FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Federation of Protestant Welfare Agencies, Inc.
New York, NY

Opinion

We have audited the financial statements of Federation of Protestant Welfare Agencies, Inc. ("FPWA"), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of FPWA as of December 31, 2023 and 2022, 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 ("GAAS"). 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 FPWA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FPWA's ability to continue as a going concern for 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 GAAS 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.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- 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 audits 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 FPWA'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 FPWA'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.

Mayer Hoffman McCann CPAs

New York, NY
June 13, 2024

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2C and 12)	$ 497,621	$ 1,400,324
Grants, contributions and other receivable (Notes 2D, 2N and 4)	542,787	168,981
Investments (Notes 2G, 2M, 2O, 5 and 6)	52,632,241	50,476,030
Prepaid expense and other	66,262	76,278
Property and equipment, net (Notes 2H and 7)	8,150,127	8,565,831
Beneficial interest in perpetual trusts and pooled life income fund (Notes 2K, 2L, 6 and 10)	16,698,827	14,689,596
TOTAL ASSETS	$ 78,587,865	$ 75,377,040
LIABILITIES		
Accounts payable and accrued expenses	$ 468,055	$ 793,906
Accrued salaries, vacation and benefits	177,206	171,359
Accrued postretirement benefits (Note 8)	1,139,200	1,102,900
Bond payable, net (Notes 2I and 9)	8,970,418	9,328,535
TOTAL LIABILITIES	10,754,879	11,396,700
NET ASSETS (Notes 2B and 10)		
Without donor restrictions:		
Operations	38,419,515	40,821,653
Board designated endowment	5,854,299	2,297,873
Total without donor restrictions	44,273,814	43,119,526
With donor restrictions:		
Restricted for purpose and time	1,744,547	1,055,420
Perpetual in nature	21,814,625	19,805,394
Total with donor restrictions	23,559,172	20,860,814
TOTAL NET ASSETS	67,832,986	63,980,340
TOTAL LIABILITIES AND NET ASSETS	$ 78,587,865	$ 75,377,040

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

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES (Note 2M):						
REVENUE, GRANTS AND OTHER						
Contributions (Note 2E)	$ 430,055	$ 787,154	$ 1,217,209	$ 194,089	$ 260,000	$ 454,089
Special events (net of direct expenses of $32,140 and $11,200 for 2023 and 2022, respectively)	3,119	-	3,119	133,347	-	133,347
Grants from government agencies (Note 2F)	1,384,176	-	1,384,176	4,643,511	-	4,643,511
Investment activity - spending allocation (Notes 2G, 5, and 10)	3,475,000	-	3,475,000	2,810,000	-	2,810,000
Income from trusts	278,028	370,000	648,028	314,591	330,000	644,591
Service fees and membership dues	218,287	-	218,287	192,501	-	192,501
Miscellaneous	501	-	501	4,091	-	4,091
Net assets released from restrictions (Notes 2B and 10)	1,101,245	(1,101,245)	-	758,968	(758,968)	-
TOTAL REVENUE, GRANTS AND OTHER	6,890,411	55,909	6,946,320	9,051,098	(168,968)	8,882,130
EXPENSES (Note 2J):						
Program Services:						
Member services	3,057,270	-	3,057,270	6,370,801	-	6,370,801
Policy, advocacy and research	2,915,209	-	2,915,209	2,442,189	-	2,442,189
Total Program Services	5,972,479	-	5,972,479	8,812,990	-	8,812,990
Supporting Services:						
Management and general	1,634,825	-	1,634,825	1,153,147	-	1,153,147
Fundraising	549,314	-	549,314	925,494	-	925,494
Total Supporting Services	2,184,139	-	2,184,139	2,078,641	-	2,078,641
TOTAL EXPENSES	8,156,618	-	8,156,618	10,891,631	-	10,891,631
Change in Net Assets From Operations	(1,266,207)	55,909	(1,210,298)	(1,840,533)	(168,968)	(2,009,501)
NONOPERATING ACTIVITIES (Note 2M):						
Investment activity, net of fees (Notes 2G, 5 and 10)	5,747,995	633,218	6,381,213	(5,877,192)	(606,365)	(6,483,557)
Investment activity, spending allocation to operations (Notes 2G, 5 and 10)	(3,475,000)	-	(3,475,000)	(2,810,000)	-	(2,810,000)
Change in value of beneficial interest in perpetual trusts and pooled life income fund (Note 6)	-	2,009,231	2,009,231	-	(3,503,187)	(3,503,187)
Net other components of net period pension costs (Note 8)	(53,400)	-	(53,400)	(39,500)	-	(39,500)
Net postretirement related changes other than net periodic benefits costs (Note 8)	200,900	-	200,900	320,100	-	320,100
TOTAL NONOPERATING ACTIVITIES	2,420,495	2,642,449	5,062,944	(8,406,592)	(4,109,552)	(12,516,144)
CHANGE IN NET ASSETS	1,154,288	2,698,358	3,852,646	(10,247,125)	(4,278,520)	(14,525,645)
Net assets - beginning of year	43,119,526	20,860,814	63,980,340	53,366,651	25,139,334	78,505,985
NET ASSETS - END OF YEAR	$ 44,273,814	$ 23,559,172	$ 67,832,986	$ 43,119,526	$ 20,860,814	$ 63,980,340

