

Financial Statements and
Supplementary Information Together
with Report of Independent Certified
Public Accountants

FJC

March 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
FJC:

We have audited the accompanying financial statements of FJC, which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities and change in net assets 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 audit. We conducted our audit 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 FJC'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 FJC'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 FJC as of March 31, 2020 and 2019, and the changes 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.

Other matters*Supplementary information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position for agency loan funds as of March 31, 2020 and the schedule of activities for agency loan funds for the year ended March 31, 2020 on pages 24 and 25, respectively are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary 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 audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



New York, New York
September 16, 2020

FJC

STATEMENTS OF FINANCIAL POSITION

As of March 31, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 3,182,458	\$ 2,128,728
Investments	244,342,456	253,232,841
Investment property held for sale	449,442	6,450,000
Loans receivable	35,697,033	32,079,907
Accrued interest	240,756	180,946
Beneficial interest in third-party trusts	3,516,374	3,179,042
Other assets	84,851	111,133
Total assets	\$ 287,513,370	\$ 297,362,597
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 115,730	\$ 97,948
Assets held for others	35,024,426	35,325,395
Total liabilities	35,140,156	35,423,343
Commitments		
NET ASSETS		
Without donor restrictions:		
Donor-advised funds	219,543,825	229,588,375
Board-designated fund	20,539,799	21,139,076
General funds	8,773,216	8,032,761
Total without donor restrictions	248,856,840	258,760,212
With donor restrictions	3,516,374	3,179,042
Total net assets	252,373,214	261,939,254
Total liabilities and net assets	\$ 287,513,370	\$ 297,362,597

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

FJC

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For the years ended March 31, 2020 and 2019

	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Operating support, revenue and gains		
Contributions	\$ 33,006,930	\$ 32,701,019
Management fees	299,424	249,606
Investment return, net:		
Loan interest	2,389,337	2,599,070
Interest and dividends, net	3,776,417	3,065,962
Net realized and unrealized (losses) gains	(12,095,705)	3,968,300
Investment return, net	(5,929,951)	9,633,332
Net assets released from restrictions	183,423	175,644
Total operating support, revenue and gains	27,559,826	42,759,601
Operating expenses		
Program services:		
Grants made to philanthropic organizations	35,627,951	38,062,460
Program expenses	1,157,959	1,000,781
Total program services	36,785,910	39,063,241
Supporting services:		
Management and general	655,362	601,964
Fundraising	21,926	20,366
Total supporting services	677,288	622,330
Total operating expenses	37,463,198	39,685,571
Change in net assets without donor restrictions	(9,903,372)	3,074,030
Net assets without donor restrictions, beginning of year	258,760,212	255,686,182
Net assets without donor restrictions, end of year	248,856,840	258,760,212

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

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STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS - CONTINUED

For the years ended March 31, 2020 and 2019

	2020	2019
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Change in value of beneficial interest in third-party trusts	\$ 520,755	\$ 178,947
Net assets released from restrictions	(183,423)	(175,644)
Change in net assets with donor restrictions	337,332	3,303
Net assets with donor restrictions, beginning of year	3,179,042	3,175,739
Net assets with donor restrictions, end of year	3,516,374	3,179,042
Change in net assets	(9,566,040)	3,077,333
Net assets, beginning of year	261,939,254	258,861,921
Net assets, end of year	\$ 252,373,214	\$ 261,939,254

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

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STATEMENTS OF CASH FLOWS

For the years ended March 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (9,566,040)	\$ 3,077,333
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized losses (gains)	12,095,705	(3,968,300)
Change in value of beneficial interest in third-party trusts	(520,755)	(178,947)
Donated securities	(8,753,934)	(6,101,366)
Donated property	-	(6,450,000)
Changes in assets and liabilities:		
Decrease in beneficial interest in third-party trusts	183,423	175,644
(Increase) decrease in accrued interest	(59,810)	297,250
Decrease in other assets	26,282	227,495
Increase in accrued expenses	17,782	7,448
(Decrease) increase in assets held for others	(300,969)	10,121,199
	(6,878,316)	(2,792,244)
Cash flows from investing activities		
Advances on loans receivable	(15,839,426)	(8,889,702)
Repayments on and sales of loans receivable	12,222,300	11,797,394
Proceeds from sale of property	6,076,420	-
Proceeds from sales of investments	134,059,849	139,158,980
Purchases of investments	(128,587,097)	(140,032,000)
	7,932,046	2,034,672
Net cash provided by investing activities	7,932,046	2,034,672
Net increase (decrease) in cash	1,053,730	(757,572)
Cash, beginning of year	2,128,728	2,886,300
Cash, end of year	\$ 3,182,458	\$ 2,128,728

