

**SWISS BENEVOLENT SOCIETY OF NEW YORK**

*INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS*

**DECEMBER 31, 2021 AND 2020**

# SWISS BENEVOLENT SOCIETY OF NEW YORK

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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors Swiss Benevolent Society of New York**

#### *Opinion*

We have audited the accompanying financial statements of Swiss Benevolent Society of New York, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses 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 Swiss Benevolent Society of New York as of December 31, 2021, and the changes in its net assets 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Swiss Benevolent Society of New York 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.

#### *Responsibilities of Management 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.

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 Swiss Benevolent Society of New York's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

**Board of Directors  
Swiss Benevolent Society of New York New  
York, New York**

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 Swiss Benevolent Society of New York'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 Swiss Benevolent Society of New York'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 Comparative Information***

The financial statements of Swiss Benevolent Society of New York as of December 31, 2020 and for the year then ended, were audited by other auditors whose report dated May 18, 2022, expressed an unmodified opinion on those audited financial statements.

*Tait, Weller & Baker LLP*  
**TAIT, WELLER & BAKER LLP**

**Philadelphia, Pennsylvania  
July 5, 2023**

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## STATEMENT OF FINANCIAL POSITION

December 31, 2021 And 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 96,023	\$ -	\$ 96,023	\$ 109,991	\$ -	\$ 109,991
Investments	6,550,174	3,472,580	10,022,754	6,523,880	3,186,878	9,710,758
Prepaid expenses and other assets	39,652	-	39,652	25,363	-	25,363
Niches at Oakwood Cemetery	<u>57,755</u>	<u>-</u>	<u>57,755</u>	<u>39,945</u>	<u>-</u>	<u>39,945</u>
Total assets	<u>\$6,743,604</u>	<u>\$3,472,580</u>	<u>\$10,216,184</u>	<u>\$6,699,179</u>	<u>\$3,186,878</u>	<u>\$9,886,057</u>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 37,914	\$ -	\$ 37,914	\$ 12,833	\$ -	\$ 12,833
Scholarships payable	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total liabilities	53,914	-	53,914	16,333	-	16,333
<b>Net Assets</b>	<u>6,689,690</u>	<u>3,472,580</u>	<u>10,162,270</u>	<u>6,682,846</u>	<u>3,186,878</u>	<u>9,869,724</u>
Total liabilities and net assets	<u>\$6,743,604</u>	<u>\$3,472,580</u>	<u>\$10,216,184</u>	<u>\$6,699,179</u>	<u>\$3,186,878</u>	<u>\$9,886,057</u>

See notes to financial statements.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2021 And 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Contributions	\$ 118,029	\$ -	\$ 118,029	\$ 86,746	\$ -	\$ 86,746
Legacies	50,000	-	50,000	165,207	-	165,207
Investment income	646,388	315,702	962,090	671,658	308,335	979,993
Miscellaneous	26,643	-	26,643	73,807	-	73,807
Net assets released from restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenues, gains and other support	<u>871,060</u>	<u>285,702</u>	<u>1,156,762</u>	<u>1,007,418</u>	<u>298,335</u>	<u>1,305,753</u>
<b>Expenses</b>						
Program services						
Social services	283,408	-	283,408	312,611	-	312,611
Scholarships	<u>307,339</u>	<u>-</u>	<u>307,339</u>	<u>187,100</u>	<u>-</u>	<u>187,100</u>
Total program services	<u>590,747</u>	<u>-</u>	<u>590,747</u>	<u>499,711</u>	<u>-</u>	<u>499,711</u>
Supporting services						
Management and general	<u>273,469</u>	<u>-</u>	<u>273,469</u>	<u>280,721</u>	<u>-</u>	<u>280,721</u>
Total supporting services	<u>273,469</u>	<u>-</u>	<u>273,469</u>	<u>280,721</u>	<u>-</u>	<u>280,721</u>
Total expenses	<u>864,216</u>	<u>-</u>	<u>864,216</u>	<u>780,432</u>	<u>-</u>	<u>780,432</u>
<b>Change in Net Assets</b>	6,844	285,702	292,546	226,986	298,335	525,321
<b>Net Assets, Beginning of Year</b>	<u>6,682,846</u>	<u>3,186,878</u>	<u>9,869,724</u>	<u>6,455,860</u>	<u>2,888,543</u>	<u>9,344,403</u>
<b>Net Assets, End of Year</b>	<u>\$6,689,690</u>	<u>\$3,472,580</u>	<u>\$10,162,270</u>	<u>\$6,682,846</u>	<u>\$3,186,878</u>	<u>\$9,869,724</u>

