



The Jewish Federation
OF OMAHA

JEWISH FEDERATION OF OMAHA, INC.

Consolidated Financial Statements and
Supplemental Financial Information

June 30, 2020,
with Comparative Totals for 2019

(Together with Independent Auditor's Report)

JEWISH FEDERATION OF OMAHA, INC.



Table of Contents

**JUNE 30, 2020,
WITH COMPARATIVE TOTALS FOR 2019**

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Financial Statements:	
Consolidated Statement of Financial Position, June 30, 2020, with Comparative Totals for 2019	3
Consolidated Statement of Activities, For the Year Ended June 30, 2020, with Comparative Totals for 2019	4
Consolidated Statement of Functional Expenses, For the Year Ended June 30, 2020, with Comparative Totals for 2019	5
Consolidated Statement of Cash Flows, For the Year Ended June 30, 2020, with Comparative Totals for 2019	6
Notes to Consolidated Financial Statements, June 30, 2020, with Comparative Totals for 2019	7
Supplementary Information:	
Schedule 1 – Net Assets without Restriction Current Fund - Program Revenue by Program Service, For the Year Ended June 30, 2020, with Comparative Totals for 2019	32

Independent Auditor's Report

The Board of Directors
Jewish Federation of Omaha, Inc. and Affiliates
Omaha, Nebraska:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Jewish Federation of Omaha, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements (collectively, 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.

Auditor's 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 control. 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 the Jewish Federation of Omaha, Inc. and Affiliates as of June 30, 2020, 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 the Jewish Federation of Omaha, Inc. and Affiliates 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Seim Johnson, LLP

Omaha, Nebraska,
January 7, 2021.



JEWISH FEDERATION OF OMAHA, INC.
 Consolidated Statement of Financial Position
 June 30, 2020
 With Comparative Totals for 2019

Assets	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 148,370	139,196	287,566	2,492,980
Investments, including investments limited as to use	77,074,076	26,278,677	103,352,753	98,990,672
Pledges receivable, net	2,015,171	5,306,857	7,322,028	4,530,897
Other receivables, less allowance for doubtful accounts of \$37,046 in 2020 and \$31,898 in 2019, respectively	1,020,990	--	1,020,990	1,143,473
Beneficial interest in charitable remainder trust assets and other split interest agreements, net	--	2,572,763	2,572,763	2,553,248
Other assets	510,707	--	510,707	694,824
Property, buildings, and equipment, net	<u>37,086,631</u>	<u>--</u>	<u>37,086,631</u>	<u>26,247,951</u>
Total assets	<u>\$ 117,855,945</u>	<u>34,297,493</u>	<u>152,153,438</u>	<u>136,654,045</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable - trade	\$ 490,551	--	490,551	349,167
Accounts payable - Property, buildings and equipment	1,309,366	--	1,309,366	431,554
Accrued expenses	1,493,089	--	1,493,089	1,493,999
Accrued interest	9,252	--	9,252	--
Deferred revenue	503,522	--	503,522	660,826
Annuities and trusts payable	--	161,466	161,466	167,002
Custodial funds	10,585,733	--	10,585,733	11,194,078
Paycheck Protection Program loan	3,297,700	--	3,297,700	--
Mortgage payable	<u>319,477</u>	<u>--</u>	<u>319,477</u>	<u>442,245</u>
Total liabilities	18,008,690	161,466	18,170,156	14,738,871
Net assets	<u>99,847,255</u>	<u>34,136,027</u>	<u>133,983,282</u>	<u>121,915,174</u>
Total liabilities and net assets	<u>\$ 117,855,945</u>	<u>34,297,493</u>	<u>152,153,438</u>	<u>136,654,045</u>

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.

