National Yiddish Book Center

FINANCIAL STATEMENTS

for the year ended August 31, 2021
(with comparative totals for the year ended August 31, 2020)

NATIONAL YIDDISH BOOK CENTER

C O N T E N T S

MP P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Yiddish Book Center

Report on the Financial Statements

We have audited the accompanying financial statements of National Yiddish Book Center (a non-profit organization) which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Yiddish Book Center as of August 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.

Report on Summarized Comparative Information

We have previously audited National Yiddish Book Center's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MP P.C.

Springfield, Massachusetts
December 3, 2021

NATIONAL YIDDISH BOOK CENTER

STATEMENTS OF FINANCIAL POSITION

August 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 4,821,085	$ 3,304,589
Restricted cash	475,664	381,789
Investments	44,312,258	37,305,733
Pledges receivable, net	6,302,362	6,758,180
Inventories	101,590	117,514
Property and equipment, net	8,161,615	8,472,170
TOTAL ASSETS	$ 64,174,574	$ 56,339,975
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 43,820	
Charitable gift annuities	132,613	$ 133,882
Accrued expenses	106,650	95,983
Deferred revenue	1,000	1,000
Total current liabilities	284,083	230,865
Other long-term liabilities		564,000
Total liabilities	284,083	794,865
Net Assets		
Without donor restrictions		
Operating	$ 13,755,791	$ 12,827,673
Board designated	16,102,887	13,285,913
Total without donor restrictions	29,858,678	26,113,586
With donor restrictions	34,031,813	29,431,524
Total net assets	63,890,491	55,545,110
TOTAL LIABILITIES AND NET ASSETS	$ 64,174,574	$ 56,339,975

See notes to financial statements.

NATIONAL YIDDISH BOOK CENTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

for the year ended August 31, 2021
(with comparative totals for the year ended 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
Revenues				
Memberships	$ 923,927		$ 923,927	$ 818,659
Program income	97,025		97,025	54,441
Sales	210,344		210,344	113,659
Gifts, bequests and contributions	2,666,463	$ 1,471,470	4,137,933	6,608,555
Dividends and interest	237,912	420,832	658,744	739,815
Unrealized/realized gain (loss) on investments	2,908,100	4,152,838	7,060,938	3,272,908
Change in split interest		(16,569)	(16,569)	(14,851)
Miscellaneous income	35,834		35,834	16,805
Net assets released from restrictions	1,428,282	(1,428,282)		
Total revenues	8,507,887	4,600,289	13,108,176	11,609,991
Expenses				
Program	$ 3,476,479		$ 3,476,479	$ 3,880,485
Management and general	662,544		662,544	736,770
Fundraising	1,187,772		1,187,772	1,330,900
Total expenses	5,326,795		5,326,795	5,948,155
Change in net assets before non operating	3,181,092	4,600,289	7,781,381	5,661,836
Non operating income				
Forgiviness of paycheck protection program loan	564,000		564,000	
Total non operating income	564,000		564,000	
Change in net assets	3,745,092	4,600,289	8,345,381	5,661,836
Net assets, beginning of year	26,113,586	29,431,524	55,545,110	49,883,274
Net assets, end of year	$ 29,858,678	$ 34,031,813	$ 63,890,491	$ 55,545,110

See notes to financial statements.

NATIONAL YIDDISH BOOK CENTER

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended August 31, 2021

(with comparative totals for the year ended 2020)

