secured by a security interest in all FJC accounts maintained by the Society, and loans made by the Society financed or refinanced by the Foundation Loan Agreement proceeds. The outstanding balances on the Foundation Loan Agreement at both June 30, 2020 and 2019, was $1,250,000 of the borrowed amount and was on deposit in the Society's Restricted Earmarked Fund Account with FJC and, as provided in the Foundation Loan Agreement, the earnings on that deposit offset 100% of the loan interest accruing on that amount.

An unaffiliated organization that benefits from the Special Education Bridge Loan Program has agreed to pay the net interest due under the Foundation Loan Agreement.

The Society entered into a loan agreement with the Society for the Advancement of Judaism ("SAJ") in June 2017 ("SAJ Loan Agreement") and renewed the SAJ Loan Agreement in May 2019. Under the SAJ Loan Agreement, the Society borrowed $13,000 to fund the General Loan Programs, with principal due on May 31, 2022. The outstanding balance on the SAJ Loan Agreement at both June 30, 2020 and 2019, was $13,000.

The Society entered into a loan agreement ("Loan Agreement") in May 2018 with a family (the "Family"). Under the Loan Agreement, the Society borrowed $100,000 to fund the General Loan Programs, with principal due on May 14, 2020 and was extended to May 13, 2022. The outstanding balance on the Loan Agreement at both June 30, 2020 and 2019, was $100,000.

The Society entered into a cash collateral agreement with a guarantor (the "Guarantor") of a loan in June 2018 ("Collateral Agreement"). Under the Collateral Agreement, the Society received $30,000 to collateralize a specific borrower's (the "Borrower") loan. Once the Borrower has repaid to the Society the first $10,000 of the principal, the Society will pay the Guarantor the lesser of the $10,000 repaid or the unused portion of the Collateral. Once the Borrower has repaid the second $10,000 of the principal, the Society will pay the Guarantor the lesser of the $10,000 or the remaining unused portion of the Collateral. Once the Borrower has repaid the remaining amount funded by the Society, the Society will repay the Guarantor all remaining amounts of the Collateral. The Borrower defaulted on the payments and the collateral was used to repay

NOTE 6. LINES OF CREDIT AND LOANS PAYABLE (CONTINUED)

Loans payable (continued)

the outstanding balance of the loan. The outstanding balance on the Collateral Loan Agreement at June 30, 2020 and 2019, was $- and $220, respectively.

The Society entered into a loan agreement with the Jewish Communal Fund ("JCF") in July 2018 ("JCF Loan Agreement"). Under the JCF Loan Agreement, JCF may make one or more loans ("Program Loans") to the Society to fund the Microcredit Loan Program. Program Loans are disbursed to the Society quarterly and each Program Loan has a two-year term. During the year June 30, 2020, the Society obtained $175,000 of additional loans. The JCF Loan Agreement requires the Society to meet certain covenants, the most restrictive of which requires the Society to maintain a minimum coverage ratio. The outstanding balance on the JCF Loan Agreement at June 30, 2020 and 2019, was $1,000,000 and $825,000, respectively.

The Society entered into a loan agreement with an individual ("Individual A") in October 2018 ("Individual A Loan Agreement"). Under the Individual A Loan Agreement, the Society borrowed $50,000 to fund the General Loan Programs, with no stated maturity date. Individual A can demand repayment at any time provided the Society is given written notice 183 days in advance of the requested repayment date. The outstanding balance on the Individual A Loan Agreement at June 30, 2020 and 2019, was $50,000.

The Society entered into a loan agreement with Charles and Lynn Schusterman Family Foundation in November 2018 ("Schusterman Loan Agreement"). Under the Schusterman Loan Agreement, the Society borrowed $500,000 to fund educational programs, with principal due on December 21, 2021, unless the Charles and Lynn Schusterman Family Foundation agrees to extend the maturity date or donate part of the loan principal amount to the Society. The outstanding balance on the Schusterman Loan Agreement at both June 30, 2020 and 2019, was $500,000.

