

FJC

Financial Statements

March 31, 2022

Independent Auditors' Report

Board of Directors
FJC

Opinion

We have audited the accompanying financial statements of FJC, which comprise the statement of financial position as of March 31, 2022 and the related statements of activities and cash flows for the year 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 FJC as of March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FJC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of FJC as of March 31, 2021 were audited by other auditors whose report dated December 17, 2021, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 FJC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 FJC'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 FJC'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2022 supplementary schedules on pages 24 and 25 are presented for purposes of additional analysis and are 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 audit 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 2022 information is fairly stated in all material respects in relation to the financial statements as a whole. The 2021 supplementary schedules on pages 24 and 25 was subjected to the auditing procedures applied in the 2021 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2021 financial statements as a whole.

PKF O'Connor Davies, LLP

October 11, 2022

FJC

Statement of Financial Position
 March 31, 2022
 (With comparative amounts at March 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,897,157	\$ 1,518,286
Investments	343,503,603	314,178,197
Investment property held for sale	-	417,226
Program-related investments, net	8,993,040	8,839,054
Loans receivable, net	22,972,506	32,479,419
Accrued interest	157,997	294,202
Beneficial interest in third-party trusts	2,787,339	3,123,144
Other assets	52,513	1,466,143
Equipment, net	32,902	35,115
	\$ 381,397,057	\$ 362,350,786
 LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 489,429	\$ -
Accrued expenses	88,456	142,524
Assets held for others	47,367,454	42,491,281
Total Liabilities	47,945,339	42,633,805
 Net Assets		
Without Donor Restrictions		
Donor-advised funds	296,698,474	280,591,457
Board-designated funds	27,768,837	30,204,934
General funds	6,197,068	5,797,446
Total Without Donor Restrictions	330,664,379	316,593,837
With donor restrictions	2,787,339	3,123,144
Total Net Assets	333,451,718	319,716,981
	\$ 381,397,057	\$ 362,350,786

See notes to financial statements

FJC

Statement of Activities
Year Ended March 31, 2022
(With summarized totals for the year ended March 31, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions	\$ 52,895,068	\$ -	\$ 52,895,068	\$ 31,412,976
Management fees	302,862		302,862	258,912
Investment Return:				
Loan interest	2,312,428	-	2,312,428	2,149,083
Interest and dividend, net	3,839,889	-	3,839,889	2,851,978
Net realized and unrealized gains	13,103,456	-	13,103,456	62,319,146
Gain on sale of property held for sale	182,774	-	182,774	-
Change in value of beneficial interest in third-party trusts	-	(134,413)	(134,413)	(201,251)
Net assets released from donor restrictions	201,392	(201,392)	-	-
Total Support and Revenue	<u>72,837,869</u>	<u>(335,805)</u>	<u>72,502,064</u>	<u>98,790,844</u>
EXPENSES				
Program Services				
Grants made to philanthropic organizations	52,582,521	-	52,582,521	29,261,693
Other programs expenses	1,058,762	-	1,058,762	1,043,441
Total Program Services	<u>53,641,283</u>	<u>-</u>	<u>53,641,283</u>	<u>30,305,134</u>
Supporting Services				
General and administrative	1,045,983	-	1,045,983	1,048,097
Fundraising	57,061	-	57,061	93,846
Total Supporting Services	<u>1,103,044</u>	<u>-</u>	<u>1,103,044</u>	<u>1,141,943</u>
Total Expenses	<u>54,744,327</u>	<u>-</u>	<u>54,744,327</u>	<u>31,447,077</u>
Change in Net Assets Before				
Bad Debt Expense on Loan Receivable	18,093,542	(335,805)	17,757,737	67,343,767
Bad debt expense on loan receivable	<u>(4,023,000)</u>	<u>-</u>	<u>(4,023,000)</u>	<u>-</u>
Total Change in Net Assets	14,070,542	(335,805)	13,734,737	67,343,767
NET ASSETS				
Beginning of year	<u>316,593,837</u>	<u>3,123,144</u>	<u>319,716,981</u>	<u>252,373,214</u>
End of year	<u>\$ 330,664,379</u>	<u>\$ 2,787,339</u>	<u>\$ 333,451,718</u>	<u>\$ 319,716,981</u>