Consolidated Statement of Activities
For the Year Ended June 30, 2020
With Comparative Totals for 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Public support, program and investment revenue:				
Public support:				
Contributions	\$ 18,351,927	2,015,175	20,367,102	12,602,877
Contributions—United Way of the Midlands	31,229	--	31,229	15,563
Grants	969,626	13,079	982,705	494,030
Total public support	<u>19,352,782</u>	<u>2,028,254</u>	<u>21,381,036</u>	<u>13,112,470</u>
Program revenue:				
Elderly resident fees -				
Private pay and ancillary	5,672,156	--	5,672,156	5,114,631
Medicaid	2,815,381	--	2,815,381	3,047,228
Medicare	1,865,462	--	1,865,462	2,061,914
Other insurance	228,365	--	228,365	219,565
Program services	3,819,953	--	3,819,953	4,420,363
Membership dues	2,344,261	--	2,344,261	2,885,560
Rental income	601,936	--	601,936	630,581
Advertising	159,358	--	159,358	169,224
Miscellaneous	101,279	10,291	111,570	90,272
Total program revenue	<u>17,608,151</u>	<u>10,291</u>	<u>17,618,442</u>	<u>18,639,338</u>
Investment revenue:				
Change in value of split interest agreements	--	25,050	25,050	215,679
Investment income	661,721	106,938	768,659	808,557
Realized gain on investments, net	12,516	11,266	23,782	330,938
Unrealized gain on investments	888,578	201,396	1,089,974	2,709,910
Total investment revenue, net	<u>1,562,815</u>	<u>344,650</u>	<u>1,907,465</u>	<u>4,065,084</u>
Total public support, program and investment revenue	<u>38,523,748</u>	<u>2,383,195</u>	<u>40,906,943</u>	<u>35,816,892</u>
Net assets released from restrictions	347,788	(347,788)	--	--
Expenses:				
Program services:				
Jewish Community Center	7,885,560	--	7,885,560	7,937,543
Rose Blumkin Jewish Home	11,982,486	--	11,982,486	11,498,373
Community Engagement and Education	1,147,055	--	1,147,055	939,479
Jewish Family Service	558,232	--	558,232	568,975
Community Relations Committee	514,006	--	514,006	530,127
Jewish Senior Outreach	504,532	--	504,532	529,455
Jewish Press	454,976	--	454,976	461,111
Jewish Federation and Foundation	484,614	--	484,614	652,679
Federation Manor, Inc.	445,148	--	445,148	481,656
Total program services	<u>23,976,609</u>	<u>--</u>	<u>23,976,609</u>	<u>23,599,398</u>
Supporting services:				
Management and general	275,597	--	275,597	341,053
Federation fundraising	934,007	--	934,007	796,830
Foundation fundraising	580,214	--	580,214	496,841
Occupancy	122,493	--	122,493	313,964
Total supporting services	<u>1,912,311</u>	<u>--</u>	<u>1,912,311</u>	<u>1,948,688</u>
Contributions to nonprofit organizations and assistance:				
Jewish Federation of North America	550,000	--	550,000	700,000
Other	2,399,915	--	2,399,915	2,034,381
Total contributions	<u>2,949,915</u>	<u>--</u>	<u>2,949,915</u>	<u>2,734,381</u>
Total expenses	<u>28,838,835</u>	<u>--</u>	<u>28,838,835</u>	<u>28,282,467</u>
Change in restrictions	127,557	(127,557)	--	--
Change in net assets	10,160,258	1,907,850	12,068,108	7,534,425
Net assets at beginning of year	89,686,997	32,228,177	121,915,174	114,380,749
Net assets at end of year	<u>\$ 99,847,255</u>	<u>34,136,027</u>	<u>133,983,282</u>	<u>121,915,174</u>

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020
With Comparative Totals for 2019