	Program Services	Management & General	Fundraising	2021 Total	2020 Total
Salaries and wages	$ 1,574,288	$ 358,788	$ 513,270	$ 2,446,346	$ 2,888,840
Payroll taxes	103,780	23,871	30,666	158,317	207,115
Employee benefits	271,994	50,409	92,305	414,708	509,504
Education and training	6,364	4,922	248	11,534	25,175
Direct mail			302,954	302,954	315,319
Printing, postage and publications	234,499	21,787	96,763	353,049	263,718
Bank charges	10,380	6,082	28,167	44,629	45,627
Insurance	46,786	21,073	11,274	79,133	61,803
Travel and special events	6,841	962	8,370	16,173	182,707
Consulting and professional fees	114,436	45,593		160,029	227,234
Contract services	97,863	3,894		101,757	175,132
Supplies and equipment	63,185	33,797	20,130	117,112	99,046
Facilities and occupancy	240,830	20,602	8,155	269,587	207,943
Depreciation	299,770	29,856	13,760	343,386	345,959
Grant expense	65,606			65,606	47,121
Systems and technology expenses	194,178	22,305	59,302	275,785	240,603
Cost of goods sold	110,415			110,415	60,760
Miscellaneous operating expenses	35,264	18,603	2,408	56,275	44,549
	$ 3,476,479	$ 662,544	$ 1,187,772	$ 5,326,795	$ 5,948,155

See notes to financial statements.

NATIONAL YIDDISH BOOK CENTER

STATEMENTS OF CASH FLOWS

for the years ended August 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 8,345,381	$ 5,661,836
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Net unrealized and realized gain on investments	(7,060,938)	(3,272,908)
Change in present value discount	110,464	94,372
Gain on forgiveness of paycheck protection program loan	(564,000)	
Depreciation	343,386	345,959
Contributions restricted for endowment	(4,600,292)	(2,183,295)
Decrease (increase) in operating assets		
Pledges receivable, net	345,354	364,424
Inventories	15,924	(38,853)
Accrued liabilities	10,667	20,497
Deferred revenue		1,000
Accounts payable	43,820	(48,431)
Net cash (used in) provided by operating activities	(3,010,234)	944,601
Cash flows from investing activities		
Purchases of investments	54,414	(2,304,991)
Purchases of property and equipment	(32,832)	(108,239)
Net cash provided by (used in) investing activities	21,582	(2,413,230)
Cash flows from financing activities		
Contributions restricted for endowment	4,600,292	2,183,295
Proceeds from other long-term liabilities		564,000
Change in charitable gift annuity	(1,269)	38,357
Net cash provided by financing activities	4,599,023	2,785,652
Net change in cash and cash equivalents	1,610,371	1,317,023
Cash and cash equivalents, beginning of year	3,686,378	2,369,355
Cash and cash equivalents, end of year	$ 5,296,749	$ 3,686,378
Reconciliation		
Cash	$ 4,821,085	$ 3,304,589
Restricted cash	475,664	381,789
Total cash and restricted cash	5,296,749	3,686,378
Total cash and restricted cash as shown above	$ 5,296,749	$ 3,686,378

See notes to financial statements.

1. ***Nature of Activities***

The National Yiddish Book Center (the "Center") is a non-profit organization working to advance a more complete understanding of modern Jewish culture by recovering Yiddish and other Jewish cultural treasures and sharing their content with the world. The primary activities include the ongoing rescue of Yiddish books and materials; the distribution of artifactual books to libraries and individuals; the posting of most Yiddish titles online through the Steven Spielberg Digital Yiddish Library; cultural preservation through the collection of oral histories; online courses and other educational programs; experiential educational opportunities for young people; teacher leadership training; an ongoing translation program; and a wide range of related programs and publications.

2. ***Summary of Significant Accounting Policies***

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers ("Topic 606")", a new accounting standard on revenue recognition that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The FASB subsequently issued updates to the standard to provide additional clarification on specific topics (ASUs 2015-14, 2016-08, 2016-10, and 2016-12). Collectively, the guidance is referred to as FASB ASC Topic 606. The standard prescribes a five-step approach to revenue recognition: 1) identify the contracts with the customer, 2) identify the separate performance obligations in the contracts, 3) determine the transaction price, 4) allocate the transaction price to separate performance obligations, and 5) recognize revenue when, or as, each performance obligation is satisfied. The standard also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The Center adopted this standard on September 1, 2020, utilizing the modified retrospective method and applying this approach to contracts not completed as of that date. There was not a material impact on the Center's financial statements of initially applying the new standard. Comparative prior year information has not been restated and continues to be reported under accounting standards in effect for those years.