See notes to financial statements

FJC

Statement of Cash Flows
Year Ended March 31, 2022
(With comparative amounts for the year ended March 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,734,737	\$ 67,343,767
Adjustments to reconcile change in net assets		
net cash from operating activities:		
Depreciation	5,044	1,786
Bad debt expense	4,023,000	-
Net realized and unrealized gains	(13,103,456)	(62,319,146)
Gain on sale of property held for sale	(182,774)	-
Change in value of beneficial interest in third-party trusts	134,413	201,251
Amortization of discount on program-related investments	(153,986)	652,466
Donated securities	(12,538,912)	(10,784,050)
Changes in operating assets and liabilities:		
Accrued interest	136,205	(53,446)
Other assets	1,413,630	(1,381,292)
Grants payable	489,429	-
Accrued expenses	(54,068)	26,794
Assets held for others	4,876,173	7,466,855
Net Cash from Operating Activities	(1,220,565)	1,154,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances on loans receivable	(10,459,613)	(8,573,746)
Repayments on loans receivable	15,943,526	11,791,360
Purchase of equipment	(2,831)	(36,901)
Beneficial interest in third-party trusts	201,392	191,979
Proceeds from sale of property held for sale	600,000	-
Proceeds from sales of investments	82,263,900	74,156,984
Purchase of program-related investments	-	(9,491,520)
Purchases of investments	(85,946,938)	(70,857,313)
Net Cash from Investing Activities	2,599,436	(2,819,157)
Net Change in Cash and Cash Equivalents	1,378,871	(1,664,172)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,518,286	3,182,458
End of year	\$ 2,897,157	\$ 1,518,286

See notes to financial statements

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Notes to Financial Statements
March 31, 2022

1. Nature of Organization and Tax Status

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 "Sections"). 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.

Tax-Exempt Status

The Internal Revenue Service 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.

FJC

Notes to Financial Statements March 31, 2022

2. Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

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

The preparation of financial statements 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 reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include the allowance for doubtful receivables.

Net Assets

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 that are expendable at the discretion of FJC for carrying on daily operations. General funds represent net assets without donor restrictions that are available for charitable use or supporting services of FJC. Donor-advised funds, in which FJC maintains variance power, are not subject to donor-imposed restrictions. Included in net assets without donor restrictions, is a board-designated fund with balances of \$27,768,837 and \$30,204,934 as of March 31, 2022, and 2021, respectively. Of such amounts, \$4,237,377 and \$3,931,731 were held as of March 31, 2022, and 2021, respectively, to provide additional credit support for the Agency Loan Fund. The remaining balance of board-designated funds may be used as determined by FJC's Board of Directors.

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 may 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, 2022, and 2021, FJC had no such funds.

Cash Equivalents

Cash equivalents are defined as short-term investments held by FJC for operating use with 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.

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Notes to Financial Statements
March 31, 2022

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

Investments and Investment Returns

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 differences 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 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 statement of activities in the period in which the securities are sold. Dividends and interest are recognized as earned.

Program-Related Investments

Donors of FJC may recommend that funds from donor-advised accounts be utilized for program-related investments. These program-related investments consist of bonds to not-for-profit organizations that bear below-market interest rates. Program-related investments are recorded at their net present value at the date bond proceeds are disbursed and are discounted using an appropriate discount rate. The bonds are adjusted during the term of the bond for repayments received as well as the change in the present value discount due to the passage of time.

Fair Value Measurements

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820 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).

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).

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Notes to Financial Statements
March 31, 2022

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

Fair Value Measurements (continued)

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.

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
March 31, 2022

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

Loans Receivable (continued)

Since its inception, certain 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 for loans covered by this agreement.

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 whether 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, 2022 and 2021, FJC has no loans that are considered delinquent or impaired.

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Notes to Financial Statements
March 31, 2022

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

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, 2022, and 2021, FJC has no loans on a non-accrual basis.