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

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program Services			Supporting Services			
	Member Services	**Policy, Advocacy and Research**	**Total Program**	**Management and General**	**Fundraising**	**Total 2023**	**Total 2022**
Salaries	$ 866,973	$ 1,437,948	$ 2,304,921	$ 905,234	$ 251,428	$ 3,461,583	$ 3,128,252
Payroll taxes and employee benefits (Note 8)	311,167	516,097	827,264	258,931	90,241	1,176,436	1,025,578
Total salaries and related costs	1,178,140	1,954,045	3,132,185	1,164,165	341,669	4,638,019	4,153,830
Professional fees	177,338	294,130	471,468	147,568	51,429	670,465	865,443
Program assistance	1,319,984	30,000	1,349,984	-	-	1,349,984	4,371,824
Office supplies	8,086	13,411	21,497	6,728	2,345	30,570	39,534
Postage	950	1,576	2,526	791	276	3,593	9,524
Occupancy	51,040	84,653	135,693	42,471	14,802	192,966	203,872
Expensed office equipment	21,899	36,321	58,220	18,223	6,351	82,794	85,034
Telephone	8,135	13,492	21,627	6,769	2,359	30,755	27,795
Printing and publications	10,814	17,937	28,751	8,999	3,136	40,886	53,125
Travel, meetings and conferences	30,229	50,137	80,366	25,154	8,767	114,287	221,457
Membership dues	-	3,750	3,750	3,348	-	7,098	8,084
Insurance	29,624	49,134	78,758	24,651	8,591	112,000	110,995
Interest expense (Notes 2I and 9)	121,052	200,775	321,827	100,731	35,106	457,664	264,424
Depreciation (Notes 2H and 7)	99,979	165,815	265,794	83,195	28,995	377,984	474,124
Miscellaneous	-	33	33	2,032	77,628	79,693	13,766
Sub-total	3,057,270	2,915,209	5,972,479	1,634,825	581,454	8,188,758	10,902,831
Less: Special events direct expenses	-	-	-	-	(32,140)	(32,140)	(11,200)
TOTAL EXPENSES	$ 3,057,270	$ 2,915,209	$ 5,972,479	$ 1,634,825	$ 549,314	$ 8,156,618	$ 10,891,631

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

FEDERATION OF PROTESTANT WELFARE AGENICIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services		
	Member Services	**Policy, Advocacy and Research**	**Total Program**	**Management and General**	**Fundraising**	**Total 2022**
Salaries	$ 994,013	$ 1,159,250	$ 2,153,263	$ 648,277	$ 326,712	$ 3,128,252
Payroll taxes and employee benefits (Note 8)	353,494	412,256	765,750	143,642	116,186	1,025,578
Total salaries and related costs	1,347,507	1,571,506	2,919,013	791,919	442,898	4,153,830
Professional fees	207,261	284,335	491,596	47,078	326,769	865,443
Program assistance	4,341,824	30,000	4,371,824	-	-	4,371,824
Office supplies	12,562	14,650	27,212	8,193	4,129	39,534
Postage	3,026	3,529	6,555	1,974	995	9,524
Occupancy	64,781	75,550	140,331	42,249	21,292	203,872
Expensed office equipment	27,020	31,511	58,531	17,622	8,881	85,034
Telephone	8,832	10,300	19,132	5,760	2,903	27,795
Printing and publications	16,881	19,687	36,568	11,009	5,548	53,125
Travel, meetings and conferences	70,369	82,066	152,435	45,893	23,129	221,457
Membership dues	-	3,438	3,438	4,646	-	8,084
Insurance	35,269	41,132	76,401	23,002	11,592	110,995
Interest expense (Notes 2I and 9)	84,022	97,989	182,011	54,797	27,616	264,424
Depreciation (Notes 2H and 7)	150,654	175,698	326,352	98,255	49,517	474,124
Miscellaneous	793	798	1,591	750	11,425	13,766
Sub-total	6,370,801	2,442,189	8,812,990	1,153,147	936,694	10,902,831
Less: Special events direct expenses	-	-	-	-	(11,200)	(11,200)
TOTAL EXPENSES	$ 6,370,801	$ 2,442,189	$ 8,812,990	$ 1,153,147	$ 925,494	$ 10,891,631

