

**HEBREW FREE LOAN SOCIETY, INC.**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

**HEBREW FREE LOAN SOCIETY, INC.  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statements</b>	
Statements of financial position	4
Statements of activities	5 - 6
Statements of functional expenses	7 - 8
Statements of cash flows	9
Notes to financial statements	10 - 23
<b>Supplementary Information</b>	
Analysis of loan activity	24

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Hebrew Free Loan Society, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hebrew Free Loan Society, Inc. as of June 30, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hebrew Free Loan Society, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hebrew Free Loan Society, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

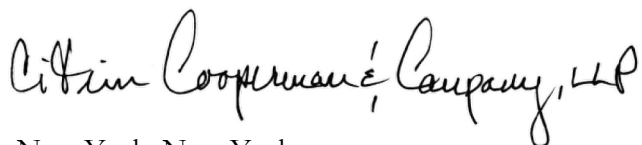
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hebrew Free Loan Society, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hebrew Free Loan Society, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained on page 24 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.



New York, New York

January 30, 2025

**HEBREW FREE LOAN SOCIETY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,465,188	\$ 3,627,129
Investments, at fair value	8,908,572	10,487,626
Loans receivable (net of allowance for doubtful loans of \$416,230 and \$849,855, respectively)	38,145,638	34,147,795
Contributions receivable	323,077	141,482
Other receivable	-	159,612
Prepaid expenses	29,979	48,376
Furniture and equipment (net of accumulated depreciation of \$426,325 and \$338,323, respectively)	185,791	272,693
Operating lease right-of-use asset	<u>622,259</u>	<u>364,680</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>49,680,504</u></b>	<b>\$ <u>49,249,393</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 106,031	\$ 71,602
Advances payable	108,501	189,108
Operating lease liability	622,259	364,680
Loans payable	<u>9,302,566</u>	<u>11,143,945</u>
Total liabilities	<u>10,139,357</u>	<u>11,769,335</u>
Commitments and contingencies (Notes 6, 8, 9 and 11)		
Net assets:		
Without donor restrictions:		
Undesignated general fund	24,310,958	23,706,128
Board-designated quasi-endowment fund	<u>589,571</u>	<u>900,638</u>
Total net assets without donor restrictions	<u>24,900,529</u>	<u>24,606,766</u>
With donor restrictions:		
Time-restricted for future periods	254,409	477,814
Purpose restrictions	3,368,740	3,465,042
Donor restricted to be held in perpetuity	<u>11,017,469</u>	<u>8,930,436</u>
Total net assets with donor restrictions	<u>14,640,618</u>	<u>12,873,292</u>
Total net assets	<u>39,541,147</u>	<u>37,480,058</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>49,680,504</u></b>	<b>\$ <u>49,249,393</u></b>

See accompanying notes to financial statements.

**HEBREW FREE LOAN SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Summarized Total
Operating revenues, income and other support:				
Contributions	\$ 2,592,291	\$ -	\$ 2,592,291	\$ 2,702,779
Program grants	23,000	-	23,000	8,000
Administrative fees	89,000	-	89,000	89,000
In-kind rent (Note 8)	54,528	-	54,528	63,496
Investment income:				
Board-designated spending rate	534,929	-	534,929	472,251
Other investment income	267,571	-	267,571	58,787
Capital management fees	<u>429,497</u>	<u>-</u>	<u>429,497</u>	<u>346,995</u>
Total operating revenues, income and other support	<u>3,990,816</u>	<u>-</u>	<u>3,990,816</u>	<u>3,741,308</u>
Operating expenses:				
Program services	3,158,764	-	3,158,764	2,922,243
Management and general	422,230	-	422,230	416,367
Fundraising	<u>491,652</u>	<u>-</u>	<u>491,652</u>	<u>496,933</u>
Total operating expenses	<u>4,072,646</u>	<u>-</u>	<u>4,072,646</u>	<u>3,835,543</u>
Deficiency of operating revenues, income and other support over operating expenses	<u>(81,830)</u>	<u>-</u>	<u>(81,830)</u>	<u>(94,235)</u>
Non-operating revenues, expenses, income and other support:				
Contributions	-	1,991,331	1,991,331	3,505,738
Investment income	151,588	-	151,588	350,331
Net assets released from restrictions	<u>224,005</u>	<u>(224,005)</u>	<u>-</u>	<u>-</u>
Total non-operating revenues, expenses, income and other support	<u>375,593</u>	<u>1,767,326</u>	<u>2,142,919</u>	<u>3,856,069</u>
Change in net assets	293,763	1,767,326	2,061,089	3,761,834
Net assets - beginning of year	<u>24,606,766</u>	<u>12,873,292</u>	<u>37,480,058</u>	<u>33,718,224</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 24,900,529</u></b>	<b><u>\$ 14,640,618</u></b>	<b><u>\$ 39,541,147</u></b>	<b><u>\$ 37,480,058</u></b>