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. An allowance for doubtful accounts of \$4,023,000 was established at March 31, 2022 for one loan held exclusively by the board designated fund. As of March 31, 2021, 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. On the dates on 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.

Equipment

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 three to ten 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 and included with depreciation. Repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred.

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Notes to Financial Statements
March 31, 2022

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

Website Costs

Website costs related to application development, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to the operation and support are expensed as incurred. FJC capitalizes website costs that have a cost of \$10,000 or more and an estimated useful life of greater than three years. Capitalized costs are amortized over a seven-year expected life using the straight-line method and included with depreciation.

Assets Held for Others

Assets held for others are funds received from not-for-profit organizations, some of which have transferred funds to 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 Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (the "Standard"). In accordance with the Standard, 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 the Standard. 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.

Management Fees

FJC recognizes revenue in the form of management fees from its eleemosynary fund accounts ("EFA"). The fees are based on a percentage of the average daily balance in the account, calculated and assessed quarterly. EFA fee rates range from .45% to 1% annually based upon funds investment allocation.

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Notes to Financial Statements
March 31, 2022

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

Functional Expenses

The costs, including depreciation expense, of providing FJC's various grants, programs and supporting services are summarized on a functional basis in the accompanying statement of activities. The schedules in Note 9 present the natural classification detail of expenses by function. Accordingly, direct costs have been allocated to the program and supporting services based on the nature of each expense. Indirect expenses have been allocated on the basis of utilization of resources by each FJC department and by employee time allocations.

Grants and Program Expenses

Grants are made to support not-for-profit organizations and charitable needs and are recorded when awarded via approval by FJC's grants committee. There are no conditions or barriers for the recipients of these grants to overcome. 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.

Accounting for Uncertainty in Income Taxes

FJC recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that FJC had no uncertain tax positions that would require financial statement recognition or disclosure. FJC is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to March 31, 2019.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with FJC's financial statements as of and for the year ended March 31, 2021, from which the summarized information was derived.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

FJC evaluated its March 31, 2022, financial statements for subsequent events through October 11, 2022, the date the financial statements were available to be issued. FJC is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements, other than disclosed herein.

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Notes to Financial Statements March 31, 2022

3. 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 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, 2022 and 2021, FJC held accounts totaling approximately \$233,847,710 and \$202,195,886, respectively, with Merrill Lynch, Bank of America Corporation. FJC has other investment accounts with balances above the limit covered by SIPC insurance. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of risk.

4. Investments

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

	2022	2021
Cash equivalents	\$ 119,334,414	\$ 86,092,734
U.S. equities and preferred stock	49,456,766	48,814,788
International equities	4,578,992	4,675,681
Exchange-traded funds	1,685,641	683,695
U.S. Government securities	10,165,240	12,817,064
Corporate and municipal bonds	3,743,760	3,423,138
	188,964,813	156,507,100
Mutual Funds:		
U.S. equities	79,979,318	72,526,358
International equities	4,270,010	3,489,953
Fixed income	23,041,172	30,018,648
	107,290,500	106,034,959
Alternative Investments:		
Hedge funds	47,148,290	39,785,488
Limited partnerships	-	11,315,521
Private companies	100,000	535,129
	47,248,290	51,636,138
Total Investments	\$ 343,503,603	\$ 314,178,197

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Notes to Financial Statements March 31, 2022

4. Investments *(continued)*

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, 2022, and 2021). 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.