	Program Services											
	Jewish Community Center			Rose Blumkin Jewish Home			Community Engagement and Education	Jewish Family Service	Community Relations Committee	Jewish Senior Outreach	Jewish Press	Total carried forward
	Program Services	Management and General	Total	Program Services	Management and General	Total						
Salaries—professional	\$ 644,158	347,711	991,869	618,994	341,249	960,243	148,327	275,294	157,657	109,257	152,875	2,795,522
Salaries—program	2,334,335	214,097	2,548,432	5,287,354	103,197	5,390,551	16,769	773	91,379	102,759	31,207	8,181,870
Employee health and benefits	419,335	54,359	473,694	650,533	42,762	693,295	26,971	27,536	28,425	31,674	14,821	1,296,416
Payroll taxes	239,760	41,966	281,726	533,896	34,091	567,987	12,623	22,019	19,351	19,154	14,272	937,132
Total salaries and related expenses	3,637,588	658,133	4,295,721	7,090,777	521,299	7,612,076	204,690	325,622	296,812	262,844	213,175	13,210,940
Program operating costs	312,683	157,164	469,847	1,714,260	124,580	1,838,840	184,280	20,226	62,895	122,300	14,420	2,712,808
Occupancy-allocated	1,161,024	—	1,161,024	408	—	408	39,696	17,028	24,276	—	13,584	1,256,016
Occupancy-expensed	12,522	—	12,522	479,043	—	479,043	3,295	7,467	—	1,486	—	503,813
Central services	—	444,708	444,708	—	520,332	520,332	127,032	62,508	85,522	43,632	87,696	1,371,430
Professional fees	3,523	1,642	5,165	33,812	8,158	41,970	73,052	349	197	—	4,758	125,491
Interest	—	—	—	—	—	—	—	—	—	—	—	—
Supplies	47,830	37,515	85,345	160,540	46,842	207,382	3,052	8,116	2,449	9	6,622	312,975
Printing and publications	6,407	26,928	33,335	1,473	2,600	4,073	4,247	2,283	4,545	175	51,409	100,067
Assistance to organizations	—	—	—	—	—	—	70,469	—	500	—	—	70,969
Local transportation	8,031	—	8,031	52,838	4,725	57,563	6,518	816	1,094	53,735	1,337	129,094
Assistance to individuals	—	—	—	—	447	447	364,871	46,774	250	1,257	—	413,599
Dues	7,291	31,854	39,145	21,717	20,475	42,192	695	2,263	270	—	1,334	85,899
Postage and shipping	762	14,034	14,796	6,439	9,562	16,001	412	1,757	590	297	29,629	63,482
Laundry	23,857	—	23,857	—	—	—	—	—	—	—	—	23,857
Conferences and meetings	6,841	2,368	9,209	9,427	4,932	14,359	5,434	345	240	835	—	30,422
Telephone	—	700	700	8,244	3,179	11,423	1,011	457	—	1,687	—	15,278
Miscellaneous	3,945	187	4,132	31,834	35,520	67,354	896	31,210	393	5,581	5,496	115,062
Total expenses before depreciation	5,232,304	1,375,233	6,607,537	9,610,812	1,302,651	10,913,463	1,089,650	527,221	480,033	493,838	429,460	20,541,202
Depreciation	1,193,788	84,235	1,278,023	1,069,023	—	1,069,023	57,405	31,011	33,973	10,694	25,516	2,505,645
2020 Total expenses	\$ 6,426,092	1,459,468	7,885,560	10,679,835	1,302,651	11,982,486	1,147,055	558,232	514,006	504,532	454,976	23,046,847
2019 Total expenses	\$ 6,462,958	1,474,585	7,937,543	10,174,125	1,324,248	11,498,373	939,479	568,975	530,127	529,455	461,111	22,465,063

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.
 Consolidated Statement of Functional Expenses
 For the Year Ended June 30, 2020
 With Comparative Totals for 2019