The Society entered into a loan agreement with Men Having Babies Inc. ("MHB") in November 2018 ("Men Having Babies Loan Agreement"). The Society operates and administers a loan program to be funded by MHB to provide interest-free loans to qualified individuals who are seeking to have a child by means of surrogacy. The Society will repay MHB on all sums collected as repayment under the MHB Loans on a monthly basis beginning October 5, 2019. The Society has no obligation under the loan agreement to repay MHB any amounts borrowed and lent under the Men Having Babies Loan but not repaid to the Society under the Men Having Babies Loan Program. During the year ending June 30, 2020, the Society obtained $65,000 of additional loans. The outstanding balance on the Men Having Babies Loan Agreement at June 30, 2020 and 2019, was $139,000 and $74,000, respectively.

The Society entered into a loan agreement with an Individual ("Individual B") in December 2018 ("Individual B Loan Agreement"). Under the Individual B Loan Agreement, the Society borrowed $250,000 to fund the General Loan Programs, with principal due on December 26, 2020. The outstanding balance on the Individual B Loan Agreement at both June 30, 2020 and 2019, was $250,000.

The Society entered into a loan agreement with an Individual ("Individual C") in January 2019 ("Individual C Loan Agreement"). Under the Individual C Loan

NOTE 6. LINES OF CREDIT AND LOANS PAYABLE (CONTINUED)

Loans payable (continued)

Agreement, the Society borrowed $25,000 to fund the General Loan Programs, with principal due on January 30, 2021. The outstanding balance on the Individual C Loan Agreement at both June 30, 2020 and 2019, was $25,000.

The Society entered into a 15-month loan agreement with the Robin Hood Foundation in March 2019 ("Robin Hood Loan Agreement"). Under the Robin Hood Loan Agreement, the Society borrowed $188,000 to fund a pilot program to provide emergency loans of up to $2,000 to low-income employees of two pilot cohort members. The principal was originally due on May 30, 2020 but was extended to October 31, 2020 with an increase to borrow a total amount of $388,000. The Society will repay Robin Hood Foundation on all sums collected as repayment under the Robin Hood loan on a quarterly basis beginning October 7, 2020 until the earlier of (a) the date on which the Robin Hood Loan Agreement is repaid in full or (b) the date on which the Robin Hood Foundation provides written notice to the Society of termination of the repayment of the loan. The outstanding balance on the Robin Hood Loan Agreement at June 30, 2020 and 2019, was $388,000 and $188,000, respectively.

The Society entered into a loan agreement with Moise Y. Safra Foundation in August 2019 (“Safra Loan Agreement”). Under the Safra Loan Agreement, the Society borrowed $1,000,000 to fund the General Loan Programs. The loan was disbursed in two tranches of $500,000 in August and October 2019 with maturity due on August 31, 2022. The outstanding balance on the Safra Loan Agreement at June 30, 2020, was $1,000,000.

The Society entered into a loan agreement with an individual (“Individual D”) in November 2019 (“Individual D Loan Agreement”). Under the Individual D Loan Agreement, the Society borrowed $1,000,000 to fund the General Loan Programs with principal due on November 30, 2021. The outstanding balance on the Individual D Loan Agreement at June 30, 2020, was $1,000,000.

The Society entered into a loan agreement with Charitable Associates, LLC in January 2020 (“Charitable Associates Loan Agreement”). Under the Charitable Associates Loan Agreement, the Society borrowed $500,000 to fund the Security Infrastructure Loan Program with principal due on December 2, 2021. The outstanding balance on the Charitable Associates Loan Agreement at June 30, 2020, was $500,000.

The Society entered into a loan agreement with an individual (“Individual E”) in January 2020 (“Individual E Loan Agreement”). Under the Individual E Loan Agreement, the Society borrowed $25,000 to fund the General Loan Programs with principal due on January 30, 2022. The outstanding balance on the Individual E Loan Agreement at June 30, 2020, was $25,000.