See notes to financial statements.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services			Supporting Services	Total
	Social Services	Scholarships	Total	Management And General	
Salaries and payroll taxes	\$ 174,744	\$ 46,547	\$ 221,291	\$ 128,604	\$ 349,895
Employee benefits	28,080	2,524	30,604	10,366	40,970
Scholarships	-	225,500	225,500	-	225,500
Assistance and client activities	856	-	856	13,309	14,165
Rent	24,356	18,705	43,061	67,939	111,000
Supplies and equipment	6,206	1,588	7,794	4,339	12,133
Professional fees	26,818	6,755	33,573	20,477	54,050
Insurance	3,194	817	4,011	5,826	9,837
Telephone	6,751	1,354	8,105	3,455	11,560
Postage and messengers	746	191	937	522	1,459
Printing	-	-	-	1,151	1,151
Information technology	4,813	1,466	6,279	6,110	12,389
Travel and entertainment	3,178	-	3,178	5,951	9,129
Miscellaneous	<u>3,666</u>	<u>1,892</u>	<u>5,558</u>	<u>5,420</u>	<u>10,978</u>
Total expenses	<u>\$ 283,408</u>	<u>\$ 307,339</u>	<u>\$ 590,747</u>	<u>\$ 273,469</u>	<u>\$ 864,216</u>

See notes to financial statements.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	<u>Program Services</u>			<u>Supporting</u> <u>Services</u>	<u>Total</u>
	<u>Social</u> <u>Services</u>	<u>Scholarships</u>	<u>Total</u>	<u>Management</u> <u>And General</u>	
Salaries and payroll taxes	\$ 184,113	\$ 45,934	\$ 230,047	\$ 141,107	\$ 371,154
Employee benefits	25,649	6,156	31,805	19,492	51,297
Scholarships	-	112,500	112,500	-	112,500
Assistance and client activities	7,160	-	7,160	-	7,160
Rent	53,784	12,908	66,692	40,875	107,567
Supplies and equipment	7,037	1,689	8,726	5,348	14,074
Professional fees	1,900	-	1,900	48,741	50,641
Board expenses	-	-	-	106	106
Insurance	6,840	1,642	8,482	5,198	13,680
Telephone	8,718	2,092	10,810	6,625	17,435
Postage and messengers	1,104	265	1,369	838	2,207
Printing	3,235	776	4,011	2,458	6,469
Information technology	3,240	778	4,018	2,462	6,480
Travel and entertainment	3,190	766	3,956	2,424	6,380
Miscellaneous	<u>6,641</u>	<u>1,594</u>	<u>8,235</u>	<u>5,047</u>	<u>13,282</u>
Total expenses	<u>\$ 312,611</u>	<u>\$ 187,100</u>	<u>\$ 499,711</u>	<u>\$ 280,721</u>	<u>\$ 780,432</u>

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## STATEMENT OF CASH FLOWS

Years Ended December 31, 2021 And 2020

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	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 292,546	\$ 525,321
Adjustments to reconcile the net change in net assets to net cash used for operating activities		
Net realized and unrealized gains on investments	(787,891)	(784,789)
Decrease (Increase) in operating assets:		
Prepaid expenses and other assets	(14,289)	2,083
Niches at Oakwood Cemetery	(17,810)	(39,945)
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	25,081	752
Scholarships payable	<u>12,500</u>	<u>(121,390)</u>
Net cash used for operating activities	<u>(489,863)</u>	<u>(417,968)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,776,214	1,756,218
Purchase of investments	<u>(1,300,319)</u>	<u>(1,501,402)</u>
Net cash provided by investing activities	<u>475,895</u>	<u>254,816</u>
<b>Net Change in Cash and Cash Equivalents</b>	(13,968)	(163,152)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of Year	<u>109,991</u>	<u>273,143</u>
End of Year	<u>\$ 96,023</u>	<u>\$ 109,991</u>

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## *NOTES TO FINANCIAL STATEMENTS*

December 31, 2021 And 2020

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### **(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Swiss Benevolent Society of New York (the Society) is a not-for-profit corporation formed in 1851. The mission of the Society is to provide information and programs to its members, serve the needs of Swiss New Yorkers and promote intercultural cooperation.

