

SWISS BENEVOLENT SOCIETY OF NEW YORK

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Swiss Benevolent Society of New York as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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

**Philadelphia, Pennsylvania
March 18, 2024**

SWISS BENEVOLENT SOCIETY OF NEW YORK

STATEMENT OF FINANCIAL POSITION

December 31, 2022 And 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Cash and cash equivalents	\$ 78,802	\$ -	\$ 78,802	\$ 96,023	\$ -	\$ 96,023
Investments	4,564,433	2,846,974	7,411,407	6,550,174	3,472,580	10,022,754
Prepaid expenses and other assets	34,911	-	34,911	39,652	-	39,652
Right-of-use asset	76,837	-	76,837	-	-	-
Equipment, net of accumulated depreciation	2,439	-	2,439	-	-	-
Niches at Oakwood Cemetery	54,785	-	54,785	57,755	-	57,755
Total assets	<u>\$4,812,207</u>	<u>\$2,846,974</u>	<u>\$ 7,659,181</u>	<u>\$6,743,604</u>	<u>\$3,472,580</u>	<u>\$10,216,184</u>
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	\$ 52,385	\$ -	\$ 52,385	\$ 37,914	\$ -	\$ 37,914
Scholarships payable	4,000	-	4,000	16,000	-	16,000
Operating lease liability	91,035	-	91,035	-	-	-
Total liabilities	147,420	-	147,420	53,914	-	53,914
Net Assets	<u>4,664,787</u>	<u>2,846,974</u>	<u>7,511,761</u>	<u>6,689,690</u>	<u>3,472,580</u>	<u>10,162,270</u>
Total liabilities and net assets	<u>\$4,812,207</u>	<u>\$2,846,974</u>	<u>\$ 7,659,181</u>	<u>\$6,743,604</u>	<u>\$3,472,580</u>	<u>\$10,216,184</u>

See notes to financial statements.

SWISS BENEVOLENT SOCIETY OF NEW YORK

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2022 And 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 79,054	\$ -	\$ 79,054	\$ 118,029	\$ -	\$ 118,029
Legacies	-	-	-	50,000	-	50,000
Investment income (loss)	(1,085,739)	(575,606)	(1,661,345)	646,388	315,702	962,090
Miscellaneous	17,221	-	17,221	26,643	-	26,643
Net assets released from restrictions	50,000	(50,000)	-	30,000	(30,000)	-
Total revenues, gains (losses) and other support	<u>(939,464)</u>	<u>(625,606)</u>	<u>(1,565,070)</u>	<u>871,060</u>	<u>285,702</u>	<u>1,156,762</u>
Expenses						
Program services						
Social services	360,930	-	360,930	283,408	-	283,408
Scholarships	426,657	-	426,657	307,339	-	307,339
Total program services	<u>787,587</u>	<u>-</u>	<u>787,587</u>	<u>590,747</u>	<u>-</u>	<u>590,747</u>
Supporting services						
Management and general	297,852	-	297,852	273,469	-	273,469
Total supporting services	<u>297,852</u>	<u>-</u>	<u>297,852</u>	<u>273,469</u>	<u>-</u>	<u>273,469</u>
Total expenses	<u>1,085,439</u>	<u>-</u>	<u>1,085,439</u>	<u>864,216</u>	<u>-</u>	<u>864,216</u>
Change in Net Assets	(2,024,903)	(625,606)	(2,650,509)	6,844	285,702	292,546
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$4,664,787</u>	<u>\$2,846,974</u>	<u>\$ 7,511,761</u>	<u>\$6,689,690</u>	<u>\$3,472,580</u>	<u>\$10,162,270</u>

See notes to financial statements.

SWISS BENEVOLENT SOCIETY OF NEW YORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services			Supporting Services	Total
	Social Services	Scholarships	Total	Management And General	
Salaries and payroll taxes	\$ 203,904	\$ 67,648	\$ 271,552	\$ 130,733	\$ 402,285
Employee benefits	28,899	5,571	34,470	21,320	55,790
Scholarships	-	288,250	288,250	-	288,250
Assistance and client activities	243	-	243	20,092	20,335
Rent	47,053	24,027	71,080	35,706	106,786
Supplies and equipment	9,235	4,716	13,951	7,009	20,960
Professional fees	51,920	26,512	78,432	61,723	140,155
Insurance	4,754	2,428	7,182	3,607	10,789
Telephone	5,140	2,624	7,764	3,900	11,664
Postage and messengers	32	-	32	1,016	1,048
Printing	-	-	-	2,221	2,221
Information technology	5,347	2,730	8,077	4,058	12,135
Travel and entertainment	1,050	-	1,050	1,144	2,194
Miscellaneous	<u>3,353</u>	<u>2,151</u>	<u>5,504</u>	<u>5,323</u>	<u>10,827</u>
Total expenses	<u>\$ 360,930</u>	<u>\$ 426,657</u>	<u>\$ 787,587</u>	<u>\$ 297,852</u>	<u>\$ 1,085,439</u>

SWISS BENEVOLENT SOCIETY OF NEW YORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	<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	\$ 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 CASH FLOWS

Years Ended December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(2,650,509)	\$ 292,546
Adjustments to reconcile the change in net assets to net cash used for operating activities		
Net realized and unrealized (gains) losses on investments	1,809,478	(787,891)
Depreciation and Amortization	4,189	-
Amortization of right of use asset, net of payments on Operating lease	14,198	-
Decrease (Increase) in operating assets:		
Prepaid expenses and other assets	1,083	(14,289)
Niches at Oakwood Cemetery	-	(17,810)
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,471	25,081
Scholarships payable	<u>(12,000)</u>	<u>12,500</u>
Net cash used for operating activities	<u>(819,090)</u>	<u>(489,863)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,466,855	1,776,214
Purchase of investments	<u>(1,664,986)</u>	<u>(1,300,319)</u>
Net cash provided by investing activities	<u>801,869</u>	<u>475,895</u>
Net Change in Cash and Cash Equivalents	(17,221)	(13,968)
CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>96,023</u>	<u>109,991</u>
End of Year	<u>\$ 78,802</u>	<u>\$ 96,023</u>

SWISS BENEVOLENT SOCIETY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 And 2021

(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, 2022 And 2021

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 \$60,250 and \$89,750 in scholarships in 2022 and 2021, respectively for the 2023 and 2022 spring semesters which are not yet recognized as grant expense in 2022 and 2021, 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, 2022 And 2021

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, 2022 And 2021

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.

