

FILED: NEW YORK COUNTY CLERK 03/11/2016 12:04 PM

NYSCEF DOC. NO. 5

INDEX NO. 152151/2016

RECEIVED NYSCEF: 03/11/2016

Exhibit D

THE CONGREGATION SHEARITH ISRAEL

Financial Statements (Together with Independent Accountants' Review Report)

April 30, 2014 and 2013

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

THE CONGREGATION SHEARITH ISRAEL

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

TO THE BOARD OF TRUSTEES
THE CONGREGATION SHEARITH ISRAEL

We have reviewed the accompanying statements of assets, liabilities and net assets – cash basis of The Congregation Shearith Israel (a nonprofit organization) as of April 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net assets – cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, except for the matter described below, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1.

Management has elected to recognize investments at their fair value. The cash basis of accounting does not permit the recording of unrealized gains (losses) on investments, which amounted to approximately \$(128,000) and \$148,000 for the years ended April 30, 2014 and 2013, respectively. If the investments were not recorded at fair value, the investments and net assets at April 30, 2014 and 2013 would be lower by approximately \$235,000 and \$363,000 respectively, and change in net assets for the year ended April 30, 2014 would reflect a lower deficit by approximately \$128,000, and for the year ended April 30, 2013 change in net assets would reflect a lower surplus by approximately \$148,000.

As discussed in Note 1 to the financial statements, the Congregation has restated its 2013 financial statements to correct for certain errors.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1. The supplementary information included in the accompanying pages 18 - 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and, except as discussed in the preceding paragraph, we did not become aware of any material modifications that should be made to such information.



New York, New York
April 2, 2015

THE CONGREGATION SHEARITH ISRAEL
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
APRIL 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash	\$ 175,311	\$ 1,496,158
Investments in marketable securities, at fair value	2,069,433	2,357,293
Due from broker	38,519	232,271
Co-operative apartment	73,315	73,315
Land - 10 West 70th Street	70,369	70,369
Other	30,615	506
	<u>\$ 2,457,562</u>	<u>\$ 4,229,912</u>
TOTAL ASSETS		
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Advances	\$ -	\$ 52,307
Loan payable	121,180	181,973
	<u>121,180</u>	<u>234,280</u>
TOTAL LIABILITIES		
NET ASSETS:		
Unrestricted:		
Operating	(920,828)	818,032
Board designated	871,146	773,814
Cemetery maintenance	196,192	154,478
	<u>146,510</u>	<u>1,746,324</u>
Total unrestricted		
Temporarily restricted	486,239	545,675
	<u>486,239</u>	<u>545,675</u>
Permanently restricted:		
Endowment and designated	928,625	928,625
Perpetual care	775,008	775,008
	<u>1,703,633</u>	<u>1,703,633</u>
Total permanently restricted		
TOTAL NET ASSETS	<u>2,336,382</u>	<u>3,995,632</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,457,562</u>	<u>\$ 4,229,912</u>

See Accompanying Independent Accountants' Review Report and Notes to Financial Statements.

THE CONGREGATION SHEARITH ISRAEL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2014

	UNRESTRICTED				TEMPORARILY	PERMANENTLY RESTRICTED			TOTAL
	OPERATING FUND	BOARD DESIGNATED FUND	THE PALONES TALMUD TORAH SCHOOL	CEMETERY MAINTENANCE FUND	TOTAL	PURPOSE DESIGNATED FUND	ENDOWMENT AND DESIGNATED FUND	PERPETUAL CARE FUND	TOTAL
Revenues:									
Membership dues and rent rentals	\$ 763,124	\$ -	\$ -	\$ -	\$ 763,124	\$ -	\$ -	\$ -	\$ 763,124
Bei Rabban rent income	53,300	-	-	-	53,300	-	-	-	53,300
Facility fees	35,646	-	-	-	35,646	-	-	-	35,646
Offerings	77,169	-	-	-	77,169	-	-	-	77,169
Additional contributions (from December fundraising letter)	39,013	-	5,550	-	44,563	-	-	-	44,563
Donations	497,481	-	-	-	497,481	-	-	-	497,481
Bequests	53,047	-	-	-	53,047	-	-	-	53,047
Cantories	27,305	-	-	16,800	44,105	-	-	-	44,105
Income from investments	3,032	9,504	-	3,792	16,328	6,701	-	-	23,029
Investment income from permanerly restricted funds	36,051	11,405	-	-	47,456	-	-	-	47,456
Unrealized/realized gains	10,173	34,737	-	71,122	66,032	24,495	-	-	90,527
Unrealized/realized gains/(loss) from permanerly restricted funds	(26,738)	41,686	-	-	14,948	-	-	-	14,948
Annual fundraising event	208,496	-	-	-	208,496	-	-	-	208,496
Tuition fees and other	-	-	26,156	-	26,156	-	-	-	26,156
Toddler program income	63,273	-	-	-	63,273	-	-	-	63,273
Parsonage rent income	222,800	-	-	-	222,800	-	-	-	222,800
Deficit campaign contributions	221,755	-	-	-	221,755	-	-	-	221,755
Challenge campaign contributions	313,250	-	-	-	313,250	-	-	-	313,250
Net assets released from restrictions	-	3,801	86,831	-	90,632	(90,632)	-	-	-
Total revenues	\$ 2,598,177	\$ 101,133	\$ 118,537	\$ 41,714	\$ 2,859,561	\$ (59,436)	\$ -	\$ -	\$ 2,800,125