The Society's social service program offers services that are available free of charge to both members and non-members of the Society. The Society's social workers offer case management, short-term counseling, referrals and advice. They advocate on behalf of their clients with other agencies, American and Swiss, from the school system to the Medicare system. They coordinate their clients' overall care and visit them at home, in the hospital and in nursing homes, often taking the place of the family their elderly clients no longer have.

The Society awards scholarships and grants on the basis of need and merit for education above the high school level. Since the inception of the various scholarship and grant programs, the Society's assistance has made a tremendous difference in the lives of many Swiss-Americans and their families. The scholarship assistance sporadically provided by the Society became a formal program in 1979, when a legacy from Swiss businessman Andrew Pellegrini provided the funds for the regular payment of grants. In 1997, Dr. Heinrich Medicus gave the Society funds to create an endowment fund. Income on the endowment is to support a scholarship for a student exchange program between Switzerland and the United States.

The Society's primary sources of revenues are contributions, legacies and investment income. The Society receives no financial support from the United States or Swiss governments.

#### ***INCOME TAXES***

The Society has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been held to be a publicly supported organization, and not a private foundation under Section 509(a). However, the Society is subject to federal income tax on any unrelated business taxable income. The Society files tax returns in the U.S. federal jurisdiction.

#### ***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***CASH AND CASH EQUIVALENTS***

Cash equivalents include certain investments in highly liquid instruments with original maturities, when acquired, of three months or less. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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### ***INVESTMENTS AND NET INVESTMENT RETURN***

Investments in equity and debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

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

### ***NICHES AT OAKWOOD CEMETERY***

The inventory of niches at Oakwood Cemetery are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out method.

### ***SCHOLARSHIP EXPENSE/PAYABLE***

The Society grants scholarship awards which are recorded on the accrual basis. Grants are expensed once conditions are met and are paid semiannually. All scholarships payables are due within the next fiscal year. Payment of scholarships awarded to students are contingent upon the recipient being enrolled full-time for the semesters related to the scholarships. The Society verifies the recipient's full time status directly with the school at the beginning of each semester before the related scholarships are paid. Scholarships granted that did not have verification of enrollment prior to year-end are considered conditional. Therefore, any grant expense for spring semester scholarships for which verification was not received from the school as of December 31 is recorded in the subsequent year when enrollment is verified. The Society had granted \$89,750 and \$111,250 in scholarships in 2021 and 2020, respectively for the 2022 and 2021 spring semesters which are not yet recognized as grant expense in 2021 and 2020, contingent upon enrollment verification.

### ***NET ASSETS***

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society are classified and reported as follows:

***Without donor restrictions*** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of the Society.

**With Donor Restrictions:** Net assets with donor restrictions are the net assets of the Society that are subject to donor-imposed restrictions. The restrictions may expire with time or may be satisfied by the actions of the Society according to the intention of the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Upon satisfaction of such restrictions, the associated net assets are released from net assets with donor restrictions and reported as net assets without donor restrictions.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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### REVENUE RECOGNITION

Contributions are provided to the Society either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i> Gifts that depend on the Society overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i> Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level- yield method.

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

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

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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### *FUNCTIONAL ALLOCATION OF EXPENSES*

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time spent by level of employee, square footage of space used and other methods.

### *ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED*

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Society plans to adopt the new ASU at the required implementation date.