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

FJC

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 1 - ORGANIZATION

FJC, a not-for-profit organization, was incorporated in 1995 for the primary purpose of assisting families and individuals by providing total management of their charitable giving, helping them take full advantage of available tax benefits and helping them serve the charitable needs of the community.

FJC's mission is to:

- Increase and maximize the impact of charitable dollars;
- Create innovative and customized philanthropic solutions; and
- Respond effectively to the needs and interests of donors, borrowers, and other clients.

Funds may be contributed to FJC to establish donor-advised funds. Donor-advised funds are invested in various ways based on donor recommendations. A donor may recommend that grants are made to charitable organizations from funds contributed, although FJC is not obligated to make such grants. Accordingly, such amounts are classified within FJC's net assets without donor restrictions.

Funds may be contributed to FJC to establish a Fiscal Sponsorship Program. Fiscal sponsors advance the public benefit by facilitating the development and growth of charitable, mission-driven activities. FJC's Fiscal Sponsorship Program assists projects and organizations that have not yet received their 501(c)(3) determination letter from the Internal Revenue Service ("IRS"), and permits sponsored programs to legally solicit and benefit from charitable contributions from individuals and grants from private foundations and other funding institutions.

FJC has ultimate authority over the selection of charities to receive funds as well as the timing and amounts of the distributions. Accordingly, such amounts are classified within FJC's net assets without donor restrictions. FJC distributes funds contributed, and income earned on these funds to charitable organizations described in Sections 501(c)(3) and 509(a)(1), (2) or (3) of the Internal Revenue Code (the "IRC"). Funds may be distributed to an organization other than as described in these Sections if such organization's mission is in keeping with the charitable purposes of FJC and the organization agrees to use the grant only in the furtherance of its stated and approved purposes, return any funds not used in this manner and provide an accounting of the use of the funds no later than one year from the date of the grant.

General funds represent net assets without donor restrictions that are available for charitable use or supporting services of FJC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

FJC's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FJC and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - consist of funds which are expendable at the discretion of FJC for carrying on daily operations. Donor-advised funds, in which FJC maintains variance power, are not subject to donor-imposed restrictions. Included in net assets without donor restricted, is a board-designated fund with balances of \$20,539,799 and \$21,139,076 as of March 31, 2020 and 2019, respectively. This fund was established by the Board of Directors (the "Board") and may be used as determined by the Board.

Net Assets with Donor Restrictions - resources that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of FJC pursuant to those stipulations.

Net assets with donor restrictions also include funds whereby the donors have stipulated that the principal contributed be invested and maintained in perpetuity. As of and for the years ended March 31, 2020 and 2019, FJC had no such funds.

Cash Equivalents

Cash equivalents are defined as short-term investments held by FJC for operating use with original maturities of three months or less when purchased, except for those cash equivalents which are included in FJC's investment portfolio, which are held for long-term investment purposes.

Investments

Investments in publicly traded debt and equity securities are recorded at fair value determined on the basis of quoted market prices. Investments that are not readily marketable are recorded at net asset value ("NAV") per share as a practical expedient to fair value as determined by the respective limited partnership, hedge fund or fund manager. Because such investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. However, the risk to FJC is limited to the amount of FJC's investment in each of the respective funds with respect to its ownership interests.

Investments in certificates of deposit with original maturities greater than three months that are not debt securities are carried at amortized cost.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are recorded in the statements of activities and change in net assets in the period in which the securities are sold. Dividends and interest are recognized as earned.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. In fair valuing its investments, FJC uses 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).