See Accompanying Independent Accountants' Review Report and Notes to Financial Statements.
(Continued)

THE CONGREGATION SHEARITH ISRAEL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2014

	UNRESTRICTED				TEMPORARILY	PERMANENTLY RESTRICTED			TOTAL
	OPERATING FUND	BOARD DESIGNATED FUND	THE PALONIES TALMUD TORAH SCHOOL	CEMETERY MAINTENANCE FUND	TOTAL	PURPOSE DESIGNATED FUND	ENDOWMENT AND DESIGNATED FUND	PERPETUAL CARE FUND	TOTAL
Expenses:									
General, administrative and office	\$ 2,553,879	\$ -	\$ -	\$ -	\$ 2,553,879	\$ -	\$ -	\$ -	\$ 2,553,879
Building and maintenance	632,220	-	-	-	632,220	-	-	-	632,220
Palonies Talmud Torah School - expenses	-	-	118,537	-	118,537	-	-	-	118,537
Cemetery maintenance	100,582	-	-	-	100,582	-	-	-	100,582
Expenses applicable to specific funds	-	3,801	-	-	3,801	-	-	-	3,801
New building costs	1,050,356	-	-	-	1,050,356	-	-	-	1,050,356
Total expenses	4,337,037	3,801	118,537	-	4,459,375	-	-	-	4,459,375
Changes in net assets (deficit)	(1,738,860)	97,332	-	41,714	(1,599,814)	(59,436)	-	-	(1,659,250)
Net assets, May 1, 2013	818,032	773,814	-	154,478	1,746,324	545,675	928,625	775,008	3,995,632
Net assets, April 30, 2014	\$ (920,828)	\$ 871,146	\$ -	\$ 196,192	\$ 146,510	\$ 486,239	\$ 928,625	\$ 775,008	\$ 1,703,633
									\$ 2,336,382

See Accompanying Independent Accountants' Review Report and Notes to Financial Statements.

THE CONGREGATION SHEARITH ISRAEL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2013

	UNRESTRICTED				TEMPORARILY	PERMANENTLY RESTRICTED			TOTAL
	OPERATING FUND	BOARD DESIGNATED FUND	THE PALONIES TALMUD TORAH SCHOOL	CEMETERY MAINTENANCE FUND	TOTAL	PURPOSE DESIGNATED FUND	ENDOWMENT AND DESIGNATED FUND	PERPETUAL CARE FUND	TOTAL
Revenues:									
Membership dues and seat rentals	\$ 687,311	\$ -	\$ -	\$ -	\$ 687,311	\$ -	\$ -	\$ -	\$ 687,311
Beit Rabban rent income	317,317	-	-	-	317,317	-	-	-	317,317
Facility fees	26,177	-	-	-	26,177	-	-	-	26,177
Offerings	87,097	-	-	-	87,097	-	-	-	87,097
"Additional" contributions - (from December fundraising letter)	64,929	-	2,349	-	67,278	-	-	-	67,278
Donations	261,338	-	-	-	261,338	-	-	-	261,338
Bequests	714,858	-	-	-	714,858	-	-	-	714,858
Cemeteries	43,618	-	-	12,300	55,918	-	-	-	55,918
Income from investments	4,877	7,698	-	796	13,371	6,931	-	-	20,302
Investment income from permanently restricted funds	38,007	11,327	-	-	49,334	-	-	-	49,334
Unrealized/realized gains	3,085	50,025	-	23,158	76,268	45,036	-	-	121,304
Unrealized/realized gains/(loss) from permanently restricted funds	(11,242)	73,601	-	-	62,359	-	-	-	62,359
Annual fundraising event	199,040	-	-	-	199,040	-	-	-	199,040
Tuition fees and other	-	-	24,300	-	24,300	-	-	-	24,300
Toddler program income	104,769	-	-	-	104,769	-	-	-	104,769
Parsonage rent income	204,000	-	-	-	204,000	-	-	-	204,000
Deficit campaign contributions	267,050	-	-	-	267,050	-	-	-	267,050
Challenge campaign contributions	567,230	-	-	-	567,230	-	-	-	567,230
Net assets released from restrictions	-	5,588	68,919	-	74,507	(74,507)	-	-	-
Total revenues	\$ 3,579,461	\$ 148,239	\$ 95,568	\$ 36,254	\$ 3,859,522	\$ (22,540)	\$ -	\$ -	\$ 3,836,982