### *RECLASSIFICATIONS*

Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

## (2) FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

**Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

The summary of inputs used to value the Institute’s financial instruments as of December 31, 2021 and 2020 is as follows:

	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
December 31, 2021				
Assets				
Fixed Income				
Domestic mutual funds	\$ 871,982	\$ 871,982	\$ -	\$ -
International mutual funds	699,699	699,699	-	-
U.S. Government Obligations	534,377	-	534,377	-
Corporate Bonds	<u>781,025</u>	<u>-</u>	<u>781,025</u>	<u>-</u>
Total fixed income	<u>2,887,083</u>	<u>1,571,681</u>	<u>1,315,402</u>	<u>-</u>
Equities				
Consumer discretionary	460,272	460,272	-	-
Consumer staples	76,019	76,019	-	-
Energy	3,975	3,975	-	-
Financials	354,979	354,979	-	-
Health care	207,534	207,534	-	-
Industrials	468,110	468,110	-	-
Information technology	951,242	951,242	-	-
Materials	90,645	90,645	-	-
Real Estate Investment Trusts	212,659	212,659	-	-
Telecommunication services	5,149	5,149	-	-
International equities	551,385	551,385	-	-
Domestic mutual funds	1,277,872	1,277,872	-	-
Real Estate mutual funds	567,196	567,196	-	-
International mutual funds	358,237	358,237	-	-
Specialty equities	<u>17,526</u>	<u>17,526</u>	<u>-</u>	<u>-</u>
Total equities	<u>5,602,800</u>	<u>5,602,800</u>	<u>-</u>	<u>-</u>
Alternative investments				
Hedge investments	248,388	-	-	248,388
Mutual funds	<u>896,866</u>	<u>896,866</u>	<u>-</u>	<u>-</u>
Total alternative investments	<u>1,145,254</u>	<u>896,866</u>	<u>-</u>	<u>248,388</u>
Investments reported on the fair value hierarchy	9,635,137	<u>\$ 8,071,347</u>	<u>\$ 1,315,402</u>	<u>\$ 248,388</u>
Cash equivalents	<u>387,617</u>			
Total investments	<u>\$10,022,754</u>			

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
December 31, 2020				
Assets				
Fixed Income				
Domestic mutual funds	\$ 911,900	\$ 911,900	\$ -	\$ -
International mutual funds	806,590	806,590	-	-
U.S. Government Obligations	606,889	-	606,889	-
Corporate Bonds	<u>675,538</u>	<u>-</u>	<u>675,538</u>	<u>-</u>
Total fixed income	<u>3,000,917</u>	<u>1,718,490</u>	<u>1,282,427</u>	<u>-</u>
Equities				
Consumer discretionary	392,257	392,257	-	-
Consumer staples	68,092	68,092	-	-
Energy	5,983	5,983	-	-
Financials	322,632	322,632	-	-
Health care	159,391	159,391	-	-
Industrials	339,259	339,259	-	-
Information technology	731,920	731,920	-	-
Materials	75,871	75,871	-	-
Real Estate Investment Trusts	163,424	163,424	-	-
Telecommunication services	22,514	22,514	-	-
International equities	531,043	531,043	-	-
Domestic mutual funds	1,051,367	1,051,367	-	-
Real Estate mutual funds	490,832	490,832	-	-
International mutual funds	729,318	729,318	-	-
Specialty equities	<u>23,108</u>	<u>23,108</u>	<u>-</u>	<u>-</u>
Total equities	<u>5,107,011</u>	<u>5,107,011</u>	<u>-</u>	<u>-</u>
Alternative investments				
Hedge investments	229,714	-	-	229,714
Mutual funds	<u>1,008,148</u>	<u>1,008,148</u>	<u>-</u>	<u>-</u>
Total alternative investments	<u>1,237,862</u>	<u>1,008,148</u>	<u>-</u>	<u>229,714</u>
Investments reported on the fair value hierarchy	9,345,790	<u>\$ 7,833,649</u>	<u>\$ 1,282,427</u>	<u>\$ 229,714</u>
Cash equivalents	<u>364,968</u>			
Total investments	<u>\$ 9,710,758</u>			

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2021 and 2020.

### INVESTMENTS

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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**(A) Level 3 funds consist of the following:**

**Hedge funds:** The Fund seeks to achieve a capital appreciation principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. These investment strategies allow investment managers the flexibility to use leverage or short-side position to take advantage of perceived inefficiencies across the global markets, often referred to as “alternative” strategies. Because the investment funds following alternative investment strategies are often described as hedge funds, the investment program of the company can be described as a fund of hedge funds.