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

	2022				
	Level 1	Level 2	Level 3	Net Asset Value*	Total
U.S. equities and preferred stock	\$ 49,456,766	\$ -	\$ -	\$ -	\$ 49,456,766
International equities	4,578,992	-	-	-	4,578,992
Exchange-traded funds	1,685,641	-	-	-	1,685,641
U.S. Government securities	-	10,165,240	-	-	10,165,240
Corporate and municipal bonds	-	3,743,760	-	-	3,743,760
Mutual Funds:					
U.S. equities	79,979,318	-	-	-	79,979,318
International equities	4,270,010	-	-	-	4,270,010
Fixed income	23,041,172	-	-	-	23,041,172
Alternative Investments:					
Hedge funds	-	-	-	47,148,290	47,148,290
Private companies	-	-	100,000	-	100,000
Total Investments at Fair Value	163,011,899	13,909,000	100,000	47,148,290	224,169,189
Cash equivalents, at cost	-	-	-	-	119,334,414
Total Investments	\$ 163,011,899	\$ 13,909,000	\$ 100,000	\$ 47,148,290	\$ 343,503,603
	2021				
	Level 1	Level 2	Level 3	Net Asset Value*	Total
U.S. equities and preferred stock	\$ 48,814,788	\$ -	\$ -	\$ -	\$ 48,814,788
International equities	4,675,681	-	-	-	4,675,681
Exchange-traded funds	683,695	-	-	-	683,695
U.S. Government securities	-	12,817,064	-	-	12,817,064
Corporate and municipal bonds	-	3,423,138	-	-	3,423,138
Mutual Funds:					
U.S. equities	72,526,358	-	-	-	72,526,358
International equities	3,489,953	-	-	-	3,489,953
Fixed income	30,018,648	-	-	-	30,018,648
Alternative Investments:					
Hedge funds	-	-	-	39,785,488	39,785,488
Limited partnerships	-	-	-	11,315,521	11,315,521
Private companies	-	-	535,129	-	535,129
Total Investments at Fair Value	160,209,123	16,240,202	535,129	51,101,009	228,085,463
Cash equivalents, at cost	-	-	-	-	86,092,734
Total Investments	\$ 160,209,123	\$ 16,240,202	\$ 535,129	\$ 51,101,009	\$ 314,178,197

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Notes to Financial Statements
March 31, 2022

4. Investments (continued)

* 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 is as follows for the years ended March 31:

	2022					
	Beginning Balance at March 31, 2021	Realized and Unrealized Loss	Purchases (Including Contributions)	Sales (Including Withdrawals)	Net Transfers In (Out) of Level 3	Ending Balance at March 31, 2022
Private companies	<u>\$ 535,129</u>	<u>\$ (118,184)</u>	<u>\$ -</u>	<u>\$ (316,945)</u>	<u>\$ -</u>	<u>\$ 100,000</u>
	2021					
	Beginning Balance at March 31, 2020	Realized and Unrealized Loss	Purchases (Including Contributions)	Sales (Including Withdrawals)	Net Transfers In (Out) of Level 3	Ending Balance at March 31, 2021
Private companies	<u>\$ 535,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,129</u>

FJC uses the NAV per share or its equivalent to determining the fair value of all the underlying investment 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 table lists such investments by major category:

2022							
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemptions Restrictions
Hedge funds	Absolute return, diversified long/short, event-driven, multi-strategy	\$47,148,290	13	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 and 1 fund semi- annually with 90 day notice	1 fund has 25% investor level gates, 1 fund has 12 month lock up on purchases, all others funds have none

FJC

Notes to Financial Statements
March 31, 2022

4. Investments (continued)

2021							
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemptions Restrictions
Hedge funds	Absolute return, diversified long/short, event-driven, multi-strategy	\$ 39,785,488	13	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 and 1 fund semi-annually with 90 day notice	1 fund has 25% investor level gates, 1 fund has 12 month lock up on purchases, all others funds have none
Limited partnerships	Long/short equity and fixed income, event-driven	11,315,521	1	Subject to the determination of the respective fund managers	N/A	None	N/A
		<u>\$ 51,101,009</u>	<u>14</u>				

5. Program-Related Investments

Program-related investments consist of bonds acquired by FJC in November 2020 that were issued by a local development corporation, organized under the Not-for-Profit Laws of the State of New York on behalf of another 501(c)(3) organization. The bonds were originally issued with interest rates ranging from 2.79% - 3.05%, and an original maturity date of November 1, 2045. The agreement for FJC to purchase the bonds calls for a purchase price of \$9,491,520, modifies the rate to a fixed interest rate of 1%, eliminates bond principal payments until December 2025, and provides FJC the ability to sell the bonds at the end of 5 years. FJC intends to sell the bonds at the end of the five years, and accordingly recognized a present value discount of \$652,466 at the time of purchase, which represents the difference between the original interest rates at the time the bonds were issued and the current rate of 1% over the five years. At March 31, 2022 and 2021, the net balance of FJC's program-related investments was \$8,993,040 and \$8,839,054, respectively.