See Accompanying Independent Accountants' Review Report and Notes to Financial Statements.
(Continued)
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THE CONGREGATION SHEARITH ISRAEL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2013

	UNRESTRICTED				TEMPORARILY	PERMANENTLY RESTRICTED			TOTAL
	OPERATING FUND	BOARD DESIGNATED FUND	THE PALONIES TALMUD TORAH SCHOOL	CEMETERY MAINTENANCE FUND	TOTAL	PURPOSE DESIGNATED FUND	ENDOWMENT AND DESIGNATED FUND	PERPETUAL CARE FUND	TOTAL
Expenses:									
General, administrative and office Building and maintenance	\$ 2,344,065	\$ -	\$ -	\$ -	\$ 2,344,065	\$ -	\$ -	\$ -	\$ 2,344,065
	678,184	-	-	-	678,184	-	-	-	678,184
Palonies Talmud Torah School - expenses	-	-	95,568	-	95,568	-	-	-	95,568
Cemetery maintenance	83,769	-	-	-	83,769	-	-	-	83,769
Expenses applicable to specific funds	-	5,588	-	-	5,588	-	-	-	5,588
350th Anniversary Celebration - expenses	516	-	-	-	516	-	-	-	516
New building costs	572,844	-	-	-	572,844	-	-	-	572,844
Total expenses	3,679,378	5,588	95,568	-	3,780,534	-	-	-	3,780,534
Changes in net assets (deficit)	(99,917)	142,651	-	36,254	78,988	(22,540)	-	-	56,448
Net assets, May 1, 2012	917,949	631,163	-	118,224	1,667,336	568,215	928,625	775,008	3,939,184
Net assets, April 30, 2013	\$ 818,032	\$ 773,814	\$ -	\$ 154,478	\$ 1,746,324	\$ 545,675	\$ 928,625	\$ 775,008	\$ 3,995,632

See Accompanying Independent Accountants' Review Report and Notes to Financial Statements.

**THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

The Congregation Shearith Israel ("Congregation"), a not-for-profit corporation established under the laws of New York State, operates as a religious organization. The Congregation is supported primarily through contributions from the members of the congregation.

Basis of Accounting:

The Congregation's policy is to prepare its financial statements on the basis of cash receipts and cash disbursements except as noted in the Investments and Advances paragraphs below; consequently, revenues and the related assets are recognized when received rather than when earned or pledged by a donor and expenses are recognized when paid rather than when the obligation is incurred.

The Congregation owns real property, which consists of Synagogues and other connected facilities, interests in cemeteries, and religious articles and furnishings, most of which have not been recorded in the accounts, and accordingly, have not been reflected in the financial statements.

Capital expenditures incurred for building renovations, new building costs and equipment are charged to expense in the year paid and depreciation is not recorded on these assets.

Investments:

The Congregation reports investments in equity securities with readily determinable fair values and investments in debt securities at their fair values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the statement of revenues, expenses and changes in net assets.

Advances:

Amounts that have been deposited with the Congregation for future direction are recorded as advances.

Fair Value Measurements:

Accounting Standards Codification ("ASC") Topic 820-10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined, fair value is 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, ASC 820-10 establishes a fair value hierarchy that includes three levels, which prioritizes observable and unobservable inputs used to measure fair value (as defined in Note 3). The hierarchy gives the highest priority to the unadjusted quoted prices in active markets (Level I measurements) and the lowest priority to the unobservable inputs (Level III measurements). The Congregation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Investments in equity securities consisting of mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Congregation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Congregation are deemed to be actively traded. Investments in bonds are valued by the broker using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. The Congregation also invests in Israel Bonds that are unlisted and thinly traded. Due to the nature of Israel Bonds, management has estimated their fair value at cost. Because of the uncertainty of valuation of the Congregation's investment in Israel Bonds, value for those investments may differ significantly from values that would have been used had a ready market for the investments existed.

**THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Accounting:

The accounts of the Congregation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups.

The assets, liabilities and net assets of the Congregation are reported in self-balancing fund groups as follows:

- Operating funds represent those funds which are available for support of operations.
- Board designated funds represent those funds whose uses are specified by the Board of Trustees.
- Cemetery maintenance funds represent resources which are available for cemetery operations.
- Purpose designated funds represent funds that are subject to restrictions by the donors for specific uses.
- Endowment funds represent funds that are subject to restrictions requiring in perpetuity that principal be invested and only income be used. Capital appreciation in these funds is not restricted and such increases can be used with the approval of the Board of Trustees.
- Perpetual Care funds represent funds that are subject to restrictions requiring in perpetuity that principal be invested and only income be used. Capital appreciation in these funds is not restricted and such increases can be used with the approval of the Board of Trustees.

Financial Statement Presentation:

In accordance with the cash basis of accounting, the Congregation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon the satisfaction of the time or purpose restrictions. Contributions temporarily restricted as to purpose are initially classified as unrestricted if the purpose restrictions are satisfied in the period of receipt.

Donated Services:

The value of the hours of volunteer services has not been reflected in the financial statements because the financial statements are prepared on the basis of cash receipts and cash disbursements (except as noted in the Investments and Advances paragraphs above), and also these services do not require specialized skills.

**THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising:

The Congregation expenses advertising production costs and advertising communications costs as they are paid. For the years ended April 30, 2014 and 2013, the advertising expense was \$14,648 and \$18,211, respectively.

Functional Expenses:

The Congregation's expenses have not been classified on a functional basis as is generally required for the financial statements of nonprofit organizations. In the Congregation's case, reporting on such a basis would require that a substantial majority of the expenses, (e.g., payroll, facilities, capital expenditures) be allocated, between program and supporting services, and among specific program services, on a highly subjective estimated basis. Such estimated allocated amounts would not provide meaningful information to financial statement users and is consequently considered not to be material information.

Income Tax Status:

The Congregation is not subject to income taxes and is exempt from filing Form 990 under Internal Revenue Code Section 501(c)(3).

Correction of an Error:

Prior to the issuance of this report, the Congregation became aware that certain cash balances had not been properly recorded in the Congregation's books of account. The correction of this error had the effect of increasing the Congregation's bequest revenues, cash and operating net assets by approximately \$250,000 as of and for the year ended April 30, 2013.

Subsequent Events:

The Congregation has evaluated, for potential recognition and disclosure, events subsequent to the date of the Statement of Assets, Liabilities and Net Assets through April 2, 2015, the date the financial statements were available to be issued.

On August 29, 2014, the Congregation renewed its lease with one of its tenants. The lease renewal is for 4 years, beginning on September 8, 2014 with an initial base annual rent of \$204,000. The total minimum base annual rent for the term of the lease is approximately \$879,000 (see Note 7).

NOTE 2 - INVESTMENTS

Investments are stated at fair value and are summarized as follows:

	APRIL 30, 2014		APRIL 30, 2013	
	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>
Operating Fund	\$ 31,515	\$ 30,739	\$ 20,700	\$ 20,700
Joint Designated Funds	883,979	1,064,216	1,125,782	1,427,786
Perpetual Care Fund	763,294	761,290	719,957	744,045
Cemetery Maintenance Fund	<u>155,295</u>	<u>213,188</u>	<u>127,991</u>	<u>164,762</u>
Total	<u>\$ 1,834,083</u>	<u>\$ 2,069,433</u>	<u>\$ 1,994,430</u>	<u>\$ 2,357,293</u>

THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013

NOTE 2 - INVESTMENTS - Continued

Investment return consists of the following:

	<u>APRIL 30, 2014</u>	<u>APRIL 30, 2013</u>
Interest and dividends	\$ 87,204	\$ 88,106
Investment fees	<u>(16,719)</u>	<u>(18,470)</u>
Income from investments	<u>70,485</u>	<u>69,636</u>
Realized gain on investments	232,997	35,246
Unrealized gain (loss) on investments	<u>(127,522)</u>	<u>148,417</u>
Unrealized/realized gain on investments	<u>105,475</u>	<u>183,663</u>
Total	<u>\$ 175,960</u>	<u>\$ 253,298</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

Instruments, including certain investments, are carried at market or fair value, or at amounts which approximate current fair value due to their short-term nature.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Congregation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

**THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013**

NOTE 3 - FAIR VALUE MEASUREMENTS – Continued

The following table summarizes the valuation of that portion of the Congregation's investments reported at fair value by the fair value hierarchy levels described above as of April 30, 2014 and April 30, 2013:

	Total	Level I	Level II	Level III
<u>APRIL 30, 2014:</u>				
Equity securities:				
Mutual funds	\$ 213,188	\$ 213,188	\$ -	\$ -
Energy	56,596	56,596	-	-
Financial services	38,452	38,452	-	-
Food/beverage	78,753	78,753	-	-
Healthcare products	14,664	14,664	-	-
Industrial/manufacturing	103,170	103,170	-	-
Media	29,907	29,907	-	-
Publishing	28,944	28,994	-	-
Other	73,578	73,578	-	-
Private equity investment firm	19,967	19,967	-	-
Real estate investment trust	12,618	12,618	-	-
Residential construction	16,560	16,560	-	-
Technology	191,070	191,070	-	-
Subtotal	<u>877,467</u>	<u>877,467</u>	<u>-</u>	<u>-</u>
Debt securities:				
Government mortgage-backed securities	13,981	13,981	-	-
Collateralized debt obligations	50,164	-	50,164	-
Municipal bonds	75,741	-	75,741	-
Corporate bonds	1,031,380	-	1,031,380	-
Subtotal	<u>1,171,266</u>	<u>13,981</u>	<u>1,157,285</u>	<u>-</u>
Other:				
State of Israel bonds	<u>20,700</u>	<u>-</u>	<u>-</u>	<u>20,700</u>
Subtotal	<u>20,700</u>	<u>-</u>	<u>-</u>	<u>20,700</u>
Total	<u>\$ 2,069,433</u>	<u>\$ 891,448</u>	<u>\$ 1,157,285</u>	<u>\$ 20,700</u>

THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013

NOTE 3 - FAIR VALUE MEASUREMENTS – Continued

	Total	Level I	Level II	Level III
<u>APRIL 30, 2013:</u>				
Available-for-sale equity securities:				
Mutual funds	\$ 164,762	\$ 164,762	\$ -	\$ -
Energy	106,400	106,400	-	-
Financial services	175,675	175,675	-	-
Food/beverage	82,295	82,295	-	-
Healthcare products	21,308	21,308	-	-
Industrial/manufacturing	213,175	213,175	-	-
Media	47,824	47,824	-	-
Publishing	46,886	46,886	-	-
Other	87,141	87,141	-	-
Private equity investment firm	34,979	34,979	-	-
Real estate investment trust	38,165	38,165	-	-
Residential construction	22,560	22,560	-	-
Technology	139,927	139,927	-	-
Subtotal	<u>1,181,097</u>	<u>1,181,097</u>	<u>-</u>	<u>-</u>
Available-for-sale debt securities:				
Government mortgage-backed securities	22,565	22,565	-	-
Collateralized debt obligations	82,437	-	82,437	-
Municipal bonds	88,137	-	88,137	-
Corporate bonds	962,357	-	962,357	-
Subtotal	<u>1,155,496</u>	<u>22,565</u>	<u>1,132,931</u>	<u>-</u>
Other:				
State of Israel bonds	20,700	-	-	20,700
Subtotal	<u>20,700</u>	<u>-</u>	<u>-</u>	<u>20,700</u>
Total	<u>\$ 2,357,293</u>	<u>\$ 1,203,662</u>	<u>\$ 1,132,931</u>	<u>\$ 20,700</u>

THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013

NOTE 3 - FAIR VALUE MEASUREMENTS - continued

The changes in investments measured at cost (which approximates fair value) for which the Congregation has used Level III inputs to determine fair value are as follows:

<u>For the year ended</u>	<u>April 30, 2014</u>	<u>April 30, 2013</u>
Balance, Beginning	\$ 20,700	\$ 22,500
Sales, Net	-	1,800
Balance, Ending	<u>\$ 20,700</u>	<u>\$ 20,700</u>

NOTE 4 - LOAN PAYABLE

On March 19, 2007, the Congregation obtained a self-liquidating loan from Apple Bank in the amount of \$600,000. The loan (as amended) calls for monthly payments of interest and principal of \$5,829 which is first applied to interest, at 5.847% per annum, and the balance being applied to principal. The Congregation was obligated to set up a money market account with Apple Bank. The parsonage rent income is required to be deposited into the account and Apple Bank withdraws the monthly loan payments from the account. The loan matures on February 1, 2016.