	Program Services				Supporting Services						Total	
	Total Brought Forward	Jewish Federation and Foundation	Federation Manor, Inc.	Total	Management and General	Jewish Federation Fundraising	Jewish Foundation Fundraising	Occupancy	Central Services	Total	2020	2019
Salaries—professional	\$ 2,795,522	23,707	—	2,819,229	253,094	315,060	324,229	(3,038)	869,986	1,759,331	4,578,560	4,666,681
Salaries—program	8,181,870	6,924	—	8,188,794	62,289	46,104	41,062	492,116	66,391	707,962	8,896,756	8,403,472
Employee health and benefits	1,296,416	874	—	1,297,290	18,974	37,232	23,783	71,010	148,270	299,269	1,596,559	1,538,807
Payroll taxes	937,132	2,601	—	939,733	20,646	28,170	25,958	43,217	70,446	188,437	1,128,170	1,119,127
Total salaries and related expenses	13,210,940	34,106	—	13,245,046	355,003	426,566	415,032	603,305	1,155,093	2,954,999	16,200,045	15,728,087
Program operating costs	2,712,808	127,019	282,367	3,122,194	26,609	93,800	31,483	9,256	63,382	224,530	3,346,724	3,316,429
Occupancy-allocated	1,256,016	—	—	1,256,016	48,636	6,180	—	(1,310,832)	—	(1,256,016)	—	—
Occupancy-expensed	503,813	10,120	54,856	568,789	—	—	—	785,271	753	786,024	1,354,813	1,518,672
Central services	1,371,430	—	—	1,371,430	(253,863)	259,572	106,104	—	(1,483,243)	(1,371,430)	—	—
Professional fees	125,491	16,559	54,877	196,927	23,144	105,454	4,342	39	94,081	227,060	423,987	300,415
Interest	—	—	34,411	34,411	—	9,252	—	—	—	9,252	43,663	45,753
Supplies	312,975	3,671	—	316,646	3,581	5,459	6,080	27,066	123,677	165,863	482,509	503,850
Printing and publications	100,067	1,845	—	101,912	4,946	18,429	9,441	422	4,715	37,953	139,865	173,136
Assistance to organizations	70,969	90,757	—	161,726	—	—	—	—	—	—	161,726	143,377
Local transportation	129,094	—	—	129,094	—	104	511	1,323	77	2,015	131,109	142,474
Assistance to individuals	413,599	118,200	—	531,799	1,938	—	—	740	1,030	3,708	535,507	598,144
Dues	85,899	64,046	—	149,945	6,424	484	1,642	1,224	35,347	45,121	195,066	202,970
Postage and shipping	63,482	138	—	63,620	2,390	3,185	3,454	—	2,100	11,129	74,749	104,416
Laundry	23,857	—	—	23,857	—	—	—	1,147	—	1,147	25,004	29,797
Conferences and meetings	30,422	—	—	30,422	16,119	5,514	2,109	650	1,956	26,348	56,770	68,694
Telephone	15,278	—	—	15,278	759	—	—	2,882	220	3,861	19,139	19,777
Miscellaneous	115,062	18,153	—	133,215	3,935	8	16	—	812	4,771	137,986	111,330
Total expenses before depreciation	20,541,202	484,614	426,511	21,452,327	239,621	934,007	580,214	122,493	—	1,876,335	23,328,662	23,007,321
Depreciation	2,505,645	—	18,637	2,524,282	35,976	—	—	—	—	35,976	2,560,258	2,540,765
2020 Total expenses	\$ 23,046,847	484,614	445,148	23,976,609	275,597	934,007	580,214	122,493	—	1,912,311	25,888,920	25,548,086
2019 Total expenses	\$ 22,465,063	652,679	481,656	23,599,398	341,053	796,830	496,841	313,964	—	1,948,688	25,548,086	25,548,086

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2020

With Comparative Totals for 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,068,108	7,534,425
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions and investment income -		
Contributions for property, buildings and equipment	(11,899,649)	(5,397,822)
Contributions with donor restrictions	(1,915,089)	(1,035,628)
Change in value of split interest agreements, net	(19,515)	(176,530)
Realized gain on investments	(23,782)	(330,938)
Change in investments	(4,338,299)	(2,866,522)
Depreciation	2,560,258	2,540,765
Decrease (increase) in:		
Pledges receivable	(2,791,131)	(2,470,449)
Other receivables	122,483	(71,564)
Other assets	184,117	(72,966)
Increase (decrease) in:		
Accounts payable - trade	141,384	(222,940)
Accrued expenses	(910)	282,348
Accrued interest	9,252	--
Deferred revenue	(157,304)	48,390
Annuities and trusts payable	(5,536)	(15,345)
Custodial funds, net	(608,345)	207,340
Net cash used in operating activities	<u>(6,673,958)</u>	<u>(2,047,436)</u>
Cash flows from investing activities:		
Purchase of property, buildings, and equipment, net	<u>(12,521,126)</u>	<u>(3,031,479)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	3,297,700	--
Principal payments on mortgage payable	(122,768)	(111,505)
Contributions and investment income -		
Donor restricted for property, buildings, and equipment	11,899,649	5,397,822
Contributions with donor restrictions	1,915,089	1,035,628
Net cash provided by financing activities	<u>16,989,670</u>	<u>6,321,945</u>
Increase (decrease) in cash and cash equivalents	(2,205,414)	1,243,030
Cash and cash equivalents at beginning of year	<u>2,492,980</u>	<u>1,249,950</u>
Cash and cash equivalents at end of year	<u>\$ 287,566</u>	<u>2,492,980</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 34,411	45,753

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

1) Principles of Consolidation and Summary of Significant Accounting Policies

The following indicates principles of consolidation and provides a summary of significant accounting policies. These policies are in accordance with accounting principles generally accepted in the United States of America.