The Society entered into a loan agreement with an individual (“Individual F”) in March 2020 (“Individual F Loan Agreement”). Under the Individual F Loan Agreement, the Society borrowed $100,000 to fund the General Loan Programs with principal due on March 30, 2022. The outstanding balance on the Individual F Loan Agreement at June 30, 2020, was $100,000.

NOTE 6. LINES OF CREDIT AND LOANS PAYABLE (CONTINUED)

Loans payable (continued)

Combined future minimum payments for loans payable due are as follows:

Year Ending June 30:	Foundations	SAJ	JCF	Robin Hood	MHB	Individuals, Family & Guarantor	Total
2021	$ -	$ -	$ 825,000	$ -	$ 74,000	$ 325,000	$ 1,224,000
2022	2,250,000	13,000	175,000	388,000	65,000	1,225,000	4,116,000
2023	1,000,000	-	-	-	-	-	1,000,000
	$ 3,250,000	$ 13,000	$ 1,000,000	$ 388,000	$ 139,000	$ 1,550,000	$ 6,340,000

NOTE 7. LEASE COMMITMENT

The Society rents office space under an operating lease that expired on June 30, 2020. The office space is leased from a real estate company that is affiliated with the family of a member and a past president of the board of directors. Included in rent expense is an in-kind contribution of additional rent to adjust to the market value for similar office space, which amounted to approximately $115,000 for each of the years ended June 30, 2020 and 2019. Rent expense for the years ended June 30, 2020 and 2019, was $237,234 and $232,768, respectively.

On June 23, 2020, the Society entered into a new operating lease agreement to rent office space. The office space is leased from a real estate company that is affiliated with the family of a member and a past president of the board of directors. In addition to the base rent of $15,613 per month, the Society is responsible for taxes and operating expense, as defined in the operating lease agreement.

The minimum future annual rental commitments are as follows:

Year ending June 30:	Amount
2021	$ 187,358
2022	187,358
2023	187,358
2024	187,358
2025	187,358
	$ 936,790

NOTE 8. NET ASSETS

The Society's net assets with donor restrictions are available to satisfy the following purposes as of June 30, 2020 and 2019:

	2020	2019
Children with special needs	$ 268,281	$ 268,281
Women's executive circle new start loan program	8,500	9,100
Microenterprise program	25,000	25,000
Jewish Foundation for the Education of Women	-	2,250
Robin Hood Foundation	45,000	10,000
COVID-19	1,623,695	-
Restricted to future periods	146,686	104,410
	$ 2,117,162	$ 419,041

NOTE 8. NET ASSETS (CONTINUED)

During the years ended June 30, 2020 and 2019, net assets were released from restriction as follows:

	2020	2019
Lapse of time restrictions	$ 52,850	$ 52,850

Net assets required to be held in perpetuity with donor restrictions at June 30, 2020 and 2019, are restricted to the following loan programs:

	2020	2019
Residents of New York City ("NYC"), or nurses employed in specified NYC hospitals, who are currently attending NYC colleges, or who have graduated from NYC public schools, and special education bridge loans	$ 735,000	$ 735,000
Educational loans	611,133	613,863
Synagogue and Batei Midrashim	10,000	10,000
Medical and nursing education loans	190,000	190,000
Higher education to needy students	249,225	244,375
Emigré retraining program	425,000	425,000
Housing for educators	100,000	100,000
Children with special needs	345,772	201,145
Emigré programs	507,296	507,296
Adoption	269,609	260,200
Security infrastructure	752,720	776,000
Addiction recovery	75,000	75,000
Microenterprise loans	407,542	50,000
Not-for-profit workers payroll advance loans	291,000	-
Other loan programs	509,712	421,927
	$ 5,479,009	$ 4,609,806

NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS

The endowment

The Society's endowment was established based on its mission and consists of both donor-restricted endowment funds and funds designated by the board of trustees to function as an endowment.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Society and its board of trustees have interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Society will retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Society in a manner consistent with the standard of prudence prescribed by NYPMIFA.

NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

The Society's investment pool includes a diversified portfolio of investments. The Society's investment objective is to maximize long-term total investment returns with constraints for the fund that only moderate risk be assumed and judged on an aggregate basis for the entire fund taking into account the asset allocation of the fund. The Society's spending policy is limited to 5% of the balance in the PIA on a 12-quarter rolling basis.

Endowment net assets composition by type of fund as of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	$ 4,523,240	$ -	$ 4,523,240
Donor-restricted endowment funds	-	5,479,009	5,479,009
Total endowment funds	$ 4,523,240	$ 5,479,009	$ 10,002,249

Changes in endowment net assets for the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - beginning of year	$ 4,542,313	$ 4,609,806	$ 9,152,119
Contributions	-	869,203	869,203
Investment loss	(19,073)	-	(19,073)
Appropriated for expenditures	-	-	-
Net assets - end of year	$ 4,523,240	$ 5,479,009	$ 10,002,249

Endowment net assets composition by type of fund as of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	$ 4,542,313	$ -	$ 4,542,313
Donor-restricted endowment funds	-	4,609,806	4,609,806
Total endowment funds	$ 4,542,313	$ 4,609,806	$ 9,152,119

Changes in endowment net assets for the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - beginning of year	$ 4,839,741	$ 3,769,248	$ 8,608,989
Contributions	-	840,558	840,558
Investment income	100,690	-	100,690
Appropriated for expenditures	(398,118)	-	(398,118)
Net assets - end of year	$ 4,542,313	$ 4,609,806	$ 9,152,119

NOTE 10. PENSION PLAN

The Society participates in a multi-employer defined benefit pension plan ("Pension Plan") sponsored by the Federation of Jewish Philanthropies of New York. The Pension Plan, Retirement Plan for Employees of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions, is filed under the Employer Identification Number 51-0172429 and the three-digit Pension Plan Number 333. The Pension Plan is 76% funded using the most recent financial information as of October 1, 2018, the beginning of the Pension Plan year.

The Society's employees are eligible for pension benefits covered by the Pension Plan. Pension expense for the years ended June 30, 2020 and 2019, were $92,351 and $93,725, respectively. The Society did not contribute more than 5% of total contributions to the Pension Plan and was not required to pay a surcharge.

Effective September 30, 2020, the Society has withdrawn from the Pension Plan. As a result, there was a withdrawal liability of approximately $755,000 that the Society paid in September 2020.

NOTE 11. CONCENTRATIONS

The Society maintains cash and cash equivalent balances with a financial institution which are routinely in excess of Federal Deposit Insurance Corporation insurance limits.

During the years ended June 30, 2020 and 2019, respectively, the Society received 4% and 22% of its contributions from board members.

NOTE 12. COVID-19 PANDEMIC

During the 2020 fiscal year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the Society's operations have occurred as a result from quarantines of employees and contributors and grantors in areas affected by the outbreak. Furthermore, economic uncertainties have arisen which are likely to negatively impact support and revenue. Given the uncertainty of the situation, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

HEBREW FREE LOAN SOCIETY, INC.
ANALYSIS OF LOAN ACTIVITY
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Loans	Amount	Allowance	Balance
Loans receivable - July 1, 2018	1,916	$ 14,538,765	$ (371,000)	$ 14,167,765
Loans issued	1,030	15,713,178	-	15,713,178
Loans repaid and adjusted	(897)	(13,480,756)	162,000	(13,318,756)
Loans receivable - June 30, 2019	2,049	16,771,187	(209,000)	16,562,187
Loans issued	1,297	17,871,653	-	17,871,653
Loans repaid and adjusted	(748)	(14,980,811)	(8,720)	(14,989,531)
LOANS RECEIVABLE - JUNE 30, 2020	2,598	$ 19,662,029	$ (217,720)	$ 19,444,309