Principal maturities are as follows:

YEAR ENDING <u>APRIL 30,</u>	
2015	\$ 64,498
2016	<u>56,682</u>
	<u>\$ 121,180</u>

NOTE 5 - PENSION PLAN

The Congregation makes contributions for certain employees to a defined contribution money purchase plan sponsored by the Rabbinical Council of America. For the years ended April 30, 2014 and 2013, the pension expense was \$41,219 and \$36,718, respectively. Additionally, certain retired employees receive retirement pay and benefits from current operations. For the years ended April 30, 2014 and 2013, the retiree benefits expense was \$87,882 and \$86,309, respectively.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Congregation maintains its cash at financial institutions. The account balances may periodically exceed the Federal Depository Insurance Corporation ("FDIC") insurance coverage and, as a result, there could be a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Congregation believes that the risk will not be significant, as the Congregation does not anticipate the financial institutions' non-performance.

**THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013**

NOTE 7 - CONGREGATION AS LESSOR

The Congregation leases space in its building to tenants for varying terms, for which it receives specified base annual rents. The total base annual rent due from the tenants is as follows:

YEAR ENDING <u>APRIL 30,</u>	
2015	\$ 172,000
2016	210,800
2017	221,340
2018	232,407
2019	<u>78,719</u>
	<u>\$ 915,266</u>

NOTE 8 – COLLECTIONS

The Congregation considers its Sanctuary, Torahs, and similar religious items to be historical treasures. These are used in religious services, and are available for public exhibition and education. They are not held for financial gain. The Congregation holds these items unencumbered. They are protected, cared for and preserved. If any items are sold, the proceeds of sale are used to acquire other religious items. Accordingly, in accordance with FASB ASC 958-360-50, *Accounting for Contributions Received and Contributions Made*, the Congregation has adopted a policy of not recognizing these items as assets.

NOTE 9 - ENDOWMENT NET ASSETS

The Congregation recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”). In addition, the Congregation recognizes that NYPMIFA permits the Board of Trustees (“Board”) 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 endowment’s market value.

The Congregation's endowment investment policy is to invest primarily in equities and fixed income based on an asset allocation, approved by the investment committee, 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. The Congregation 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). The Congregation appropriates earnings from the endowment fund at a level that will not deplete the historical cost. Unless authorized by the Board of Trustees, 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 the Congregation to retain as a fund of perpetual duration. In accordance with the Congregation's basis of accounting, deficiencies of this nature, if they occurred, are reported in unrestricted net assets. 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 permanently. There were no such deficiencies as of April 30, 2014 and 2013.

THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013

NOTE 9 - ENDOWMENT NET ASSETS - continued

In accordance with NYPMIFA, any unappropriated earnings on endowment funds that would otherwise be considered unrestricted by the donor should be reflected as temporarily restricted until appropriated by the Board. As of April 30, 2014, all earnings on endowment funds are considered appropriated by the Board through its budgetary approval process.

Changes in endowment net assets for year ended April 30, 2014 and 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Permanently Restricted</u>	
	<u>Board Designated Fund</u>	<u>Purpose Designated Fund</u>	<u>Endowment and Designated Fund</u>	<u>Perpetual Care Fund</u>	<u>Total</u>
Endowment net assets, April 30, 2012	<u>\$ 631,163</u>	<u>\$ 568,215</u>	<u>\$ 928,625</u>	<u>\$ 775,008</u>	<u>\$ 2,903,011</u>
Contribution to endowments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment activity:					
Income from investments	7,698	6,931	11,327	38,007	63,963
Unrealized/realized gain (loss)	<u>50,025</u>	<u>45,036</u>	<u>73,601</u>	<u>(11,242)</u>	<u>157,420</u>
Total investment activity	<u>57,723</u>	<u>51,967</u>	<u>84,928</u>	<u>26,765</u>	<u>221,383</u>
Board appropriated for expenditure	<u>(5,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,588)</u>
Net assets released from endowment	<u>90,516</u>	<u>(74,507)</u>	<u>(84,928)</u>	<u>(26,765)</u>	<u>(95,684)</u>
Endowment net assets, April 30, 2013	<u>773,814</u>	<u>545,675</u>	<u>928,625</u>	<u>775,008</u>	<u>3,023,122</u>
Contribution to endowments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment activity:					
Income from investments	9,504	6,701	11,405	36,051	63,661
Unrealized/realized gain (loss)	<u>34,737</u>	<u>24,495</u>	<u>41,686</u>	<u>(26,738)</u>	<u>74,180</u>
Total investment activity	<u>44,241</u>	<u>31,196</u>	<u>53,091</u>	<u>9,313</u>	<u>137,841</u>
Board appropriated for expenditure	<u>(3,801)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,801)</u>
Net assets released from endowment	<u>56,892</u>	<u>(90,632)</u>	<u>(53,091)</u>	<u>(9,313)</u>	<u>(96,144)</u>
Endowment net assets, April 30, 2014	<u>\$ 871,146</u>	<u>\$ 486,239</u>	<u>\$ 928,625</u>	<u>\$ 775,008</u>	<u>\$ 3,061,018</u>