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

FEDERATION OF PROTESTANT WELFARE AGENCIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,852,646	$ (14,525,645)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on investments	(436,650)	(2,075,669)
Unrealized (gain) loss on investments	(4,856,993)	9,299,521
(Gain) loss in value of beneficial interest in perpetual trusts and pooled life income fund	(2,009,231)	3,503,187
Nonoperating postretirement changes	(147,500)	(280,600)
Interest expense of deferred financing costs	21,883	21,885
Loss of property and equipment	99,815	-
Depreciation	377,984	474,124
Subtotal	(3,098,046)	(3,583,197)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	(373,806)	1,131,696
Prepaid expense and other	10,016	10,378
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(325,851)	620,035
Accrued salaries, vacation and benefits	5,847	63,790
Accrued postretirement benefits	183,800	(86,900)
Net Cash Used in Operating Activities	(3,598,040)	(1,844,198)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(62,095)	(21,501)
Purchase of investments	(15,486,314)	(15,789,041)
Proceeds from the sale of investments	18,623,746	18,623,746
Net Cash Provided by Investing Activities	3,075,337	2,813,204
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bond payable	(380,000)	(375,000)
Net Cash Used in Financing Activities	(380,000)	(375,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(902,703)	594,006
Cash and cash equivalents - beginning of year	1,400,324	806,318
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 497,621	$ 1,400,324
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 435,781	$ 242,539

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Founded in 1922, Federation of Protestant Welfare Agencies, Inc. ("FPWA") is one of New York's premier human service membership organizations. FPWA's program and service initiatives serve to support more than 170 member organizations and churches by providing management assistance and building capacity. FPWA's policy, advocacy and research efforts also work to improve social and economic conditions for the most vulnerable, making it a champion of the underserved for more than 90 years. Together, FPWA and its member agencies work to meet the needs of more than 1.5 million of New Yorkers that are most vulnerable annually. FPWA is supported primarily by contributions and investment income.

FPWA is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. The Internal Revenue Service has classified FPWA as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. As a not-for-profit organization, FPWA is also exempt from New York State and New York City income and sales taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting -*** FPWA's financial statements have been prepared on the accrual basis. FPWA adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Financial Statement Presentation -*** FPWA maintains its net assets under the following two classes:

- Without donor restrictions:

  Operations – represents resources available for support of FPWA's operations over which the Board of Directors has discretionary control.

  Board designated endowment – represents accumulated earnings which have not been allocated to operations or are not otherwise restricted for future use in operations.

- With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by FPWA is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of FPWA pursuant to those stipulations. When a restriction expires (that is, when a 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. In addition, net assets with donor restrictions represent those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity by FPWA. The earnings from these donor restricted endowment assets are also included in the net assets with donor restrictions class until they have been appropriated by the Board. When such appropriations occur, net assets with donor restrictions are reduced through an additional release from restrictions. The donors of certain of these assets specify the use of a portion of income earned on related investments.

C. ***Cash and Cash Equivalents -*** FPWA considers highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents, except for cash and money market funds held in FPWA's investment portfolio.

D. ***Grants, Contributions and Other Receivable -*** Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

E. ***Contributions*** - Contributions, including cash and in-kind contributions, are accounted for under Accounting Standard Update ("ASU") 2018-08 and recorded as revenue in the period in which they are received. Many volunteers, including members of the Board of Directors, have made significant contributions of time in furtherance of FPWA's policies and programs. The value of this contributed time does not meet the criteria for recognition and, therefore, is not reflected in the statements of activities. Legacies are recognized as support when the wills have passed probate and the sum is certain.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. ***Grants from Government Agencies -*** Government grants are nonexchange transactions and are accounted for under ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return.