The Center adopted ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections* for the year August 31, 2021, and applied it prospectively, as permitted by the guidance. This ASU specifically addresses the use of proceeds from sales of collections and related disclosures. The Center's adoption of the ASU did not affect net income for either period presented.

Basis of Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the National Yiddish Book Center as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction
Net assets that are not restricted by donors or the donor-imposed restrictions have expired. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net assets with donor restriction
Net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of the Center's net assets with donor restrictions are subject to donor-imposed restrictions that require the Center to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity. Generally, the donors of these assets permit the National Yiddish Book Center to use all, or part of the income earned on related investments for general or specific purposes.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting under generally accepted accounting principles in the United States.

Liquidity

A statement of financial position that sequences assets and liabilities upon their relative liquidity is presented.

Revenue Recognition

The Center generally measures revenue based on the amount of consideration the Center expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Center satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Center evaluates its revenue contracts with customers (i.e. earned revenue) based on the five-step model under Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

Earned revenue is recognized as services/events are provided. Other income is recognized as it is earned.

Classification of Revenues and Expenses

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on nets assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Promises to give that are scheduled to be received after the statement of financial position date, or are restricted by the donor to a specific purpose which has not been met as of the statement of financial position date, are shown as increases in net assets with donor restrictions. This revenue is reclassified to net assets without donor restrictions when the time or purpose of the restrictions are met. Promises to give which are restricted for endowments by the donor are recorded as increases in net assets with donor restrictions.

The Center reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulation defines how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how these assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Dividends, interest and net gains or losses on investments of endowments and similar funds are reported as follows:

i. as increases in net assets with donor restrictions if the terms of the gift or the Center's interpretation of relevant state law requires that they be added to the principal of a permanent endowment fund;

Classification of Revenues and Expenses, continued

ii. as increases in net assets with donor restriction if the terms of the gift or the Center's interpretation of relevant state law imposes restrictions on the current use of the income or net gains; and

iii. as increases in net assets without donor restriction in all other cases.

Cash and Cash Equivalents

The Center considers all highly liquid investments with maturities of three months or less to be cash equivalents, except those that are purchased within the Center's investment accounts.

The Center maintains its cash balances in financial institutions. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Center has not experienced any losses on these accounts. The Center believes it is not exposed to any significant credit risk on cash.

Investments

Investments are stated at fair value using methodologies as discussed in Fair Value Measurements (Note 5). Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Dividend and interest income are accrued when earned. Investment activity is reported as increases and decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

The Center's investments consist of donor restricted endowment funds, charitable gift annuities, and funds functioning as quasi-endowment funds (Note 4). Donor restricted endowments consist of gifts received with a donor stipulation that require the funds to be invested in perpetuity. Quasi-endowment funds consist of board designated funds which are internally designated.

Professional accounting standards provide guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the "Massachusetts Uniform Prudent Management of Institutional Funds Act" statute ("UPMIFA"), which serves as a model act for states to modernize their laws governing donor restricted endowment funds.

Endowments

National Yiddish Book Center's endowment consists of funds with donor restrictions to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed stipulations.

Interpretation of the Law

The Board has interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary, except in such cases where the law allows the appropriation for spending of the original gift amounts. As a result of this interpretation, the Board classifies as net assets with donor restrictions (a) the original value of the gifts donated to its donor restricted-endowment, (b) the original value of subsequent gifts to its donor restricted endowment, and (c) accumulations of investment returns to donor restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. The remaining portion of its donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remains within net assets with donor restrictions until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA-MA.