**THE CONGREGATION SHEARITH ISRAEL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014 AND 2013**

NOTE 10 – COMMITMENTS

The Congregation is planning to raze an existing building and construct in its place a 9-story building for mixed use, which would include a community house, rental space for a Jewish day school and space for residential sale and/or rent.

The Congregation is entering into an agreement with a real estate developer to perform the construction of this building. A construction loan will be taken out by a new LLC that is co-owned by the Congregation and the real estate developer, with no recourse back to the Congregation.

NOTE 11 – LITIGATION

The Congregation is involved in litigation matters in due course of its operations. Management estimates no material impact on its financial statements from the outcome of these legal matters. Legal expenses are recorded as paid.

SUPPLEMENTARY INFORMATION

**THE CONGREGATION SHEARITH ISRAEL
LISTING OF ENDOWMENT AND DESIGNATED FUNDS
APRIL 30, 2014**

Arthur E. Nathan Fund
Bella & Israel Unterberg Lecture Fund
Capital Suspense Fund
Harry S Dale School Scholarship
Congregation Permanent Fund
Edgar J. Nathan, Jr. Memorial Building Fund
Educational Fund
Edward D. Hesdra Memorial Fund
Ferdinand & Esther Oppenheim Fund
Fidanque Family Fund
Florence Hass Fund
Gladys T & I Cecil Fidanque Fund
Gustave Hass Family Prayer Book & Bible Memorial
Haas & Potash Family Fund for Maintenance of Succah
Hendricks Memorial Fund
H Pereira Mendes Fund
I Cecil Fidanque Family Fund
J V Fidanque Memorial Fund
Jack & Celina Fidanque Endowment
Jacob Weill Education Fund
Jacques Monis Cohenca Music Fund
Laura & Victor Capelluto Fund
Lewin Fund
Mamie & Sarah Potash Passover Fund
Prayer Book Funds
Reserve Fund
Rosalie Nathan Hendricks Fund
Schayek Library Fund
Stuart H Oltarsh Memorial Fund
The Polonies Talmud Torah School - Prize and Scholarship Fund
The Polonies Talmud Torah School - School Funds

See Accompanying Independent Accountants' Review Report

THE CONGREGATION SHEARITH ISRAEL
SCHEDULE TO STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
APRIL 30, 2014

	UNRESTRICTED		TEMPORARILY	PERMANENTLY RESTRICTED	TOTAL		
	OPERATING FUND	BOARD DESIGNATED FUND	RESTRICTED	ENDOWMENT AND DESIGNATED FUND	PERPETUAL CARE FUND		
ASSETS							
Cash	\$ 175,311	\$ -	\$ -	\$ -	\$ -	\$ 175,311	
Investments in marketable securities, at fair value	30,739	-	213,188	296,989	767,227	761,290	2,069,433
Due from broker	-	-	-	6,857	17,714	13,948	38,519
Co-operative apartment	-	-	-	-	73,315	-	73,315
Land - 10 West 70th Street	-	-	-	-	70,369	-	70,369
Other	30,615	-	-	-	-	-	30,615
TOTAL ASSETS	\$ 236,665	\$ -	\$ 213,188	\$ 303,846	\$ 928,625	\$ 775,238	\$ 2,457,562
LIABILITIES AND NET ASSETS							
LIABILITIES							
Advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan payable	121,180	-	-	-	-	-	121,180
Inter-fund payable (receivable)	1,036,313	(871,146)	16,996	(182,393)	-	230	-
TOTAL LIABILITIES	1,157,493	(871,146)	16,996	(182,393)	-	230	121,180
NET ASSETS							
Unrestricted	(920,828)	871,146	196,192	-	-	-	146,510
Temporarily restricted	-	-	-	486,239	-	-	486,239
Permanently restricted	-	-	-	-	928,625	775,008	1,703,633
TOTAL NET ASSETS	(920,828)	871,146	196,192	486,239	928,625	775,008	2,336,382
TOTAL LIABILITIES AND NET ASSETS	\$ 236,665	\$ -	\$ 213,188	\$ 303,846	\$ 928,625	\$ 775,238	\$ 2,457,562

See Accompanying Independent Accountants' Review Report.