As of December 31, 2023 and 2022, FPWA received conditional grants from government agencies in the aggregate amount of $366,846 and $1,116,485, respectively, that have not been recorded in the accompanying financial statements, as they have not been earned. These grants and contracts require FPWA to provide certain services in future years regarding public health awareness, food services and census outreach. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants. FPWA has not been remitted any funds in advance.

G. ***Investments -*** Investments are stated at fair value. The investments of FPWA consist of separately managed accounts consistent with FPWA's asset allocation policy. Each account is managed by independent investment advisors. FPWA has a "total return" policy regarding the spending of net investment income for operations. The total return to be spent in both 2023 and 2022 was equal to 5.00% of the adjusted average fair market value of the pooled investment funds for the prior five years and is reported as operating revenue. The balance of net investment income/loss is reported as nonoperating activities.

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation. The carrying value of property and equipment does not purport to represent replacement or realizable values. FPWA capitalizes all property and equipment with a useful life of more than one year and a cost of $5,000 or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

I. ***Debt Issuance Costs -*** Debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset (see Note 9). Amortization of the debt issuance costs is reported as interest expense in the accompanying statements of functional expenses.

J. ***Functional Allocation of Expenses -*** The costs of providing FPWA's program and supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated based on estimates of time and effort. Other allocated expenses include occupancy, professional services, travel, meetings and conferences, office supplies, insurance, interest expense, expensed office equipment, telecommunications, membership dues, postage and depreciation which are allocated based on full-time employees per program.

K. ***Beneficial Interest in Perpetual Trusts -*** FPWA is the beneficiary of perpetual trusts held by other entities, as trustees. The fair value of FPWA's beneficial interest in these trusts is estimated to be equal to the fair market value of that portion of the assets underlying the trusts attributable to FPWA's interest. The assets consist primarily of equities, fixed income and short-term investments.

L. ***Beneficial Interest in Pooled Life Income Fund -*** FPWA has established a pooled life income fund held by another entity such as a trustee. Each donor to the fund shall receive a proportionate share of the fund's income during the donor's lifetime. Upon each donor's death, the units in the fund attributable to that donor shall become the property of FPWA and shall be added to its net assets with donor restrictions class. Accordingly, FPWA maintains the balance in the net assets with donor restrictions class. FPWA's beneficial interest in the fund is recorded at the fair market value of the assets underlying the fund. The assets consist primarily of equities, fixed income and short-term investments.

M. ***Operating Revenue -*** FPWA's operating revenues and gains exclude legacies, net investment income in excess of the 5% spending policy, the gain or loss on beneficial interest in the perpetual trusts and pooled life income fund, and pension and benefit related changes other than net periodic pension and benefit costs.

N. ***Allowance for Uncollectable Receivables -*** As of December 31, 2023 and 2022, FPWA determined that no allowance for doubtful accounts should be provided for receivables. Such estimate is based on management's estimates of the creditworthiness of its donors as well as current economic conditions and historical information.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. ***Fair Value Measurements -*** Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

P. ***Use of Estimates -*** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

Q. ***Service Fees and Membership Dues -*** FPWA receives revenue from membership dues, workshops and Group Purchasing Services (GPS) rebates which are accounted for under ASU 2014-09. Revenue is reported at the amount that reflects the consideration to which FPWA expects to be entitled in exchange for providing the contracted services. Generally, FPWA bills after the services are performed or has completed its portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by FPWA in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. All performance obligations relate to contracts with a duration of less than one year; therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2023. Program service fees consist of revenues for the following for the years ended December 31:

	2023	2022
Dues from Members	$ 74,641	$ 92,900
Conference Center Rent	110,344	55,176
Other	33,302	44,425
	$ 218,287	$ 192,501

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

FPWA regularly monitors liquidity required to meet its operating needs and other obligations as they become due, while also striving to maximize the investment of its available funds. FPWA has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, FPWA considers all expenditures related to its ongoing program activities as well as service undertaken to support those activities to be general expenditures.