The Center considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds; the duration and preservation of the funds, the purpose of the Center and the donor restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Center, and the investment policies of the Center.

Investment Strategy and Spending Policy

The Center has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Board has authorized a spending policy for its endowment where the Center may avail up to 4% of the endowments' average market value for the sixteen preceding quarters. This policy is designed to preserve the value of donor restricted endowment funds in real terms (after inflation) and to provide a predictable flow of funds to support operations. Total return utilized under this policy was $1,175,696 and $1,071,621 for the years ended August 31, 2021and 2020, respectively.

Underwater Endowment Funds

The Center considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Center complies with the MA-UPMIFA, an enacted version of UPMIFA, and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Center has no underwater endowment funds at August 31, 2021 or 2020.

Pledges Receivable

Conditional pledges to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. There were no new pledges for the year ended August 30, 2021. The discounts on those amounts are computed using the risk-free interest rate (Note 7) for the approximate period over which the promises are to be received. Amortization of the discounts is recorded as contribution revenue. In the absence of donor stipulations to the contrary, pledges with payments due in future periods are restricted to use after the due date.

Management believes all pledges are fully collectible as of August 31, 2021 and, accordingly, there is no allowance for uncollectible pledges.

Charitable gift annuities

The Center has irrevocable agreements with donors whereby in exchange for the gift from the donor, the Center is obligated to provide an annuity to the donor for the remainder of their life with any remainder at death reverting to the Center. The liability is recognized for the estimated present value of the annuity obligation at the time of the gift and the investment is recorded at market value. The portion attributable to the present value of the future benefits to be received by the Center is recorded in the Statement of Activities as a contribution with donor restriction in the period the obligation is established. Assets held in restricted investments or cash totaled $371,297 and $323,997 as of August 31, 2021 and 2020, respectively, and are reported at fair market value in the Center's Statement of Financial Position. The present value of the estimated future payments ($132,611 and $133,882 at August 31, 2021 and 2020, respectively) is calculated using a discount rate ranging from 4.90% - 9.50% and applicable mortality tables. Circumstances affecting these estimates can change the estimate of the liability in future periods. At August 31, 2021 and 2020, the Center had $186,579 and $157,949 respectively set aside to comply with various state requirements for a minimum reserve. The assets were held in separate and distinct funds. These amounts are included in investments as of August 31, 2021 and 2020.

Inventories

Inventory consisting of books and merchandise are stated at the lower of cost (determined on an average cost basis) or market. Gross revenues from sales of inventory were $210,344 and $113,659 and total cost of sales were $110,415 and $60,760 for 2021 and 2020, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Additions, renewals, and replacements over $2,000 for computers and over $5,000 for all other assets are capitalized. Depreciation is charged to expense over the estimated useful lives of the assets using straight-line method. Maintenance and repairs are expensed as incurred. The Center evaluated the carrying value of its long-lived assets and no impairment was recorded.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the assets as follow:

Buildings	40 years
Land improvements	20 years
Furniture and equipment	7 years
Computer equipment and software	3-5 years

Contributed materials, equipment, and services

Donated materials, equipment, and services are recorded as contributions in the year received at their estimated fair values at date of receipt if an objective basis is available to measure such values. Such donations are reported as support without donor restriction unless the donor had restricted the donated assets to a specific purpose. The Center pays for most services requiring specific expertise. However, various individuals have chosen to volunteer their time and perform a variety of tasks to assist the Center. The value of this contributed time and service is not reflected on these statements since it is not susceptible to objective measurement or valuation.

Collections policy

In accordance with the practice usually followed by organizations that maintain collections, the Center does not carry its collections on the statement of financial position. Since items acquired for collections by purchase are not capitalized, the cost of those acquisitions are reported as decreases in the net assets in the statement of activities. The proceeds from items disposed of are reported as increases in the appropriate class of net assets in the statement of activities. Proceeds from the sale of deaccessioned collections are used for the acquisition of additions to the collection.