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

The three levels of the fair value hierarchy used by FJC are described below:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (most reliable and objective valuation).

Level 2 - Financial assets and liabilities whose values are based on the following:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in non-active markets;
- c. Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- d. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability; and pro-rata interest in a private or affiliated investment fund.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Investments are classified within the level of the lowest significant input considered in determining the fair value. In evaluating the level at which FJC's investments have been classified, FJC has assessed factors including, but not limited to, price transparency, subscription activity, redemption activity and the existence or absence of certain restrictions such as a gate or lockup period.

Concentration of Credit Risk

Financial instruments which potentially subject FJC to concentrations of credit risk consist of cash and cash equivalents. FJC maintains its cash and cash equivalents in various accounts which, at times, may exceed federally insured limits. FJC believes the credit risk related to these deposits is minimal. FJC also holds interests in uninsured money market funds that are held in accounts at brokerage firms and are reported with investments in the accompanying statement of financial position. The accounts at the brokerage firms are covered by SIPC insurance up to \$500,000.

As of March 31, 2020 and 2019, FJC held accounts totaling approximately \$163,742,985 and \$167,675,280, respectively, with Merrill Lynch, Bank of America Corporation. FJC has other investment accounts with balances above the limit covered by SIPC insurance.

Loans Receivable

FJC's variable rate loans receivable are carried at net realizable value, except for those loans, which originated prior to April 1, 2010, which are carried at fair value.

If necessary, management will provide an allowance for loan losses based on a variety of factors:

- The known financial condition of the borrower;
- Historical collection patterns and comparative aging; and
- The value of the borrower's interest in the underlying collateral and any other credit enhancements supporting performance, such as guarantees, if applicable, based on management's best estimate of the fair value of the collateral.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

Since its inception, any loans that were determined by FJC to be potentially impaired were purchased in full by a private foundation, including principal and all accrued interest. A private foundation has pledged a security interest to FJC in certain securities in a pledged collateral account, with an independent financial institution, that is hypothecated to FJC in the event of default of any loan receivable. This enhances FJC's loan portfolio's credit. The substantial market value of these pledged securities has been sufficient so that management believes that no allowance for loan losses is determined to be necessary.

FJC's management and loan committee review the loans receivable quarterly to determine the existence of any potentially delinquent or impaired loans, appropriateness of non-accrual of interest on such loans, and the necessity of an allowance for loan losses.

Delinquent and Impaired Loans

Delinquent loans are defined as loans that are 30 days or more past due in payment of principal and/or interest. Impaired loans are those that are 120 days or more past due in payment of principal and/or interest. For impaired loans, FJC determines that it will be unable to collect all amounts due. Assessing the likelihood that a loan will not be paid according to its contractual terms involves the consideration of all relevant facts and circumstances and requires a significant amount of judgment.

For such purposes, factors that are considered include:

- The current performance of the borrower;
- The current economic environment and financial capacity of the borrower to preclude a default;
- The willingness of the borrower to provide the support necessary to preclude a default (including the potential for successful resolution of a potential problem through modification of terms); and
- The value of the borrower's interest in the underlying collateral and any other credit enhancements supporting performance, such as guarantees, if applicable, based on management's best estimate of the fair value of the collateral.

In the event that FJC determines a loan to be potentially impaired, FJC will notify the private foundation that pledged securities to satisfy the loan that FJC intends to exercise its rights under the hypothecation agreement.

As of March 31, 2020 and 2019, FJC has no loans that are considered delinquent or impaired.

Non-accrual Loans

FJC considers a non-accrual loan as a nonperforming loan that is not generating its stated interest rate due to nonpayment from the borrower. Since FJC retains the ability to call the collateral on the loan or exercise its right under the hypothecation agreement with the private foundation, FJC expects full repayment of principal and interest. Accordingly, as of March 31, 2020 and 2019, FJC has no loans on a non-accrual basis.

NOTES TO FINANCIAL STATEMENTS - CONTINUED**March 31, 2020 and 2019*****Allowance for Loan Losses***

Management will provide an allowance for loan losses based on consideration of the known financial condition of the responsible party, historical collection patterns, and comparative aging. Such allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically, and if the financial condition of the responsible party changes significantly, FJC will evaluate the recoverability of any loans receivable due from that organization and write-off any amounts that are no longer considered recoverable. As of March 31, 2020 and 2019, no allowance for loan losses was determined to be necessary.