See accompanying notes to financial statements.

**HEBREW FREE LOAN SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating revenues, income and other support:			
Contributions	\$ 2,702,779	\$ -	\$ 2,702,779
Program grants	8,000	-	8,000
Administrative fees	89,000	-	89,000
In-kind rent (Note 9)	63,496	-	63,496
Investment income:			
Board-designated spending rate	472,251	-	472,251
Other investment income	58,787	-	58,787
Capital management fees	<u>346,995</u>	<u>-</u>	<u>346,995</u>
Total operating revenues, income and other support	<u>3,741,308</u>	<u>-</u>	<u>3,741,308</u>
Operating expenses:			
Program services	2,922,243	-	2,922,243
Management and general	416,367	-	416,367
Fundraising	<u>496,933</u>	<u>-</u>	<u>496,933</u>
Total operating expenses	<u>3,835,543</u>	<u>-</u>	<u>3,835,543</u>
Deficiency of operating revenues, income and other support over operating expenses	<u>(94,235)</u>	<u>-</u>	<u>(94,235)</u>
Non-operating revenues, expenses, income and other support:			
Contributions	2,626,696	879,042	3,505,738
Investment income	350,331	-	350,331
Net assets released from restrictions	<u>600</u>	<u>(600)</u>	<u>-</u>
Total non-operating revenues, expenses, income and other support	<u>2,977,627</u>	<u>878,442</u>	<u>3,856,069</u>
Change in net assets	2,883,392	878,442	3,761,834
Net assets - beginning of year	<u>21,723,374</u>	<u>11,994,850</u>	<u>33,718,224</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 24,606,766</u></b>	<b><u>\$ 12,873,292</u></b>	<b><u>\$ 37,480,058</u></b>

See accompanying notes to financial statements.