Expected future payments and amortization of the discount for each fiscal year are as follows:

	Interest Payments	Amortization of Discount
2023	\$ 96,199	\$ 146,198
2024	96,462	138,901
2025	96,726	130,166
2026	64,572	83,215
	<u>\$ 353,959</u>	<u>\$ 498,480</u>

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Notes to Financial Statements March 31, 2022

6. Loans Receivable

The balance of loans receivable are as follows as of March 31:

	2022	2021
Agency loan funds (a)	\$ 21,940,332	\$ 31,796,159
Other loans (b)	5,055,174	683,260
	26,995,506	32,479,419
Allowance for doubtful accounts	(4,023,000)	-
	\$ 22,972,506	\$ 32,479,419

- (a) Loans receivable consist of interest-bearing loans to charitable organizations, at a variable interest rate, generally prime plus 3% (6.50% at March 31, 2022 and 6.25% at March 31, 2021), with varying maturities through August 2025. The loans are secured in whole or in part by the assets of the borrowers. Certain loans receivable are also supported by personal guarantees on behalf of the borrowers.

The hypothecated account held by a private foundation includes treasuries, insured certificates of deposit and a money market fund (with fair values of \$19,958,851 and \$20,003,840 at March 31, 2022 and 2021, 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, 2022 and is renewable by mutual consent. Subsequent to year end, the agreement was renewed for another year through October 1, 2023.

- (b) FJC holds a loan receivable in the amount of \$4,000,000 from Signal Infrastructure Group, PBC ("SIG"). The loan bears interest at 12.5%. Interest shall be due quarterly starting June 30, 2021 but may be paid in kind (accruing but not paid). This may continue until the earlier of the final maturity date of May 10, 2026 or 6 months after the date that a final advance from an Infrastructure Investor has been advanced to SIG. All accrued interest shall be added to the outstanding principal amount and capitalized, at each quarter-end. At March 31, 2022, \$470,539 in interest was added to the outstanding principal balance.

As of March 31, 2022 and 2021, the carrying value of loans receivable for which the fair value option was not elected was \$22,972,506 and \$32,479,419, respectively.

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Notes to Financial Statements
March 31, 2022

6. Loans Receivable (continued)

Loan receivables, based upon loan agreements matures as follows:

<u>Year Ending March 31,</u>	
2023	\$ 15,209,927
2024	3,462,382
2025	-
2026	2,277,395
2027	6,005,539
Thereafter	<u>40,263</u>
	<u>\$ 26,995,506</u>

7. 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 2.94% and 2.32%, was estimated to be \$2,787,339 and \$3,123,144 as of March 31, 2022, and 2021, respectively. This beneficial interest in third-party trusts is reflected as net assets with donor restrictions on the accompanying statement of financial position. Such assets represent FJC's only net assets with donor restrictions at March 31, 2022, and 2021. FJC's net assets released from restrictions, which totaled \$201,392 and \$191,980 for the fiscal years ended March 31, 2022, and 2021, respectively, were related to payments received from such charitable lead trusts during the fiscal year.