Beneficial Interest in Third-Party Trusts

FJC is a beneficiary of a number of irrevocable charitable lead trusts held by third parties. At the dates in which these charitable trusts were established, contributed revenues and receivables are recognized at the present value of the estimated future benefits to be received by FJC, discounted using an appropriate discount rate. The receivable is adjusted during the term of the trusts for amounts received as well as the change in the present value discount due to the passage of time.

Fixed Assets

Furniture and fixtures, equipment, software, and leasehold improvements are stated at cost less accumulated depreciation and amortization. Additions and improvements costing more than \$10,000 and with estimated useful lives greater than three years are capitalized. FJC provides for depreciation and amortization of furniture, fixtures, equipment, and software on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 10 years. Amortization of leasehold improvements is provided on a straight-line basis over the lesser of the term of the lease or the estimated useful lives of the improvements. Repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. As of March 31, 2020 and 2019, FJC has no undepreciated fixed assets.

Assets Held for Others

Assets held for others are funds received from not-for-profit organizations, some of which have transferred funds with FJC for the purpose of investing in FJC's agency loan fund, which is available to provide secured interest-bearing loans to charitable organizations. These funds can be redeemed by the participants in accordance with FJC's policies. FJC does not have variance power over the use of these assets.

Revenue Recognition

FJC recognizes revenue from contributions in accordance with FASB Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, FJC evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, FJC applies guidance under FASB ASC 606. If the transfer of assets is determined to be a contribution, FJC evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before FJC is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions and unconditional promises to give are recognized as revenue in the period received. Conditional contributions and promises to give are recorded as revenue when the conditions on which they depend to have been substantially met. Contributions of non-monetary assets are recorded at the estimated fair value of the assets contributed.

NOTES TO FINANCIAL STATEMENTS - CONTINUED**March 31, 2020 and 2019*****Grants and Program Expenses***

Grants are made to support not-for-profit organizations and charitable needs and are recorded when approved by FJC's grants committee. In addition, grants are made to charitable organizations as recommended by donors in conjunction with donor-advised funds. Certain administrative costs that relate to making grants to philanthropic organizations have been allocated to program expenses on the basis of salaries and other bases as determined by FJC's management to be appropriate.

Tax-exempt Status

The IRS has ruled that FJC is a Section 501(c)(3) organization, exempt from federal income tax under Section 501(a). In addition, FJC is organized under the not-for-profit laws of New York State and as such, is exempt from taxes for New York State and City income tax purposes.

Income Taxes

FJC is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Code. FJC follows the guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

FJC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus, and to identify and evaluate other matters that may be considered tax positions. FJC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements for the year ended March 31, 2020.

Use of Estimates

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

Reclassifications

Certain 2019 financial statement amounts have been reclassified to conform to the 2020 financial statement presentation. Such changes had no effect on total assets, liabilities, revenues, expenses, or change in net assets as previously reported.

SARS-CoV-2 Pandemic

On March 11, 2020, the World Health Organization declared a worldwide pandemic due to the rapid spread of SARS-CoV-2 virus (the "Coronavirus"). Management identified two key areas that could be adversely affected by the Coronavirus. These areas are the financial position of its borrowers and their ability to repay loans and the fair value of FJC's investment portfolio. Management continues to monitor these areas and as of the date of this audit report, FJC has not experienced significant delays in loan repayment. Accordingly, the balances presented in the accompanied financial statements have not been adjusted due to the Coronavirus.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

Subsequent Events

FJC evaluated its March 31, 2020 financial statements for subsequent events through September 16, 2020, the date the financial statements were available to be issued. Except for the matter described in Note 3, *Investment Property Held for Sale*, FJC is not aware of any other material subsequent events which would require recognition or disclosure in the accompanying financial statements.