The following financial assets could readily be made available immediately from the statements of financial position date to meet general expenditures as of December 31:

	2023	2022
Cash and cash equivalents	$ 497,621	$ 1,400,324
Accounts receivable	542,787	168,981
Investments	52,632,241	50,476,030
Total financial assets	53,672,649	52,045,335
Less: endowment investments	(11,245,209)	(8,338,996)
	$ 42,427,440	$ 43,706,339

NOTE 4 – GRANTS, CONTRIBUTIONS AND OTHER RECEIVABLE

Grants, contributions and other receivable are scheduled to be collected during the next year and consist of the following as of December 31:

	2023	2022
Pledges	$ 3,250	$ 5,242
Government grants	281,581	59,091
Other	257,956	104,648
	$ 542,787	$ 168,981

NOTE 5 – INVESTMENTS

Investments consist of the following as of December 31:

	2023	2022
Cash and money market funds	$ 656,983	$ 678,743
Equity securities	8,274,879	8,077,690
U.S. bonds ETF	5,131,662	5,483,351
Mutual funds	23,928,455	22,897,384
Alternative investments	14,640,262	13,338,862
	$ 52,632,241	$ 50,476,030

The alternative investments portfolio includes hedge funds, limited partnerships and private equity. Investments in limited partnerships are valued at fair value, as determined by the general partner. Such value generally represents the partnership’s proportionate share of the partner’s capital of the investment partnerships as reported by their general partners. Securities with no readily available market are initially valued at cost, with subsequent adjustments to values which reflect either the basis of meaningful third-party transactions in the private market or the fair value deemed appropriate by the general partners of the underlying investment partnership. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Securities with readily available markets (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices, or at an appropriate discount from such price if marketability of the securities is limited.

The alternative investments are valued at fair value using the net asset valuations provided by the underlying fund managers, unless management determines another valuation is more appropriate.

The private investment companies in which the alternative investments are invested generally limit redemptions to monthly, quarterly, semiannually or annually, at net asset value, and require advanced written notice, restricting the alternative investments’ ability to respond quickly to changes in market conditions. The management agreements of the private investment companies provide for compensation to the managers in the form of fees ranging from 1.0% to 2.0% annually of net assets and performance incentive fees ranging from 16.5% to 20.0% of net profits earned.

NOTE 5 – INVESTMENTS (Continued)

Investment activity consists of the following for the years ended December 31:

	2023	2022
Interest and dividends	$ 1,296,028	$ 945,333
Realized gain on investment transactions	436,650	2,075,669
Unrealized gain (loss) on investments	4,856,993	(9,299,521)
	6,589,671	(6,278,519)
Investment advisory and custodial fees	(208,458)	(205,038)
	$ 6,381,213	$ (6,483,557)
Allocated to operations per spending formula	$ 3,475,000	$ 2,810,000
Allocated to nonoperating activities	2,906,213	(9,293,557)
	$ 6,381,213	$ (6,483,557)

NOTE 6 – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that FPWA has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Equities: Equities are valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds: Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by FPWA are open-end mutual funds that are registered with the Securities and Exchange Commission. Certain mutual funds are required to publish their daily NAV and to transact at that price. FPWA also invests in mutual funds that are not publicly traded and these funds are valued using NAV as a practical expedient.

U.S. Government Bonds: U.S. government bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

Exchange Traded Funds (ETF): ETF is valued at quoted market prices, which represent the net asset value of the securities held in such fund.

Alternative Investments: Alternative investments are valued using NAV provided by the underlying investment managers as a practical expedient.

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value as of December 31, 2023 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Level 3	Total 2023
Assets Carried at Fair Value:				
Equity securities	$ 7,072,167	$ 1,202,712	$ -	$ 8,274,879
Mutual funds	23,928,455	-	-	23,928,455
U.S. bonds ETF	5,131,662	-	-	5,131,662
Cash and money market funds	656,983	-	-	656,983
Beneficial Interest in Perpetual Trusts and Pooled Life Income Fund	-	-	16,698,827	16,698,827
Subtotal	$ 36,789,267	$ 1,202,712	$ 16,698,827	54,690,806
Alternative Investments – NAV as a practical expedient:				
Hedge Funds				4,267,209
Venture Capital Limited Partnerships				3,286,693
Private Equity				7,086,360
				14,640,262
Total Assets Carried at Fair Value				$ 69,331,068