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	\$ 3,123,144	\$ 3,516,375
Less:		
Distributions received	201,392	191,980
Discount	<u>134,413</u>	<u>201,251</u>
Balance at the end of the year	<u>\$ 2,787,339</u>	<u>\$ 3,123,144</u>

8. Equipment

Equipment consisted of the following at March 31,:

	<u>2022</u>	<u>2021</u>
Computer hardware	\$ 14,732	\$ 11,901
Website	<u>25,000</u>	<u>25,000</u>
	39,732	36,901
Less: accumulated depreciation	<u>(6,830)</u>	<u>(1,786)</u>
	<u>\$ 32,902</u>	<u>\$ 35,115</u>

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Notes to Financial Statements March 31, 2022

9. Functional Expenses

Total expenses by functional classification was as follows for the fiscal year ended March 31, 2022:

	Program			Supporting Services			Total Expenses
	Grants Made to Philanthropic Organizations	Other Programs Expenses	Total	General and Administrative	Fundraising	Total	
Grants	\$ 52,582,521	\$ -	\$ 52,582,521	\$ -	\$ -	\$ -	\$ 52,582,521
Salaries	-	617,842	617,842	588,433	44,752	633,185	1,251,027
Employee benefits	-	116,100	116,100	132,940	7,950	140,890	256,990
Payroll taxes	-	40,814	40,814	44,494	2,693	47,187	88,001
Professional fees	-	-	-	114,982	-	114,982	114,982
Pension plan contributions	-	20,589	20,589	21,341	1,645	22,986	43,575
Office, utilities, and internet	-	87,286	87,286	21,819	-	21,819	109,105
Computer license and support	-	127,167	127,167	34,792	-	34,792	161,959
Insurance	-	17,331	17,331	14,589	-	14,589	31,920
Postage	-	521	521	633	-	633	1,154
Equipment rental and maintenance	-	2,347	2,347	783	-	783	3,130
Staff development, travel and hospitalit	-	1,474	1,474	2,828	-	2,828	4,302
Subscription and membership fees	-	-	-	6,198	-	6,198	6,198
Depreciation	-	4,036	4,036	1,008	-	1,008	5,044
Miscellaneous expense	-	23,255	23,255	61,143	21	61,164	84,419
	<u>\$ 52,582,521</u>	<u>\$ 1,058,762</u>	<u>\$ 53,641,283</u>	<u>\$ 1,045,983</u>	<u>\$ 57,061</u>	<u>\$ 1,103,044</u>	<u>\$ 54,744,327</u>

Total expenses by functional classification for the fiscal year ended March 31, 2021, was as follows:

	Program			Supporting Services			Total Expenses
	Grants Made to Philanthropic Organizations	Other Programs Expenses	Total	General and Administrative	Fundraising	Total	
Grants	\$ 29,261,693	\$ -	\$ 29,261,693	\$ -	\$ -	\$ -	\$ 29,261,693
Salaries	-	599,947	599,947	585,335	43,434	628,769	1,228,716
Employee benefits	-	118,214	118,214	158,335	8,314	166,649	284,863
Payroll taxes	-	38,047	38,047	38,129	2,509	40,638	78,685
Professional fees	-	-	-	126,225	35,380	161,605	161,605
Pension plan contributions	-	15,877	15,877	17,150	1,342	18,492	34,369
Office, utilities, and internet	-	118,301	118,301	29,574	-	29,574	147,875
Computer license and support	-	110,299	110,299	28,326	-	28,326	138,625
Insurance	-	12,904	12,904	18,633	-	18,633	31,537
Postage	-	1,019	1,019	399	-	399	1,418
Equipment rental and maintenance	-	2,398	2,398	800	-	800	3,198
Staff development, travel and	-	1,441	1,441	5,886	-	5,886	7,327
Subscription and membership fees	-	-	-	2,161	-	2,161	2,161
Depreciation	-	-	-	1,786	-	1,786	1,786
Miscellaneous expense	-	24,994	24,994	35,358	2,867	38,225	63,219
	<u>\$ 29,261,693</u>	<u>\$ 1,043,441</u>	<u>\$ 30,305,134</u>	<u>\$ 1,048,097</u>	<u>\$ 93,846</u>	<u>\$ 1,141,943</u>	<u>\$ 31,447,077</u>

10. Retirement Savings Plan

FJC sponsors a defined contribution plan (the "Plan") covering all employees with at least three months of consecutive service who agree to make contributions to the Plan. FJC makes a contribution to the Plan each year equal to 3% of all participants' compensation. Total expense for the years ended March 31, 2022 and 2021 was approximately \$44,000 and \$34,000, respectively.