**(3) DONOR RESTRICTED FUNDS**

**ENDOWMENT FUND**

The Society is incorporated in the state of New York, which has enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). UPMIFA governs donor restricted or permanently restricted endowment funds for not-for-profit corporations. The Society has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society. The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society

The Society’s endowment consists of one individual donor-restricted endowment fund (Medicus fund) established for scholarships for a student exchange program between Switzerland and the United States. As required by GAAP, net assets associated with endowment funds, including any board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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The composition of net assets by type of endowment fund at December 31, 2021 and 2020, was:

	<u>2021</u>	<u>2020</u>
	<u>With Donor Restrictions</u>	
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,300,000	\$ 2,300,000
Accumulated investment gains	<u>1,172,580</u>	<u>886,878</u>
Total endowment funds	<u>\$ 3,472,580</u>	<u>\$ 3,186,878</u>
	<u>2021</u>	<u>2020</u>
	<u>With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$ 3,186,878	\$ 2,888,543
Interest and dividends	83,226	61,417
Net realized gain	134,634	90,410
Net unrealized gain (loss)	123,936	179,450
Investment expenses	(26,094)	(22,942)
Appropriation of endowment assets for expenditures	<u>(30,000)</u>	<u>(10,000)</u>
Endowment net assets, end of year	<u>\$ 3,472,580</u>	<u>\$ 3,186,878</u>

### ***NET ASSETS RELEASED FROM RESTRICTIONS***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Scholarships	<u>\$ 30,000</u>	<u>\$ 10,000</u>

### ***RETURN OBJECTIVES, STRATEGIES EMPLOYED AND SPENDING POLICY***

The objective of the Society is to maintain the principal endowment funds at the original amount designated by the donor while generating investment return to fund program objectives. The investment policy to achieve this objective is to invest in a diversified investment portfolio with a balance between income and long-term growth, with a moderate tolerance for short-term losses. Investment income earned in relation to the endowment funds is recorded as with donor restrictions income and released from restriction upon expenditure for the program for which the endowment fund was established. The Society grants scholarships annually based on anticipated earnings and grant requests received in the preceding year. The donor allows the Society to spend between 3 percent and 5 percent of the total investment value per year based on a five-year moving average.

### ***FUNDS WITH DEFICIENCIES***

The Society does not have any funds with deficiencies.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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### (4) LEASED COMMITMENTS

The Society is located at 500 Fifth Avenue, New York City. The Society leases this space for program and administrative purposes. The Society is obligated under a lease agreement for office space through June 30, 2022. In April 2022 the Society signed a new lease for office space located at 420 Lexington Avenue, New York City through July 31, 2024. Rent expense related to office space was \$111,000 and \$107,567 for 2021 and 2020, respectively. Minimum future rental payments are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ 89,021
2023	61,467
2024	<u>31,345</u>
	<u>\$ 181,833</u>

### (5) RETIREMENT BENEFITS

The Society has a contributory tax-deferred 403(b) annuity plan for all full-time employees who have completed one month of service. The Society contributes an amount equal to 5 percent of eligible employees' earnings whether or not the employees contribute to the plan. Pension expense for the years ended December 31, 2021 and 2020 was approximately \$14,500 and \$16,000, respectively.

### (6) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 96,023	\$ 109,991
Investments	<u>10,022,754</u>	<u>9,710,758</u>
Total financial assets	10,118,777	9,820,749
Donor-imposed restrictions		
Restricted funds	<u>(3,472,580)</u>	<u>(3,186,878)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,646,197</u>	<u>\$ 6,633,871</u>

The Society manages their liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Society has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. The Society has a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the board to meet 30 to 45 days of expected expenditures. To achieve these targets, the Society forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

# SWISS BENEVOLENT SOCIETY OF NEW YORK

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

December 31, 2021 And 2020

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### **(7) SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***LEGACY AND CONTRIBUTIONS REVENUES***

In 2021, 100 percent of all legacy revenue received was from one donor and approximately 40 percent of all contribution revenue received was from three donors. In 2020, approximately 62 percent of all legacy revenues received were from two donors and approximately 17 percent of all contribution revenue received was from one donor.

#### ***RISKS AND UNCERTAINTIES***

As a result of the spread of SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Society. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

### **(8) SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 5, 2023, which is the date the financial statements were available to be issued.