Tax-exempt status

The Center is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and it qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is made in the accompanying financial statements.

Uncertain tax positions

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no tax positions requiring accounting recognition. The Center's tax returns are subject to examination by taxing authorities for all years ending after August 31, 2017.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of performing various activities has been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported within that functional area. Expenses not directly attributed to functional categories are allocated using methodologies that reflect the proportionate utilization of resources by function. Salaries and wages, payroll taxes, and employee benefits are allocated based on estimates of time and effort. Facilities and occupancy, and depreciation are allocated based on square footage. Systems and technology expenses are allocated based on estimates of time and cost of specific technologies utilized. Insurance costs are allocated based on premiums for employee and facility related coverages.

Subsequent Events

The Center has evaluated subsequent events through December 3, 2021, the date the financial statements were available to be issued. No events have occurred subsequent to year end which required recognition or disclosure.

3. *Investments*

The Board of Directors of the Center, as the governing authority, is responsible for oversight of the Center's investments. Establishment and implementation of investment policy, including the establishment of investment guidelines and the selection of investment managers, has been delegated by the Board of Directors to its Investment Committee. Investments authorized by the Investment Committee include marketable equity and fixed income securities and other types of investments that may be made with the prior approval of the Investment Committee.

The Center's investment portfolio consists of an investment pool in which a number of individual funds participate in order to benefit from the diversification and economies of scale. Funds added or withdrawn from the pool are recorded at their share of the then current value of the pool. Investment income is recognized and posted on a monthly basis.

Investments, at August 31 are stated at market value as follows:

	2021		2020	
	Cost	Market	Cost	Market
Donor restricted	$ 18,154,246	$ 27,928,946	$ 17,265,455	$ 23,542,874
Board designated	10,414,031	15,825,435	9,940,147	13,280,913
Charitable gift annuities	444,868	557,877	433,168	481,946
	$ 29,013,145	$ 44,312,258	$ 27,638,770	$ 37,305,733

Total investment income for the years ended August 31 is as follows:

	2021	2020
Interest and dividend income	$ 658,744	$ 739,815
Realized and unrealized gain on investment	7,061,000	3,272,908
Total investment income	$ 7,719,744	$ 4,012,723

Investment management and broker fees were $4,017 and $2,957 for the year ended August 31, 2021 and 2020, respectively.

4. ***Endowment***

Endowments by net asset class and type at August 31, 2021 consist of:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	$ 16,102,887		$ 16,102,887
Donor restricted endowment funds		$ 28,025,388	28,025,388
Balance, August 31, 2021	$ 16,102,887	$ 28,025,388	$ 44,128,275

Endowments by net asset class and type at August 31, 2020 consist of:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	$ 13,285,913		$ 13,285,913
Donor restricted endowment funds		$ 23,552,874	23,552,874
Balance, August 31, 2020	$ 13,285,913	$ 23,552,874	$ 36,838,787

The following schedule reconciles the change in endowments by net asset class for the years ended August 31, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments, August 31, 2019	$ 10,298,240	$ 21,066,418	$ 31,364,658
Investment income	252,129	475,515	727,644
Realized and unrealized gains	1,150,917	2,081,992	3,232,909
Contributions - cash received	1,941,269	643,928	2,585,197
Spending policy - operations	(356,642)	(337,500)	(694,142)
Spending policy - programs		(377,479)	(377,479)
Endowments, August 31, 2020	$ 13,285,913	$ 23,552,874	$ 36,838,787
Investment income	234,098	414,685	648,783
Realized and unrealized gains	2,520,583	4,462,315	6,982,898
Contributions - cash received	457,810	375,693	833,503
Spending policy - operations	(395,517)	(363,770)	(759,287)
Spending policy - programs		(416,409)	(416,409)
Endowments, August 31, 2021	$ 16,102,887	$ 28,025,388	$ 44,128,275

5. Fair Value Measurements

The Center follows established guidelines for a fair value hierarchy that prioritizes the inputs used to measure their value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. Market price is generally obtained from exchange or dealer markets.