**HEBREW FREE LOAN SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023)**

	Program Services	Supporting Services				2023 Summarized Total
	Loan Programs	Management and General	Fundraising	Total Supporting Services	2024 Total	
Salaries	\$ 1,494,397	\$ 251,701	\$ 313,429	\$ 565,130	\$ 2,059,527	\$ 1,886,124
Payroll taxes and benefits	432,124	46,774	67,193	113,967	546,091	503,807
Professional fees	69,966	7,573	10,879	18,452	88,418	74,564
Consultants	205,421	22,235	31,942	54,177	259,598	182,175
Operational management systems	14,581	1,578	2,267	3,845	18,426	25,620
Insurance	31,725	3,732	1,867	5,599	37,324	35,067
Program expense	128,028	-	-	-	128,028	102,137
Office supplies, expenses and equipment	23,755	6,787	3,394	10,181	33,936	33,027
Postage	1,629	407	1,879	2,286	3,915	1,799
Printing and publications	236	59	19,171	19,230	19,466	19,982
Telephone	14,081	4,023	2,012	6,035	20,116	19,601
Dues and subscriptions	4,448	1,271	635	1,906	6,354	7,142
Conferences, training and transportation	23,730	3,350	838	4,188	27,918	15,638
Occupancy (includes in-kind rent of \$54,528 and \$63,496 at June 30, 2024 and 2023, respectively)	214,543	21,403	15,288	36,691	251,234	256,604
Depreciation	61,602	17,600	8,800	26,400	88,002	87,544
Bank fees and credit reports	23,579	6,737	3,368	10,105	33,684	19,634
Interest expense	35,125	-	-	-	35,125	-
Investment management fees	-	10,509	-	10,509	10,509	9,988
Marketing and communications	79,746	-	-	-	79,746	67,654
Training courses	1,149	-	-	-	1,149	2,203
Loan forgiveness	17,500	-	-	-	17,500	-
Provision for uncollectible loans	281,399	-	-	-	281,399	472,058
Miscellaneous	<u>-</u>	<u>27,000</u>	<u>8,690</u>	<u>35,690</u>	<u>35,690</u>	<u>23,163</u>
	3,158,764	432,739	491,652	924,391	4,083,155	3,845,531
Investment management fees deducted from investment income	<u>-</u>	<u>(10,509)</u>	<u>-</u>	<u>(10,509)</u>	<u>(10,509)</u>	<u>(9,988)</u>
<b>TOTAL OPERATING EXPENSES REPORTED BY FUNCTION</b>	<u>\$ 3,158,764</u>	<u>\$ 422,230</u>	<u>\$ 491,652</u>	<u>\$ 913,882</u>	<u>\$ 4,072,646</u>	<u>\$ 3,835,543</u>

See accompanying notes to financial statements.

**HEBREW FREE LOAN SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Supporting Services			
	Loan Programs	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 1,355,932	\$ 231,461	\$ 298,731	\$ 530,192	\$ 1,886,124
Payroll taxes and benefits	377,855	50,911	75,041	125,952	503,807
Professional fees	58,160	7,456	8,948	16,404	74,564
Consultants	93,820	40,763	47,592	88,355	182,175
Operational management systems	17,178	5,918	2,524	8,442	25,620
Insurance	29,806	3,507	1,754	5,261	35,067
Program expense	102,137	-	-	-	102,137
Office supplies, expenses and equipment	28,118	8,034	4,017	12,051	40,169
Postage	1,439	360	-	360	1,799
Printing and publications	236	59	19,687	19,746	19,982
Telephone	13,721	3,920	1,960	5,880	19,601
Conferences, training and transportation	13,292	1,877	469	2,346	15,638
Occupancy (includes in-kind rent of \$63,496)	225,812	17,962	12,830	30,792	256,604
Depreciation	61,281	17,509	8,754	26,263	87,544
Bank fees and credit reports	13,744	3,927	1,963	5,890	19,634
Investment management fees	-	9,988	-	9,988	9,988
Marketing and communications	67,654	-	-	-	67,654
Training courses	-	2,203	-	2,203	2,203
Provision for uncollectible loans	472,058	-	-	-	472,058
Miscellaneous	-	20,500	2,663	23,163	23,163
	2,932,243	426,355	486,933	913,288	3,845,531
Investment management fees deducted from investment income	-	(9,988)	-	(9,988)	(9,988)
<b>TOTAL OPERATING EXPENSES REPORTED BY FUNCTION</b>	<b>\$ 2,932,243</b>	<b>\$ 416,367</b>	<b>\$ 486,933</b>	<b>\$ 903,300</b>	<b>\$ 3,835,543</b>

See accompanying notes to financial statements.