THE CONGREGATION SHEARITH ISRAEL
SCHEDULE TO STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
APRIL 30, 2013

	UNRESTRICTED		TEMPORARILY	PERMANENTLY RESTRICTED	TOTAL	
	OPERATING FUND	BOARD DESIGNATED FUND	RESTRICTED PURPOSE DESIGNATED FUND	ENDOWMENT AND DESIGNATED FUND	PERPETUAL CARE FUND	
ASSETS						
Cash	\$ 1,489,447	\$ -	\$ 6,711	\$ -	\$ -	\$ 1,496,158
Investments in marketable securities, at fair value	20,700	235,848	164,762	488,804	703,134	2,357,293
Due from broker	-	27,441	-	56,871	81,807	232,271
Co-operative apartment	-	-	-	-	73,315	73,315
Land - 10 West 70th Street	-	-	-	-	70,369	70,369
Other	506	-	-	-	-	506
TOTAL ASSETS	\$ 1,510,653	\$ 263,289	\$ 171,473	\$ 545,675	\$ 928,625	\$ 4,229,912
LIABILITIES AND NET ASSETS						
LIABILITIES						
Advances	\$ 52,307	\$ -	\$ -	\$ -	\$ -	\$ 52,307
Loan payable	181,973	-	-	-	-	181,973
Inter-fund payable (receivable)	458,341	(510,525)	16,995	-	35,189	-
TOTAL LIABILITIES	692,621	(510,525)	16,995	-	35,189	234,280
NET ASSETS						
Unrestricted	818,032	773,814	154,478	-	-	1,746,324
Temporarily restricted	-	-	-	545,675	-	545,675
Permanently restricted	-	-	-	-	928,625	1,703,633
TOTAL NET ASSETS	818,032	773,814	154,478	545,675	928,625	3,995,632
TOTAL LIABILITIES AND NET ASSETS	\$ 1,510,653	\$ 263,289	\$ 171,473	\$ 545,675	\$ 928,625	\$ 4,229,912

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THE CONGREGATION SHEARITH ISRAEL
SCHEDULES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEARS ENDED

	<u>April 30, 2014</u>	<u>April 30, 2013</u>
<u>GENERAL, ADMINISTRATIVE AND OFFICE EXPENSES</u>		
Professional and clerical salaries and allowance	\$ 1,528,678	\$ 1,153,148
Health insurance	84,244	107,223
Pension funding	36,084	36,718
Payroll taxes	91,437	84,715
Retiree benefits	66,538	66,302
Choir	171,150	166,091
Religious supplies and repairs	18,071	14,322
Programming events and receptions	70,430	275,608
Postage	11,083	12,001
Printing	32,291	31,665
Computer maintenance and consulting	25,951	25,473
Telephone	28,529	27,453
Insurance	100,369	104,269
Professional fees	201,956	135,288
Advertising	14,648	18,211
Office supplies	9,115	7,440
Equipment repairs and maintenance	1,955	-
Subscriptions and dues	8,268	7,639
Miscellaneous	1,124	1,783
New equipment purchases	8,848	4,470
Bank and credit card fees	17,601	19,977
Toddler program expenses	16,350	31,619
Interest expense	9,159	12,650
	<u>\$ 2,553,879</u>	<u>\$ 2,344,065</u>
Total		
 <u>BUILDING AND MAINTENANCE EXPENSES</u>		
Maintenance salaries	\$ 180,939	\$ 188,722
Health insurance	20,179	20,235
Pension funding	5,135	-
Payroll taxes	18,999	19,816
Retiree benefits	21,344	20,007
Supplies	24,290	27,249
Repairs and maintenance	72,468	164,811
Utilities	161,358	131,194
Security guards and alarm system	76,836	74,597
New equipment purchases	6,621	1,764
Parsonage repairs and maintenance	44,051	29,789
	<u>\$ 632,220</u>	<u>\$ 678,184</u>
Total		

See Accompanying Independent Accountants' Review Report.

THE CONGREGATION SHEARITH ISRAEL
SCHEDULES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEARS ENDED

<u>TALMUD TORAH SCHOOL EXPENSES</u>	<u>April 30, 2014</u>	<u>April 30, 2013</u>
Salaries	\$ 106,728	\$ 90,070
Books and supplies	9,449	2,863
Miscellaneous	2,360	2,635
Total	<u>\$ 118,537</u>	<u>\$ 95,568</u>

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