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 asset 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. The 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 August 31, 2021 and 2020.

Assets and liabilities measured at fair value on a recurring basis at August 31, 2021 were as follows:

Description	Level 1	Level 2	Level 3	2021
Mutual Funds				
Index fund	$ 31,279,088			$ 31,279,088
Bond fund	13,033,170			13,033,170
	$ 44,312,258	$	$	$ 44,312,258

Fair Value Measurements, Continued

Assets and liabilities measured at fair value on a recurring basis at August 31, 2020 were as follows:

Description	Level 1	Level 2	Level 3	2020
Mutual Funds				
Index fund	$ 23,417,527			$ 23,417,527
Bond fund	13,888,206			13,888,206
	$ 37,305,733	$	$	$ 37,305,733

Mutual funds are reported at fair value based on quoted market prices.

6. ***Pledges Receivable***

A summary of unconditional promises to give at August 31 is as follows:

	2021	2020
Due within one year	$ 1,605,022	$ 1,373,930
Due between one and five years	212,500	1,009,874
Due after five years	5,156,947	5,156,947
	6,974,469	7,540,751
Present value discount	(672,107)	(782,571)
Pledge receivable, net	$ 6,302,362	$ 6,758,180

The discount rate used on long-term pledges ranged from 0.14% - 2.86% for the years ended August 31, 2021 and 2.59% - 2.86% in 2020.

7. *Property and Equipment*

A summary of property and equipment at August 31 is as follows:

	2021	2020
Land	$ 200,000	$ 200,000
Land improvements	270,730	270,730
Building	11,553,530	11,553,530
Furniture and equipment	927,699	906,659
Website	266,908	266,908
Computer equipment	133,210	133,210
	13,352,077	13,331,037
Accumulated depreciation	(5,879,981)	(5,536,593)
	7,472,096	7,794,444
Exhibits	599,636	599,636
Construction in progress	89,883	78,090
	$ 8,161,615	$ 8,472,170

8. *Borrowings under line of credit*

The Center has a $1,500,000 line of credit which is due on demand and bears interest at the prime rate. The line of credit is collateralized by all assets of the Center and is subject to annual renewal every January. As of August 31, 2021 and 2020, there were no borrowings against the line of credit. The prime rate at August 31, 2021 and 2020 was 3.25%.

9. *Lease commitments*

The Center leases warehouse space for the storage of books through December 2022. Rent expense was $31,320 and $31,111 for the years ended August 31, 2021 and 2020, respectively. Future minimum rental commitments are as follows:

2022	$ 31,320
2023	10,440
	$ 41,760

10. *Other Long-Term Liabilities*

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small businesses and not-for-profit organizations loans. In April 2020, the Organization obtained a PPP loan in the amount of $564,000. The Center used all of the proceeds from the note for qualifying expenses and received approval of its application for the loan and related interest to be forgiven. As forgiveness was received during the year ended August 31, 2021, the Center has recorded the forgiveness as non-operating income within the statements of activities and a gain on forgiveness within the statement of cash flows.

11. *Net Assets*

The Center's net assets without donor restrictions are comprised of operating and Board-designated amounts, as follows at August 31:

	2021	2020
Operating	$ 13,755,791	$ 12,827,673
Board-designated	16,102,887	13,285,913
	$ 29,858,678	$ 26,113,586

Operating funds: All revenue received and all expenses for general operations are presented in this subgroup. These are the funds that are part of the budget approved by the Board of Directors and managed by departments across the Center. Unlike restricted funds, these areas are directly influenced by institutional policy and management decisions and therefore can be budgeted closely.