**HEBREW FREE LOAN SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash flows from operating activities:		
Change in net assets	\$ 2,061,089	\$ 3,761,834
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	(706,517)	(822,582)
Depreciation	88,002	87,544
Provision for uncollectible loans	281,399	472,058
Loan forgiveness	17,500	-
Decrease (increase) in operating assets:		
Contributions receivable	(181,595)	(62,600)
Other receivable	159,612	(51,307)
Prepaid expenses	18,397	(21,958)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	34,429	70,369
Advances payable	<u>(80,607)</u>	<u>(19,750)</u>
Net cash provided by operating activities	<u>1,691,709</u>	<u>3,413,608</u>
Cash flows from investing activities:		
Loans issued	(29,627,598)	(29,182,123)
Repayments of loans receivable	25,330,856	19,848,947
Purchase of investments	235,571	(37,680)
Proceeds from sale of investments	2,050,000	2,200,000
Purchase of furniture and equipment	<u>(1,100)</u>	<u>(11,919)</u>
Net cash used in investing activities	<u>(2,012,271)</u>	<u>(7,182,775)</u>
Cash flows from financing activities:		
Proceeds from loans payable	620,000	4,869,570
Principal payments on loans payable	<u>(2,461,379)</u>	<u>(3,649,974)</u>
Net cash provided by (used in) financing activities	<u>(1,841,379)</u>	<u>1,219,596</u>
Net decrease in cash and cash equivalents	(2,161,941)	(2,549,571)
Cash and cash equivalents - beginning of year	<u>3,627,129</u>	<u>6,176,700</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 1,465,188</u></b>	<b><u>\$ 3,627,129</u></b>

See accompanying notes to financial statements.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1.     NATURE OF BUSINESS**

The Hebrew Free Loan Society, Inc. (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 a wide range of interest-free loans to lower-income individuals and families on a non-sectarian basis. In addition, when possible and in cases where there is need and the loans are mission aligned, the Society provides cost-free loans to certain nonprofit institutions.

**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 quasi-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.

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.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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, 2024 and 2023.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Loans receivable and allowance for doubtful loans

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.

Changes in the allowance for doubtful loans receivables are as follows for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Allowance for doubtful loans, beginning of year	\$ 849,855	\$ 434,971
Provision of uncollectible loans	281,399	472,372
Write offs	<u>(715,024)</u>	<u>(57,488)</u>
Allowance for doubtful loans, end of year	<u>\$ 416,230</u>	<u>\$ 849,855</u>

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:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and payroll taxes and benefits	Time and effort
Insurance	Full time equivalent
Office supplies, expenses and equipment	Full time equivalent
Telephone	Full time equivalent
Occupancy	Square footage
Depreciation	Full time equivalent
Bank fees and credit reports	Full time equivalent

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition

The Society derives revenue and support primarily from grants, contributions, investments, capital management fees and administrative fees.

With respect to program fees, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. 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 in time the services are rendered.

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.

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.

Marketing and communications

Marketing and communications costs are expensed as incurred and were \$79,746 and \$67,654 for the years ended June 30, 2024 and 2023, 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 believes that no uncertain tax positions that require adjustment to the financial statements had been taken.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases

The Society entered into an operating lease agreement for office space under terms through 2030. The Society determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the statements of financial position.

Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Society has a lease agreement with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Society uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Leases that contain fixed and determinable escalation clauses for which the Society recognizes rental expense under these leases on the straight-line basis over the lease terms is included in the period of time from when the Society takes possession of the leased space. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position; the Society recognizes lease expense for these leases on a straight-line basis over the lease term.

Recently adopted accounting pronouncement

Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired.

The Society's financial instruments include certain loans receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The Society adopted ASC 326 using the modified retrospective method at July 1, 2023 and it did not have a material impact on the financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Society has evaluated subsequent events through January 30, 2025, 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.