NOTE 3 - INVESTMENTS

The following is a summary of investments at March 31, 2020 and 2019, at fair value:

	<u>2020</u>	<u>2019</u>
Cash equivalents	\$ 72,547,724	\$ 24,529,002
U.S. equities and preferred stock	41,670,476	27,184,761
International equities	2,449,731	2,945,017
Exchange-traded funds	1,288,113	1,563,902
U.S. government securities	15,747,542	51,592,649
Corporate and municipal bonds	3,045,376	3,290,150
Mutual funds:		
U.S. equities	47,089,208	83,352,487
International equities	629,145	622,108
Fixed income	23,090,888	10,634,873
Alternative investments:		
Hedge funds	27,869,257	28,535,943
Limited partnerships	8,093,667	8,424,854
Private company	535,129	100,000
Limited Partnership - Equity	38,202	-
Real estate	-	511,000
Certificates of deposit	<u>247,998</u>	<u>9,946,095</u>
Total investments	<u>\$ 244,342,456</u>	<u>\$ 253,232,841</u>

During fiscal 2016, FJC was the recipient of various shares of stock in a privately held company for which it has no ability to redeem. While reasonable efforts were made, FJC was unable to obtain sufficient information to measure the fair value of such interests as of the date of the contribution or its subsequent measurement date (i.e., March 31, 2020, and 2019). Accordingly, FJC has not recorded its interest in the privately held company in the accompanying financial statements.

FJC invests in certain alternative investments, including investments through funds of funds and limited partnerships. Through these investments, FJC is indirectly involved in investment activities such as securities lending, short sales of securities, options, warrants, trading in futures and forwards contracts, swap contracts, and other derivative products. Derivatives are tools used to maintain asset mix or adjust portfolio risk exposure. While these financial instruments may contain varying degrees of risk, FJC's risk with respect to such transactions is limited to its capital balance in each investment.

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

The following table presents FJC's fair value hierarchy for those investments measured at fair value on a recurring basis at March 31, 2020:

	2020				Total
	Level 1	Level 2	Level 3	Net Asset Value*	
Cash equivalents	\$ 72,547,724	\$ -	\$ -	\$ -	\$ 72,547,724
U.S. equities and preferred stock	41,670,476	-	-	-	41,670,476
International equities	2,449,731	-	-	-	2,449,731
Exchange-traded funds	1,288,113	-	-	-	1,288,113
U.S. government securities	-	15,747,542	-	-	15,747,542
Corporate and municipal bonds	-	3,045,376	-	-	3,045,376
Mutual funds:					
U.S. equities	47,089,208	-	-	-	47,089,208
International equities	629,145	-	-	-	629,145
Fixed income	23,090,888	-	-	-	23,090,888
Alternative investments:					
Hedge funds	-	-	-	27,869,257	27,869,257
Limited partnerships	-	-	-	8,093,667	8,093,667
Limited Partnership - Equity	-	-	-	38,202	38,202
Private companies	-	-	535,129	-	535,129
	<u>\$ 188,765,285</u>	<u>\$ 18,792,918</u>	<u>\$ 535,129</u>	<u>\$ 36,001,126</u>	<u>244,094,458</u>
Investments not measured at fair value					
Certificates of deposit					247,998
Total investments					<u>\$ 244,342,456</u>

* In accordance with ASC Subtopic 820-10, investments measured at fair value using net asset value ("NAV") per share as a practical expedient have not been categorized in the fair value hierarchy.

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

The following table presents FJC's fair value hierarchy for those investments measured at fair value on a recurring basis at March 31, 2019:

	2019				Total
	Level 1	Level 2	Level 3	Net Asset Value*	
Cash equivalents	\$ 24,529,002	\$ -	\$ -	\$ -	\$ 24,529,002
U.S. equities and preferred stock	27,184,761	-	-	-	27,184,761
International equities	2,945,017	-	-	-	2,945,017
Exchange-traded funds	1,563,902	-	-	-	1,563,902
U.S. government securities	-	51,592,649	-	-	51,592,649
Corporate and municipal bonds	-	3,290,150	-	-	3,290,150
Mutual funds:					
U.S. equities	83,352,487	-	-	-	83,352,487
International equities	622,108	-	-	-	622,108
Fixed income	10,634,873	-	-	-	10,634,873
Alternative investments:					
Hedge funds	-	-	-	28,535,943	28,535,943
Limited partnerships	-	-	-	8,424,854	8,424,854
Private company	-	-	100,000	-	100,000
Real estate	-	-	511,000	-	511,000
	<u>\$ 150,832,150</u>	<u>\$ 54,882,799</u>	<u>\$ 611,000</u>	<u>\$ 36,960,797</u>	<u>243,286,746</u>
Investments not measured at fair value					
Certificates of deposit					9,946,095
Total investments					<u>\$ 253,232,841</u>