Financial assets carried at fair value as of December 31, 2022 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Level 3	Total 2022
Assets Carried at Fair Value:				
Equity securities	$ 6,527,945	$ 1,549,745	$ -	$ 8,077,690
Mutual funds	22,897,384	-	-	22,897,384
U.S. bonds ETF	5,483,351	-	-	5,483,351
Cash and money market funds	678,743	-	-	678,743
Beneficial Interest in Perpetual Trusts and Pooled Life Income Fund	-	-	14,689,596	14,689,596
Subtotal	$ 35,587,423	$ 1,549,745	$ 14,689,596	51,826,764
Alternative Investments – NAV as a practical expedient:				
Hedge Funds				4,002,832
Venture Capital Limited Partnerships				3,121,796
Private Equity				6,214,234
				13,338,862
Total Assets Carried at Fair Value				$ 65,165,626

The changes in assets measured at fair value for which FPWA has used Level 3 inputs to determine fair value at December 31 are as follows:

	2023	2022
Balance, beginning of year	$ 14,689,596	$ 18,192,783
Unrealized gain (loss)	2,009,231	(3,503,187)
Balance, end of year	$ 16,698,827	$ 14,689,596

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth additional disclosures of FPWA's investments whose fair value is measured using the net asset value (NAV) per share practical expedient as of December 31, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 4,267,209	$ -	Quarterly	90 days
Venture Capital Limited Partnerships	3,286,693	-	Quarterly	65 days
Mutual Funds	7,086,360	-	None	None
	$ 14,640,262	$ -		

The following table sets forth additional disclosures of FPWA's investments whose fair value is measured using the net asset value (NAV) per share practical expedient as of December 31, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 4,002,832	$ -	Quarterly	90 days
Venture Capital Limited Partnerships	3,121,796	-	Quarterly	65 days
Mutual Funds	6,214,234	-	None	None
	$ 13,338,862	$ -		

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31:

	2023	2022	Estimated Useful Lives
Building and improvements	$ 11,031,070	$ 11,022,675	30-33 Years
Furniture and equipment	1,754,613	1,800,728	3-10 Years
Total cost	12,785,683	12,823,403	
Accumulated depreciation	(4,635,556)	(4,257,572)	
Net book value	$ 8,150,127	$ 8,565,831	

Depreciation expense amounted to $377,984 and $474,124 for the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, fully depreciated assets of $99,815 were written off due to damage from a flood.

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS

FPWA has a defined contribution 403(b) Thrift Plan (the "Plan") for eligible employees. The pension expense for the Plan for the years ended December 31, 2023 and 2022, amounted to $326,055 and $321,498, respectively, which is 100% of the first 3% of compensation plus 50% of the next 3% of compensation deferred by participating employees in addition to annual discretionary contributions based on years of service and age as determined by the Board of Directors.

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS (Continued)

In addition, FPWA has a noncontributory unfunded postretirement medical benefit plan which covers substantially all employees and their spouses. Each participant will be eligible to receive benefits if they retire from FPWA at age 65 with at least five years of service or age 55 with at least ten years of service. Coverage for both the retiree and the spouse continues for their lifetimes. Employees who retired on or after February 1, 1993 are not eligible for Medicare Part B premium reimbursement. All new retirees who are eligible to be covered by the postretirement plan will not be allowed to elect a Medigap plan with prescription drug coverage and FPWA will not reimburse Medicare Part D premiums. Effective December 31, 2010, the postretirement plan was frozen. FPWA uses December 31 as its measurement date for its postretirement medical benefit plan.

The funded status of the postretirement medical plan consists of the following as of December 31:

	2023	2022
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,102,900	$ 1,470,400
Service cost	2,500	6,000
Interest cost	53,400	39,500
Actuarial loss (gain)	52,800	(341,700)
Benefits paid	(72,400)	(71,300)
Benefit obligation at end of year	1,139,200	1,102,900
Funded status	$ (1,139,200)	$ (1,102,900)

The components of net periodic benefit cost and other changes in net assets without donor restrictions for the years ended December 31 are as follows:

	2023	2022
Service cost	$ 2,500	$ 6,000
Interest cost	53,400	39,500
Recognized actuarial (gain) loss	(94,700)	(61,100)
Net periodic benefit cost	$ (38,800)	$ (15,600)

Other changes in net assets not yet included in net periodic benefit costs and reclassification to net periodic benefit cost of amounts previously recognized as changes in net assets without donor restrictions but not included in net periodic benefit cost when they arose for the years ended December 31 are as follows:

	2023	2022
Net actuarial loss (gain)	$ 52,800	$ (341,700)
Recognized actuarial gain	94,700	61,100
Total recognized in change in net assets without donor restrictions	$ 147,500	$ (280,600)
Total recognized in net periodic pension cost and change in net assets without donor restrictions	$ 108,700	$ (296,200)

The net actuarial gain recognized as changes in net assets without donor restrictions not yet classified as components of net periodic benefit costs were $995,000 and $1,142,500 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS (Continued)

The weighted-average assumptions used to determine the benefit obligation and net periodic benefit cost for the pension plan are as follows as of and for the years ended December 31:

	2023	2022
Discount rate of benefit obligation	4.75%	5.00%
Discount rate of net periodic benefit costs	5.00%	2.75%
Rate of compensation increase	N/A	N/A
Expected return on Plan assets	N/A	N/A
Mortality table	Pri. H-2012	Pri. H-2012
Health care cost trend rate – initial	5.50%	4.25%
Health care cost trend rate – ultimate	4.75%	4.75%

The following schedule of benefit payments, which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

2024	$ 73,800
2025	73,000
2026	77,000
2027	76,100
2028	75,300
2029 – 2033	382,700

FPWA has no minimum funding requirement for the years ended December 31, 2023 and 2022. Contributions to the Plan of $73,800 are expected to be made during the upcoming year. These contributions are equal to the expected premiums to be paid during 2024 for current retirees and beneficiaries covered by the Plan.

NOTE 9 – BOND PAYABLE, NET

In November 2014, Build NYC Resource Corporation ("Build NYC") issued $12.345 million of Adjustable Rate Revenue Bonds (Federation of Protestant Welfare Agencies, Inc. Project), Series 2014, the proceeds of which were used to finance the acquisition and renovation of FPWA's headquarters at 40 Broad Street in New York City, which is the underlying collateral. The bonds bear interest at a variable rate determined weekly, not to exceed 10% per annum. The rate was 4.04% and 3.83% as of December 31, 2023 and 2022, respectively. The total interest expense for the years ended December 31, 2023 and 2022 amounted to $457,664 and $264,424, respectively.

The proceeds were made available to FPWA under the provisions of a loan agreement. The scheduled loan payments to be made by FPWA to Build NYC are intended to be sufficient to pay sinking-fund installments of principal and interest on the bonds.

The bonds, which mature in 2045, are subject to mandatory redemption by Build NYC at a price equal to the principal amount thereof, together with accrued interest to the date of redemption, from the Sinking Fund, on the dates and in the principal amounts set forth in the schedule below. In addition, the bonds are subject to optional redemption at the redemption prices set forth in the bond indenture.

The loan contains various covenants, among which is the requirement to maintain a minimum liquidity ratio. FPWA is in compliance with these covenants. The bond payable consists of the following as of December 31:

	2023	2022
Principal amount	$ 9,430,000	$ 9,810,000
Less unamortized debt issuance costs	(459,582)	(481,465)
	$ 8,970,418	$ 9,328,535

NOTE 9 – BOND PAYABLE, NET (Continued)

Future payments of principal of the bond is as follows:

2024	$ 380,000
2025	385,000
2026	390,000
2027	395,000
2028	400,000
Thereafter	7,480,000
	$ 9,430,000

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2023	2022
Perpetual in Nature:		
Beneficial interest in perpetual trusts	$ 16,698,827	$ 14,689,596
Investment in perpetuity, the income from which is expendable to support FPWA's operations, if appropriated	5,115,798	5,115,798
	21,814,625	19,805,394
Restricted for Purpose and Time:		
Unappropriated endowment earnings	275,112	-
Restricted for elderly programs	942,514	847,807
Restricted for other programs	526,921	207,613
	1,744,547	1,055,420
Total Net Assets with Donor Restrictions	$ 23,559,172	$ 20,860,814

Net assets released from restrictions consist of two components. The first component reflects the satisfaction of donor purpose restrictions or the passage of time. The second component reflects the Board appropriation of earnings from net assets with donor restrictions in the endowment fund. For the years ended December 31, 2023 and 2022, such appropriation each year represents up to 7% of the adjusted average fair market value of the restricted endowment fund investments for the prior five years. To the extent that the 7% rates of appropriations exceed available funds, FPWA reduces the appropriations through a transfer, effectively reducing the percentages.