FJC

Notes to Financial Statements March 31, 2022

11. Commitments

In January 2020, FJC extended its original lease agreement with a landlord until September 30, 2021. The lease called for an initial annual payment of \$130,500, with annual escalations in minimum rent charged at 2%. Beginning September 2021, FJC entered into a month-to-month lease for temporary office space. The original monthly rent of \$2,200, increased to \$2,565 beginning August 2022. Rent expense totaled approximately \$83,200 and \$112,605 for the years ended March 31, 2022 and 2021, respectively.

During May 2022, FJC signed a 10 ½ year lease for office space with a new landlord. The agreement provides for a monthly rent amount of \$12,667 to commence once the rent abatement period expires. The monthly rent amount will increase 2.5% each year over the life of the lease. FJC had no other commitments at March 31, 2022.

12. 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 include FJC borrowers’ ability to repay their outstanding loans to FJC and the fair value of FJC’s investment portfolio. Management continues to monitor these areas and as of the date of these financial statements were available for issuance, FJC has not experienced significant delays in loan repayment.

13. Liquidity and Availability of Financial Resources

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:

	2022	2021
Cash and cash equivalents	\$ 2,897,157	\$ 1,518,286
Investments	343,503,603	313,743,068
Loans receivable	15,209,927	10,824,881
Accrued interest	157,997	294,202
Beneficial interest in third-party trusts	206,548	201,392
Other assets	45,913	1,466,143
	362,021,145	328,047,972
Less:		
Assets held for others	47,367,454	42,491,281
Total Financial Assets Available to Management for General Expenditure Before Amounts Subject to the Board of Director’s approval	314,653,691	285,556,691
Less:		
Amounts unavailable to management without Board approval Board-designated fund	27,768,837	30,204,934
Total Financial Assets Available Within One Year	\$ 286,884,854	\$ 255,351,757

FJC

Notes to Financial Statements
March 31, 2022

13. Liquidity and Availability of Financial Resources *(continued)*

Liquidity Management

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 the anticipated program, management and general, and fundraising-related expenses as well as anticipated loan advances and maturities of FJC's Agency Loan Program. Donor activities, such as donor contributions and donor grant requests are unpredictable and may change from one period to the next. When a Donor Advised Fund ("DAF") account is funded, the contribution is an unrestricted contribution to FJC and the funds become the assets of FJC. Ultimately, it is the decision of FJC as to how those funds are deployed, but FJC extends to the donor the privileges of recommending how those funds are invested and recommending grants to qualified charities.

As part of FJC's liquidity management, FJC maintains a rolling twelve 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.

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FJC

Supplementary Schedules
March 31, 2022

FJC

Schedule of Financial Position for Agency Loan Funds
As of March 31, 2022
(With comparative amounts at March 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Investments	\$ 53,214,081	\$ 35,404,667
Loans receivable	21,940,333	31,796,159
Accrued interest	<u>107,276</u>	<u>251,584</u>
 Total Assets	 <u>\$ 75,261,690</u>	 <u>\$ 67,452,410</u>
 NET ASSETS		
Net assets	 <u>\$ 75,261,690</u>	 <u>\$ 67,452,410</u>

See independent auditors' report

FJC

Schedule of Activities for Agency Loan Funds
For the year ended March 31, 2022
(With comparative totals for the year ended March 31, 2021)

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Agency loan fund earnings	\$ 1,825,189	\$ 2,166,314
Other additions	<u>10,374,844</u>	<u>11,020,868</u>
Total Additions	<u>12,200,033</u>	<u>13,187,182</u>
DEDUCTIONS		
Credit enhancement fund	195,434	182,140
Other deductions	<u>4,195,319</u>	<u>10,298,357</u>
Total Deductions	<u>4,390,753</u>	<u>10,480,497</u>
Net Change	7,809,280	2,706,685
Agency loan funds, beginning of year	<u>67,452,410</u>	<u>64,745,725</u>
Agency loan funds, end of year	<u>\$ 75,261,690</u>	<u>\$ 67,452,410</u>

See notes to financial statements