NEW ACCOUNTING PRONOUNCEMENTS 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 Society adopted this ASU in 2022 and applied the transition method allowed by ASU 2016-02 to adopt this standard as of January 1, 2022.

(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, 2022 And 2021

The summary of inputs used to value the Institute’s financial instruments as of December 31, 2022 and 2021 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, 2022				
Assets				
Fixed Income				
Domestic mutual funds	\$ 228,588	\$ 228,588	\$ -	\$ -
U.S. Government Obligations	566,947	-	566,947	-
Corporate Bonds	<u>1,237,024</u>	<u>-</u>	<u>1,237,024</u>	<u>-</u>
Total fixed income	<u>2,032,559</u>	<u>228,588</u>	<u>1,803,971</u>	<u>-</u>
Equities				
Consumer discretionary	332,278	332,278	-	-
Consumer staples	66,380	66,380	-	-
Energy	5,488	5,488	-	-
Financials	325,988	325,988	-	-
Health care	190,020	190,020	-	-
Industrials	454,107	454,107	-	-
Information technology	627,134	627,134	-	-
Materials	77,763	77,763	-	-
Real Estate Investment Trusts	153,978	153,978	-	-
Telecommunication services	1,062	1,062	-	-
International equities	467,868	467,868	-	-
Domestic mutual funds	989,872	989,872	-	-
Real Estate mutual funds	<u>451,861</u>	<u>451,861</u>	<u>-</u>	<u>-</u>
Total equities	<u>4,143,799</u>	<u>4,143,799</u>	<u>-</u>	<u>-</u>
Alternative investments				
Hedge investments	102,203	-	-	102,203
Mutual funds	<u>495,836</u>	<u>495,836</u>	<u>-</u>	<u>-</u>
Total alternative investments	<u>598,039</u>	<u>495,836</u>	<u>-</u>	<u>102,203</u>
Investments reported on the fair value hierarchy	6,774,397	<u>\$ 4,868,223</u>	<u>\$ 1,803,971</u>	<u>\$ 102,203</u>
Cash equivalents	<u>637,010</u>			
Total investments	<u>\$ 7,411,407</u>			

SWISS BENEVOLENT SOCIETY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

	<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>			

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, 2022 and 2021.

SWISS BENEVOLENT SOCIETY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

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.

(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

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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.

The composition of net assets by type of endowment fund at December 31, 2022 and 2021, was:

	<u>2022</u>	<u>2021</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>546,974</u>	<u>1,172,580</u>
Total endowment funds	<u>\$2,846,974</u>	<u>\$ 3,472,580</u>

	<u>2022</u>	<u>2021</u>
	<u>With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$3,472,580	\$ 3,186,878
Interest and dividends	76,263	83,226
Net realized gain (loss)	(101,889)	134,634
Net unrealized gain (loss)	(525,040)	123,936
Investment expenses	(24,940)	(26,094)
Appropriation of endowment assets for expenditures	<u>(50,000)</u>	<u>(30,000)</u>
Endowment net assets, end of year	<u>\$2,846,974</u>	<u>\$ 3,472,580</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>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Scholarships	<u>\$ 50,000</u>	<u>\$ 30,000</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.

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(4) LEASED COMMITMENTS

The Society is located at 420 Lexington 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 July 31, 2024. The Society determines whether an agreement is or contains a lease at lease inception. Right-of-use assets represent the Society's right to use an underlying asset for the lease term and lease liabilities represent the Society's obligation to make lease payments arising from the lease, measured at an amount equal to the present value of the minimum lease payments over the remaining expected term of the lease. Amortization expense and interest expense related to the Society's operating lease are included in rent on the statement of functional expenses.

In determination of the lease term, the Society considers the likelihood of lease renewal options and lease termination provisions.

The discount rate for a lease is derived from the rate implicit in the lease whenever readily determinable or the Society's incremental borrowing rate.

The following quantitative data related to the Society's operating leases for the year ended December 31, 2022 is as follows:

Operating Lease Amounts:

Right-of-use asset	\$	76,837
Lease liability		91,035

Other Information:

Operating outgoing cash flows for operating leases	\$	92,000
Weighted-average remaining lease term		1.5 years
Weighted average discount rate		2.72%

Lease cost information for the year ended December 31, 2022 is as follows:

Operating lease cost	<u>\$</u>	<u>106,800</u>
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The future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ 61,467
2024	<u>31,345</u>
	<u>\$ 92,812</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, 2022 and 2021 was approximately \$16,600 and \$14,500, respectively.

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(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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 78,802	\$ 96,023
Investments	<u>7,411,407</u>	<u>10,022,754</u>
Total financial assets	7,490,209	10,118,777
Donor-imposed restrictions		
Restricted funds	<u>(2,846,974)</u>	<u>(3,472,580)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,643,235</u>	<u>\$ 6,646,197</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, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

(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 2022, approximately 35 percent of all contribution revenue received was two donors. 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.

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 March 18, 2024, which is the date the financial statements were available to be issued.