**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Society's financial assets at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,465,188	\$ 3,627,129
Investments, at fair value	8,908,572	10,487,626
Loans receivable, net	38,145,638	34,147,795
Contributions receivable	323,077	141,482
Other receivable	<u>2,388,627</u>	<u>159,612</u>
Total financial assets at year end	<u>51,231,102</u>	<u>48,563,644</u>
Less: amounts not available to be used in the next 12 months:		
Loans receivable	(11,531,645)	(10,504,688)
Other receivables	(2,388,627)	-
Investments, cash and cash equivalents encumbered by donor or board restrictions	<u>(15,230,189)</u>	<u>(13,773,930)</u>
Total financial assets not available for operations in the next 12 months	<u>(29,150,461)</u>	<u>(24,278,618)</u>
Financial assets available for general expenditures in the next 12 months	<u>\$ 22,080,641</u>	<u>\$ 24,285,026</u>

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, mutual fund 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.

*Blackrock Fund* - The investment in the Blackrock Fund is recorded at fair value based upon the cash liquidation value.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)**

*New York Jewish Institutions Investment Fund LLC* - Valued at the Society's share of the investments of New York Jewish Institutions Investment Fund ("NYJIIF") as reported by the NYJIIF 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 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, 2024:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Investments Measured at NAV	Total at June 30, 2024
Money market funds	\$ 654,929	\$ -	\$ -	\$ -	\$ 654,929
FJC Agency Loan Fund	-	-	-	1,081,479	1,081,479
Blackrock Fund	1,025,970	-	-	-	1,025,970
New York Jewish Institutions Investment Fund LLC	-	-	-	6,146,194	6,146,194
Total	<u>\$ 1,680,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,227,673</u>	<u>\$ 8,908,572</u>

The following table presents the investments measured at fair value by level at June 30, 2023:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Investments Measured at NAV	Total at June 30, 2023
FJC Agency Loan Fund	\$ -	\$ -	\$ -	\$ 1,024,000	\$ 1,024,000
Blackrock Fund	2,812,868	-	-	-	2,812,868
New York Jewish Institutions Investment Fund LLC	-	-	-	6,650,758	6,650,758
Total	<u>\$ 2,812,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,674,758</u>	<u>\$ 10,487,626</u>

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)**

Net asset value per share

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
New York Jewish Institutions Investment Fund LLC at June 30, 2024	\$ <u>6,146,194</u>	\$ <u>-</u>	Monthly	None	30 days
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
New York Jewish Institutions Investment Fund LLC at June 30, 2023	\$ <u>6,650,758</u>	\$ <u>-</u>	Monthly	None	30 days

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 and third-party guarantees at both June 30, 2024 and 2023. Loans receivables related to special education loans are supported by unsecured not-for-profit guarantees.

The Society entered into a loan agreement with Ogen - Free Loan Fund ("Ogen") (incorporated under the laws of the State of Israel) in December 2023 for the Society to provide the capital specifically for zero-interest loans to Israeli residents facing financial difficulty due to the ongoing of \$1,000,000, included in the loans receivable as of June 30, 2024. Separately, the Society entered into a loan and loan participation agreement that states that the Society is an administrative agent for other parties lending with Ogen of approximately \$2,388,000. As an administrative agent, the Society will collect Ogen's repayments on behalf of the other parties when made. The Society does not have a liability if Ogen does not repay the amount, therefore, was not recorded on the Society's financial statements.

**NOTE 6. FURNITURE AND EQUIPMENT**

Furniture and equipment consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 52,100	\$ 52,100
Equipment	<u>560,016</u>	<u>558,916</u>
	612,116	611,016
Less: accumulated depreciation	<u>(426,325)</u>	<u>(338,323)</u>
Property and equipment, net	\$ <u>185,791</u>	\$ <u>272,693</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$88,002 and \$87,544, respectively.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 7. LOANS PAYABLE**

Loans are interest free unless specified.

The Society entered into various loan agreements with individuals and charitable institutions over the past seven years. All of the agreements existing as of June 30, 2024 are new or have been renewed from prior periods. Under these loan agreements, the Society borrowed \$659,521 to fund the designated loan programs, with principal due as per individual loan agreement. The outstanding balance on these loan agreements as of June 30, 2024, was \$659,621.