Board-designated funds: Designated funds include gifts for specific purposes designated by Directors. The Center's board has designated funds be set aside for the purpose of securing the Center's long-term financial viability and continuing to meet the needs of National Yiddish Book Center. These funds totaled $16,102,887 at August 31, 2021 ($13,285,913 - 2020).

Net Assets, Continued

The Center's net assets with donor restrictions at August 31, 2021 and 2020 are available for the following specified purposes related to the preservation of the Center:

	2021	2020
Endowment funds	$ 20,204,611	$ 19,873,869
Accumulated unspent endowment earnings	12,405,771	8,308,950
Programs and services	1,182,745	1,058,591
Charitable gift annuities	238,686	190,114
	$ 34,031,813	$ 29,431,524

Donor restricted net assets released from restrictions for the Center's activities were for the following purposes:

	2021	2020
Programs and services	$ 1,426,309	$ 1,962,897
Charitable gift annuities	1,973	1,490
	$ 1,428,282	$ 1,964,387

12. *Liquidity and Availability of Resources*

The Center's financial assets available for general expenditures within one year of the statement of financial position are as follows at August 31:

	2021	2020
Cash and cash equivalents	$ 4,821,085	$ 3,304,589
Pledges receivable	1,605,022	1,373,930
Investments	44,312,258	37,305,733
Total financial assets available within one year	50,738,365	41,984,252
Less amounts unavailable for general expenditures within one year:		
Due to contractual, legal, or donor-imposed restrictions:		
Amounts subject to expenditure for specified purposes	28,025,388	23,552,874
Without board approval:		
Funds functioning as endowments	16,102,887	13,285,913
Total financial assets available within one year after restrictions and Board designations	$ 6,610,090	$ 5,145,465

National Yiddish Book Center is primarily supported by contributions (both with and without donor restrictions), sponsorships, and admissions revenues. Because donor restrictions require resources to be used in a particular manner or in future periods, the Center maintains sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general operations, liabilities, and other obligations require. In addition, the Center invests cash in excess of daily requirements in short-term investments. From time to time, the Board designates a portion of any operating surplus for particular or future uses; total Board designated funds were $16,102,887 at August 31, 2021 ($13,285,913 - 2020). In the event of financial distress or an immediate liquidity need resulting from events outside general operations, the Center's Board may draw upon these Board-designated funds. National Yiddish Book Center could also draw an additional $1,500,000 on its line of credit.

13. Retirement Plans

A defined contribution retirement plan is provided by the Center through the Teachers Insurance and Annuity Association-College Retirement Equities Fund ("TIAA"). All employees are eligible to participate in the plan after completion of one year of service, which requires at least 1,000 hours of service. Each eligible participant will receive a contribution equal to 5% of their compensation. In addition, the Center will match 100% of a participant's contribution up to 2%. The cost to the Center for the years ended August 31, 2021 and 2020 amounted to $154,252 and $173,505, respectively.

The Center also offers a tax-deferred annuity plan through TIAA. All employees can participate in the plan immediately following employment at the Center. Participation is voluntary and the employee's contributions are subject to the limits imposed by Section 415 and Section 403(b) of the Internal Revenue Code.

14. Related Party Transactions

Several members of the Board of Directors made contributions during the year. In 2021 and 2020, the contributions from these members totaled $471,293 and $1,164,500, respectively. Pledge receivable balances from Board members were $5,071,232 and $5,719,394 at August 31, 2021 and 2020, respectively.

On occasion, members of the Board of Directors with expertise in matters unrelated to their duties as a director of the organization may be compensated for services at a rate commensurate with what would be paid for such services if otherwise procured by the book Center. The Center paid one member $250 for the year ended August 31, 2021 and two members $750 for the year ended August 31, 2020.

15. Risks and Uncertainties

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen. The financial impact to the Center, our customers, supply chain and others is unknown at this time. The Center continues to operate in accordance with all federal, state, and local regulatory restrictions imposed to reduce the spread of the coronavirus. Currently management does not believe there is a significant impact to its financial assets.