Details of the amounts released from restrictions for the years ended December 31 are as follows:

	2023	2022
Direct assistance	$ 275,294	$ 167,301
Other programs	467,845	431,359
Subtotal	743,139	598,660
Board appropriations of earnings	358,106	160,308
Net assets released from restrictions	$ 1,101,245	$ 758,968

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

FPWA adheres to New York State's Prudent Management of Institutional Funds Act ("NYPMIFA"). FPWA recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the fair value of the endowment funds. Any unappropriated earnings that would otherwise be considered not restricted by the donor are reflected as net assets with donor restrictions until appropriated.

The Board of Directors of FPWA has interpreted the state law as allowing FPWA to appropriate for expenditure or accumulate so much of an endowment fund as FPWA determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. See Note 2B for how FPWA maintains its net assets.

FPWA's endowment investment policy is to invest based on an asset allocation to satisfy its overall endowment financial and investment objectives such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. FPWA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Annual spending from the endowment fund is described in Note 2G. Unless authorized by the Board of Directors, the appropriations from the endowment should not deplete the historical dollar value of the endowment fund.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires FPWA to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature, if they occurred, are reported in net assets without donor restrictions.

The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted endowment fund where the fair market value of the donor restricted endowment fund fell below the amount that is required to be retained in perpetuity. As of December 31, 2023 and 2022, there were no such deficiencies. In addition, FPWA's beneficial interest in perpetual trusts and pooled life income fund are not displayed in the forthcoming chart since those funds are held by third parties and the Board of Directors has no discretion over those funds. Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2023:

	Without donor restrictions		With donor restrictions		
	Board Designated	Operating	Endowment Earnings	Endowment Corpus	Total 2023
Investment activity:					
Interest and dividends	$ 1,167,421	$ -	$ 128,607	$ -	$ 1,296,028
Investment fees	(187,773)	-	(20,685)	-	(208,458)
Realized gain	393,321	-	43,329	-	436,650
Unrealized gain	4,375,026	-	481,967	-	4,856,993
Total investment activity	5,747,995	-	633,218	-	6,381,213
Board appropriations (7%)	(3,116,894)	3,475,000	(358,106)	-	-
Subtotal	2,631,101	3,475,000	275,112	-	6,381,213
Releases	-	(3,475,000)	-	-	(3,475,000)
Change in endowment net assets	2,631,101	-	275,112	-	2,906,213
Endowment net assets, beginning of year	3,223,198	-	-	5,115,798	8,338,996
Endowment net assets, end of year	$ 5,854,299	$ -	$ 275,112	$ 5,115,798	$ 11,245,209

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2022:

	Without donor restrictions		With donor restrictions		
	Board Designated	Operating	Endowment Earnings	Endowment Corpus	Total 2022
Investment activity:					
Interest and dividends	$ 1,754,012	$ -	$ 178,235	$ -	$ 1,932,247
Investment fees	(186,125)	-	(18,913)	-	(205,038)
Realized gain	988,325	-	100,429	-	1,088,754
Unrealized loss	(8,523,437)	-	(866,116)	-	(9,389,553)
Total investment activity	(5,967,225)	-	(606,365)	-	(6,573,590)
Board appropriations (7%)	(2,649,695)	2,810,000	(160,305)	-	-
Subtotal	(8,616,920)	2,810,000	(766,670)	-	(6,573,590)
Releases	-	(2,323,747)	-	-	(2,323,747)
Change in endowment net assets	(8,616,920)	486,253	(766,670)	-	(8,897,337)
Endowment net assets, beginning of year	11,840,118	(486,253)	766,670	5,115,798	17,236,333
Endowment net assets, end of year	$ 3,223,198	$ -	$ -	$ 5,115,798	$ 8,338,996

Endowment net assets of $11,245,209 and $8,338,996 are included in the investments account in the accompanying statements of financial position as of December 31, 2023 and 2022, respectively.

NOTE 11 – CONTINGENCIES

FPWA believes it has no uncertain tax positions as of December 31, 2023 and 2022, in accordance with ASC 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – CONCENTRATIONS

Cash and cash equivalents that potentially subject FPWA to a concentration of credit risk include cash accounts with two banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits ($250,000 per depositor, per insured institution) by approximately $329,000 and $1,223,000 as of December 31, 2023 and 2022, respectively. Such excess includes outstanding checks.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 13, 2024, the date the financial statements were available to be issued.