* In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

A reconciliation of Level 3 investments for the years ended March 31, 2020 and 2019 follows:

	Beginning Balance at March 31, 2019	Realized and Unrealized Loss	Purchases (Including Contributions)	Sales (Including Withdrawals)	Net Transfers In (Out) of Level 3 ^{(a)(b)}	Ending Balance at March 31, 2020
Real estate and private companies	\$ 511,000	\$ (61,558)	\$ 535,129	\$ -	\$ (449,442)	\$ 535,129
	Beginning Balance at March 31, 2018	Realized and Unrealized Loss	Purchases (Including Contributions)	Sales (Including Withdrawals)	Net Transfers In (Out) of Level 3 ^(a)	Ending Balance at March 31, 2019
Real estate and private companies	\$ 651,000	\$ (40,000)	\$ -	\$ -	\$ -	\$ 611,000

(a) FJC's policy is to recognize transfers in and transfers out at the end of the reporting period.

(b) As of March 31, 2020, this investment was presented within the investment property held for sale line of the accompanying statement of financial position. (See the Investment Property Held for Sale section of Note 3.)

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

FJC uses the NAV per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list such investments by major category:

2020							
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Absolute return, diversified long/short, event-driven, multi-strategy	\$ 27,869,257	12	Subject to the determination of the respective fund managers	N/A	6 funds are monthly with a 10 to 30 days notice, 6 funds are quarterly with a 45 to 90 days notice	1 fund has 25% investor level gates, 1 fund has 12 month lock up on purchases
Limited partnerships	Long/short equity and fixed income, event-driven	8,093,667	1	Subject to the determination of the respective fund managers	N/A	None	N/A
Limited partnerships	Private equity	38,202	1		N/A	None	N/A
		<u>\$ 36,001,126</u>	<u>14</u>				
2019							
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Absolute return, diversified long/short, event-driven, multi-strategy	\$ 28,535,943	13	Subject to the determination of the respective fund managers	N/A	6 funds are monthly with a 10 to 30 days notice, 7 funds are quarterly with a 45 to 90 days notice	1 fund has 25% investor level gates, 1 fund has 12 month lock up on purchases
Limited partnerships	Long/short equity and fixed income, event-driven	8,424,854	2	Subject to the determination of the respective fund managers	N/A	1 fund is quarterly with 60 days notice; 1 fund does not allow voluntary redemptions	1 fund has 25% investor level gates
		<u>\$ 36,960,797</u>	<u>15</u>				

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

Investment Property Held for Sale

In May 2020, FJC entered into a sales agreement for real estate property donated in February 2010. The agreement calls for a sales price of \$600,000, of which FJC will repay the property's management company for expenses paid in excess of rental income. As of March 31, 2020, that repayment amount was \$150,558. Finalization of the sale is contingent on zoning approval, which is expected to take several months.

In fiscal 2019, FJC received donated real estate that it subsequently sold in May 2019 for \$6,450,000. In the absence of an appraisal at date of contribution, FJC valued the donated real estate as of March 31, 2019 based on the gross selling price of \$6,450,000.

NOTE 4 - LOANS RECEIVABLE

Loans receivable consist of interest-bearing loans to charitable organizations, at a variable interest rate, generally prime plus 3% (6.25% at March 31, 2020 and 8.50% at March 31, 2019), with varying maturities through December 2020. The loans are secured in whole or in part by assets of the borrowers. Certain loans receivable are also supported by personal guarantees on behalf of the borrowers.