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 General Loan Program. Program Loans are disbursed to the Society quarterly and each Program Loan has a two-year term. 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, 2024 and 2023, was \$2,195,000 and \$2,075,000, respectively.

The Society entered into a loan agreement with an Individual ("Individual A") in December 2018 ("Individual A Loan Agreement"). Under the Individual A Loan Agreement, the Society borrowed \$250,000 to fund the General Loan Programs, with principal originally due on December 26, 2020, but was extended to December 26, 2024. The outstanding balance on the Individual A Loan Agreement at both June 30, 2024 and 2023, was \$250,000.

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 an original maturity of August 31, 2022, which was extended to August 31, 2025. The outstanding balance on the Safra Loan Agreement at both June 30, 2024 and 2023, 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 originally due on December 2, 2021. On December 23, 2020, the Society entered into an amendment to the Charitable Associates Loan Agreement received \$78,000 of additional loans and extended the maturity date to January 1, 2024. Both parties then amended the agreement to extend the maturity date to June 20, 2025. The outstanding balance on the Charitable Associates Loan Agreement at both June 30, 2024 and 2023, was \$500,000 and \$1,095,000, respectively.

The Society entered into a loan agreement with United Jewish Appeal - Federation of Jewish Philanthropies of New York, Inc. in October 2020 ("UJA Small Business Loan Agreement"). Under the UJA Small Business Loan Agreement, the Society can borrow up to \$1,000,000 to fund the Microenterprise Loan Program with principal due on October 15, 2024. The outstanding balance on the UJA Small Business Loan Agreement at both June 30, 2024 and 2023, was \$800,000.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 7. LOANS PAYABLE (CONTINUED)**

The Society entered into a loan agreement with Follow Your Dream Foundation in May 20, 2022 ("FYD Second Loan Agreement"). Under the FYD Second Loan Agreement, the Society borrowed \$1,000,000 to fund General Loan Programs, with principal due on June 30, 2025, unless the Follow Your Dream Foundation agrees to extend the maturity date. The outstanding balance on the FYD Second Loan Agreement at both June 30, 2024 and 2023, was \$1,000,000.

The Society entered into a loan agreement with a foundation in February 23, 2023 (the "Foundation Loan Agreement"). Under the Foundation Loan Agreement, the Society may borrow up to \$500,000 to fund the Special Education Bridge Loan Program. If funds are drawn, interest is payable quarterly at Prime plus 3% per annum, as published in The Wall Street Journal. Principal and interest are due on February 28, 2024. An organization, Ichud Mosdos Hachincuch, that directly benefits from the Special Education Bridge Loan Program has agreed to prepay the interest due under the Foundation Loan Agreement. The outstanding balance on the Foundation Loan Agreement at June 30, 2024 and 2023, was \$1,000,000 and \$500,000, respectively.

The Society entered into a loan agreement with an Individual ("Individual B") in March 8, 2023 ("Individual B Loan Agreement"). Under the Individual B Loan Agreement, the Society borrowed \$1,000,000 to fund the General Loan Program, with principal due on April 1, 2026. The outstanding balance on the Individual B Loan Agreement at June 30, 2024 and 2023 was \$1,000,000.

At June 30, 2024, combined future minimum payments for loans payable due are as follows:

Year Ending June 30:	Foundations & Non-profit Organizations	SAJ	JCF	Robin Hood	MHB	Individuals, Family & Guarantor	Total
2025	\$ 3,777,945	\$ -	\$ 1,665,000	\$ 77,621	\$ 139,000	\$ 550,000	\$ 6,209,566
2026	1,250,000	-	430,000	-	-	1,100,000	2,780,000
2027	-	13,000	-	-	-	100,000	113,000
2028	-	-	100,000	-	-	-	100,000
2029	-	-	100,000	-	-	-	100,000
	<u>\$ 5,027,945</u>	<u>\$13,000</u>	<u>\$ 2,295,000</u>	<u>\$ 77,621</u>	<u>\$ 139,000</u>	<u>\$ 1,750,000</u>	<u>\$ 9,302,566</u>

**NOTE 8. LEASE COMMITMENT**

On June 23, 2020, the Society entered into an operating lease agreement to rent office space, which commenced on July 1, 2020, and expires on June 30, 2025. In May 2024, by mutual consent, the Society signed a new lease for a difference space within the same building, which commenced on June 5, 2024. 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 \$9,430, down from \$15,613 per month, the Society is responsible for taxes and operating expenses, as defined in the operating lease agreement. 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 \$54,528 and \$63,496 for the years ended June 30, 2024 and 2023, respectively. Rent expense for the years ended June 30, 2024 and 2023, was \$251,234 and \$256,605, respectively.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 8. LEASE COMMITMENT (CONTINUED)**

At June 30, 2024, the minimum future annual rental commitments are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2025	\$ 113,168
2026	113,168
2027	113,168
2028	113,168
2029	113,168
Thereafter	<u>150,891</u>
Net minimum lease payments	716,731
Less: interest	<u>94,472</u>
Present value of lease liabilities	622,259
Less: current portion	<u>86,826</u>
Lease liabilities, net of current portion	<u><u>\$ 535,433</u></u>

**NOTE 9. NET ASSETS**

The Society's net assets with donor restrictions are available to satisfy the following time restrictions as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Eleanor Gruenbaum Estate	\$ 200,000	\$ 423,405
Restricted to future periods	<u>54,409</u>	<u>54,409</u>
	<u><u>\$ 254,409</u></u>	<u><u>\$ 477,814</u></u>

The Society's net assets with donor restrictions are available to satisfy the following purposes as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Children with special needs	\$ 268,281	\$ 268,281
Women's executive circle new start loan program	6,100	6,700
COVID-19	3,071,543	3,166,539
Seller-Lehrer Family Foundation	<u>22,816</u>	<u>23,522</u>
	<u><u>\$ 3,368,740</u></u>	<u><u>\$ 3,465,042</u></u>

During the years ended June 30, 2024 and 2023, net assets were released from restriction as follows:

	<u>2024</u>	<u>2023</u>
Lapse of time restrictions	<u><u>\$ 224,005</u></u>	<u><u>\$ 600</u></u>

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 9. NET ASSETS (CONTINUED)**

Net assets required to be held in perpetuity with donor restrictions at June 30, 2024 and 2023, are restricted to the following loan programs:

	<u>2024</u>	<u>2023</u>
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	715,396	622,058
Synagogue and Batei Midrash	10,000	10,000
Medical and nursing education loans	190,000	190,000
Higher education to needy students	248,938	249,080
Émigré retraining program	425,000	425,000
Housing for educators	100,000	100,000
Children with special needs	476,927	336,265
Émigré programs	507,296	507,296
Adoption	369,156	372,826
Security infrastructure	936,987	686,987
Addiction recovery	75,000	75,000
Microenterprise loans	1,247,489	884,524
Not-for-profit workers payroll advance loans	261,615	269,707
Debt relief	1,932,167	1,064,090
Restricted to a specific area or locale	45,634	47,045
High risk lending program	1,697,500	1,794,500
Emerging needs program	485,000	-
Other loan programs	<u>558,364</u>	<u>561,058</u>
	<u>\$ 11,017,462</u>	<u>\$ 8,930,436</u>

**NOTE 10. ACCOUNTING AND REPORTING FOR ENDOWMENTS**

The quasi-endowment

The Society's quasi-endowment (also referred to simply as "endowment") was established based on its mission and consists of both donor-restricted endowment funds and funds designated by the board of directors 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.