A private foundation has pledged to FJC a security interest in treasuries, insured certificates of deposit and a money market fund (with fair values of approximately \$32,162,655 and \$31,462,269 at March 31, 2020 and 2019, respectively), to be used as collateral for the repayment of principal amounts in the event of default of any of the loans receivable. This amount is not recorded in the accompanying financial statements. This agreement remains in effect until October 1, 2020 and is renewable by mutual consent.

During the year ended March 31, 2019, the private foundation purchased one loan totaling \$1,018,201; there were no loans purchased by the private foundation during fiscal 2020. Also, a member of the private foundation's Board of Directors is an officer of FJC.

As of March 31, 2020 and 2019, the carrying value of loans receivable for which the fair value option was not elected was \$35,697,033 and \$32,079,907, respectively.

NOTE 5 - BENEFICIAL INTEREST IN THIRD-PARTY TRUSTS

During fiscal 2018, FJC was named as a beneficiary to irrevocable charitable lead trusts for which a pre-established payment stream was determined by the gift instrument. The present value of the related interest, using a discount factor of 1.30% and 2.95%, was estimated to be \$3,516,374 and \$3,179,042 as of March 31, 2020 and 2019, respectively. This beneficial interest in third-party trusts is reflected as net assets with donor restrictions on the accompanying statements of financial position. Such assets represent FJC's only net assets with donor restrictions on March 31, 2020 and 2019. FJC's net assets released from restrictions, which totaled \$183,423 and \$175,644 for the fiscal years ended March 31, 2020 and 2019, respectively, were related to payments received from such charitable lead trusts during the fiscal year.

NOTE 6 - COMMITMENTS

In January 2020, FJC extended the original lease agreement with the landlord until September 30, 2021. The lease calls for an initial annual payment of \$130,500, with annual escalations in minimum rent charged at 2%.

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

Future minimum annual rental obligations due under this lease are as follows:

Year ending March 31,	<u>Amount</u>
2021	\$ 112,605
2022	65,250

Rent expense totaled approximately \$93,782 and \$91,943 for the years ended March 31, 2020 and 2019, respectively.

NOTE 7 - FUNCTIONAL EXPENSES

FJC determines allocation of the following expenses based on estimated percentage of time spent by each employee in relation to program services, management and general services and fundraising: salaries, employee benefits, payroll taxes, pension plan contribution, office rent, utilities and internet usage, and equipment rental and maintenance. All other expenses analyzed and allocated specifically to the functional expense category to which they relate.

Total expenses by functional classification for the fiscal year ended March 31, 2020 were as follows:

	<u>2020</u>						
	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Grants Made to Philanthropic Organizations</u>	<u>Program Expenses</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Grants	\$ 35,627,951	\$ -	\$ 35,627,951	\$ -	\$ -	\$ -	\$ 35,627,951
Salaries	-	649,565	649,565	312,555	12,180	324,735	974,300
Employee benefits	-	106,252	106,252	51,125	1,992	53,117	159,369
Payroll taxes	-	47,894	47,894	23,045	898	23,943	71,837
Professional fees	-	97,566	97,566	124,024	-	124,024	221,590
Pension plan contribution	-	13,384	13,384	6,440	251	6,691	20,075
Office rent, utilities and internet	-	94,305	94,305	45,377	1,768	47,145	141,450
Computer license and support	-	89,090	89,090	43,347	3,231	46,578	135,668
Insurance	-	9,026	9,026	20,720	169	20,889	29,915
Postage	-	6,418	6,418	-	-	-	6,418
Equipment rental and maintenance	-	2,269	2,269	1,092	42	1,134	3,403
Staff development, travel and hospitality	-	3,987	3,987	3,987	-	3,987	7,974
Subscription and membership fees	-	3,809	3,809	1,015	255	1,270	5,079
Miscellaneous expenses	-	34,394	34,394	22,635	1,140	23,775	58,169
	<u>\$ 35,627,951</u>	<u>\$ 1,157,959</u>	<u>\$36,785,910</u>	<u>\$ 655,362</u>	<u>\$ 21,926</u>	<u>\$677,288</u>	<u>\$ 37,463,198</u>

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

Total expenses by functional classification for the fiscal year ended March 31, 2019 were as follows:

	2019						
	Program Services			Supporting Services			Total
	Grants Made to Philanthropic Organizations	Program Expenses	Total	Management and General	Fundraising	Total Supporting Services	
Grants	\$ 38,062,460	\$ -	\$ 38,062,460	\$ -	\$ -	\$ -	\$ 38,062,460
Salaries	-	500,616	500,616	240,885	9,386	250,271	750,887
Employee benefits	-	86,356	86,356	41,552	1,619	43,171	129,527
Payroll taxes	-	36,092	36,092	17,366	677	18,043	54,135
Professional fees	-	132,680	132,680	168,660	-	168,660	301,340
Pension plan contribution	-	12,887	12,887	6,201	242	6,443	19,330
Advertising, promotion and public relations	-	-	-	-	2,063	2,063	2,063
Office rent, utilities and internet	-	83,463	83,463	40,160	1,565	41,725	125,188
Computer license and support	-	98,430	98,430	47,891	3,570	51,461	149,891
Insurance	-	7,146	7,146	16,404	134	16,538	23,684
Postage	-	6,896	6,896	-	-	-	6,896
Equipment rental and maintenance	-	5,571	5,571	2,681	104	2,785	8,356
Staff development, travel and hospitality	-	2,733	2,733	2,733	-	2,733	5,466
Subscription and membership fees	-	2,394	2,394	638	160	798	3,192
Miscellaneous expenses	-	25,517	25,517	16,793	846	17,639	43,156
	<u>\$ 38,062,460</u>	<u>\$ 1,000,781</u>	<u>\$39,063,241</u>	<u>\$ 601,964</u>	<u>\$ 20,366</u>	<u>\$622,330</u>	<u>\$ 39,685,571</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

FJC's liquidity needs are based on multiple variables, some of which are known or anticipated cash operating needs, but also based on unpredictable donor activity. Known or anticipated cash operating needs generate from anticipated program, management and general, and fundraising related expenses as well as anticipated loan advances and maturities of FJC's Agency Loan Program. Donor activity, such as donor contributions and donor grant requests are unpredictable and may change from one period to the next. Therefore, FJC maintains a rolling 12 months of fixed income asset maturities to maintain cash liquidity needs while still maintaining maximum growth on FJC's investment portfolio and likewise maximizing donor-advised fund assets. FJC monitors the liquidity needs of the organization and investment portfolio rebalancing on an ongoing basis.

FJC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020 and 2019

FJC's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of March 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,182,458	\$ 2,128,728
Investments	244,342,457	259,682,841
Loans receivable	2,313,852	4,600,145
Accrued interest	240,756	180,946
Beneficial interest in third-party trusts	191,979	183,423
Other assets	84,851	111,133
	<u>250,356,353</u>	<u>266,887,216</u>
Less:		
Assets held for others	<u>35,024,426</u>	<u>35,325,395</u>
Total financial assets available to management for general expenditure before amounts subject to the Board's approval	215,331,927	231,561,821
Less:		
Amounts unavailable to management without Board approval		
Board-designated fund	<u>20,539,799</u>	<u>21,139,076</u>
Total financial assets available within one year	<u>\$ 194,792,128</u>	<u>\$ 210,422,745</u>

SUPPLEMENTARY INFORMATION

FJC

SCHEDULE OF FINANCIAL POSITION FOR AGENCY LOAN FUNDS

As of March 31, 2020

ASSETS

Investments	\$ 29,567,018
Loans receivable	34,976,818
Accrued interest	<u>201,890</u>
Total assets	<u>64,745,726</u>
Net assets	<u>\$ 64,745,726</u>

FJC

SCHEDULE OF ACTIVITIES FOR AGENCY LOAN FUNDS

For the year ended March 31, 2020

ADDITIONS

Agency loan fund earnings	\$ 2,270,619
Other additions	<u>9,076,652</u>

Total additions	11,347,271
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DEDUCTIONS

Credit enhancement fund	170,481
Other deductions	<u>4,834,229</u>

Total deductions	5,004,710
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Net change	6,342,561
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Agency loan funds, beginning of year	<u>58,403,164</u>
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Agency loan funds, end of year	<u>\$ 64,745,725</u>
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