**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 10. ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)**

The quasi-endowment (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 NYJIF on a 12-quarter rolling basis.

Endowment net assets composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	\$ 589,571	\$ -	\$ 589,571
Donor-restricted endowment funds	<u>-</u>	<u>11,017,469</u>	<u>11,017,469</u>
Total endowment funds	<u>\$ 589,571</u>	<u>\$ 11,017,469</u>	<u>\$ 11,607,040</u>

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - beginning of year	\$ 900,638	\$ 8,930,436	\$ 9,831,074
Contributions	-	1,991,331	1,991,331
Investment income	336,807	95,702	432,509
Appropriated for expenditures	(252,914)	-	(252,914)
Withdrawals	<u>(394,960)</u>	<u>-</u>	<u>(394,960)</u>
Net assets - end of year	<u>\$ 589,571</u>	<u>\$ 11,017,469</u>	<u>\$ 11,607,040</u>

Endowment net assets composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	\$ 900,638	\$ -	\$ 900,638
Donor-restricted endowment funds	<u>-</u>	<u>8,930,436</u>	<u>8,930,436</u>
Total endowment funds	<u>\$ 900,638</u>	<u>\$ 8,930,436</u>	<u>\$ 9,831,074</u>



**HEBREW FREE LOAN SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 10. ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - beginning of year	\$ 2,648,467	\$ 7,939,637	\$ 10,588,104
Contributions	-	990,799	990,799
Investment income	437,702	-	437,702
Appropriated for expenditures	(472,251)	-	(472,251)
Withdrawals	<u>(1,713,280)</u>	<u>-</u>	<u>(1,713,280)</u>
Net assets - end of year	<u>\$ 900,638</u>	<u>\$ 8,930,436</u>	<u>\$ 9,831,074</u>

**NOTE 11. RETIREMENT PLAN**

The Society participates in a 401(k) retirement plan ("Retirement Plan") sponsored by The Hebrew Free Loan Society. The Retirement Plan was filed under the Employer Identification Number 13-5562239 with the three-digit Retirement Plan Number 001 and became effective on January 1, 2021. The Retirement Plan is funded by a voluntary 3% contribution from the Society and elective contributions from the Society's employees.

The Society's employees are eligible for benefits covered by the Retirement Plan. Retirement Plan expense for the years ended June 30, 2024 and 2023, was \$62,746 and \$120,431, respectively, and is included in "Payroll taxes and benefits" in the accompanying statements of functional expenses.

**NOTE 12. 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.

## **SUPPLEMENTARY INFORMATION**

**HEBREW FREE LOAN SOCIETY, INC.**  
**ANALYSIS OF LOAN ACTIVITY**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Loans</u>	<u>Amount</u>	<u>Allowance</u>	<u>Balance</u>
Loans receivable - July 1, 2022	3,032	\$ 25,721,648	\$ (434,971)	\$ 25,286,677
Loans issued	2,033	29,182,123	-	29,182,123
Loans repaid and adjusted	<u>(1,076)</u>	<u>(19,906,121)</u>	<u>(414,884)</u>	<u>(20,321,005)</u>
Loans receivable - June 30, 2023	3,989	34,997,650	(849,855)	34,147,795
Loans issued	1,863	29,627,598	-	29,627,598
Loans repaid and adjusted	(1,160)	(25,330,856)	-	(25,330,856)
Write offs	-	(715,024)	715,024	-
Loan forgiveness	-	(17,500)	-	(17,500)
Provision for uncollectible loans	<u>-</u>	<u>-</u>	<u>(281,399)</u>	<u>(281,399)</u>
<b>LOANS RECEIVABLE -</b>				
<b>    JUNE 30, 2024</b>	<u><u>4,692</u></u>	<u><u>\$ 38,561,868</u></u>	<u><u>\$ (416,230)</u></u>	<u><u>\$ 38,145,638</u></u>

See independent auditor's report.