(a) *Principles of Consolidation*

The consolidated financial statements include the accounts of the Jewish Federation of Omaha, Inc. and its affiliated entities, Federation Manor, Inc.; Jewish Federation of Omaha Foundation; and the Pardes Foundation (collectively, the Federation). The Jewish Federation of Omaha, Inc. is a not-for-profit corporation created to provide for the social, educational, and welfare activities of the Jewish Community of Omaha through constituent agencies and supports activities of the national and international Jewish community. Federation Manor, Inc. owns and operates a 52-unit apartment complex for the elderly, funded in part by the U.S. Department of Housing and Urban Development (HUD). The Jewish Federation of Omaha Foundation and the Pardes Foundation are supporting organizations of the Jewish Federation of Omaha, Inc. All significant intercompany balances and transactions have been eliminated.

(b) *Basis of Presentation*

The Federation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. These consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Federation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into the following classes of net assets:

Net assets without donor restrictions are those net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. Net assets without donor restrictions include undesignated net assets and net assets subject to designation by the Board of Directors.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents representing perpetually restricted assets and annuity and life income funds are included in investments.

(e) Liquidity and Availability

Financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 287,566	2,492,980
Investments, including investments limited as to use	103,352,753	98,990,672
Pledges receivable, net	7,322,028	4,530,897
Other receivables	<u>1,020,990</u>	<u>1,143,473</u>
Total financial assets	<u>111,983,337</u>	<u>107,158,022</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restriction -		
Donor restricted	66,142,500	66,315,574
Donor restricted pledge for construction project	5,306,857	2,641,500
Donor restricted cash and cash equivalent for construction project	139,196	2,140,677
Board designations	<u>22,913,230</u>	<u>22,565,343</u>
Total unavailable	<u>94,501,783</u>	<u>93,663,094</u>
Financial assets available for general expenditures	<u>\$ 17,481,554</u>	<u>13,494,928</u>

The Federation endowment funds consist of donor-restricted endowment and quasi-endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The payout rate for most endowments and the quasi-endowments is 5% for the next 12 months. Total endowment revenue for the next 12 months is \$531,659. The Federation's policy is to structure financial assets to be available as its general expenditures, liabilities and other obligations come due. See Note 3 below for additional information on endowment policy, balances and activity.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

In addition, cash available within general operations that exceeds daily requirements is invested in an FDIC insured sweep account to minimize risk and generate interest income. Although it is anticipated that liquid funds are sufficient to cover anticipated obligations, the Federation also has Board Designated and quasi-endowment funds available. Although the Federation does not intend to spend principal from these funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the funds could be made available if necessary. However, a portion of these funds may contain investments with lock-up provisions that would reduce the total amounts that could be made available within 12 months.

As part of the Federation's cash management strategy related to the JCC Capital Campus Project (Note 5), the Federation has obtained a \$15 million multiple draw line of credit (Note 7) to cover project costs as donor pledges are being received.

(f) Investments

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are measured at fair value based on published or quoted market prices in the consolidated statement of financial position with gains and losses included in the consolidated statement of activities. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Insurance policies are valued at cash surrender value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains on other investments.

Alternative investments, limited liability partnerships and corporations, are valued by management based on net asset value per share that is compiled by fund administrators determined on an accrual basis of accounting. Net asset value per share is determined as follows: (1) securities that are listed on a national securities exchange or traded over the counter and are freely transferable are valued at their last sales price on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day quoted by the National Association of Securities Dealers, Inc.'s Automatic Quotation System, or, if not quoted on such system, by one of the principal market makers in such securities; (2) investments in managed accounts or investment partnerships, are valued utilizing the most recent relevant information or performance reports of any such managed account or investment partnerships; and (3) all other securities/investments are challenged for reasonableness of the assumptions and methodology used by managers to ensure the estimated fair value complies with accounting standards generally accepted in the United States.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statement of activities as with donor restriction and without donor restriction based upon the existence and nature of any donor or legally imposed restrictions. The Federation maintains pooled investment accounts for its endowment. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest on each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

(g) *Resident Accounts Receivable*

The Federation reports resident accounts receivable for services rendered at net realizable amounts from third-party payers, residents and others. The Federation provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to residents, the Federation bills third-party payers directly and bills residents when the resident's liability is determined. Resident accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. Resident accounts receivable are recorded with Other Receivables in the statement of financial position.

(h) *Beneficial Interest in Charitable Remainder Trusts Assets and Other Split Interest Agreements, net*

The Federation has been named the beneficiary of several irrevocable charitable remainder trust agreements in which the Federation will receive certain funds upon termination of each trust. The Federation recognizes contribution revenue for charitable remainder trusts at the present value of the estimated future benefits to be received. The Federation recognizes contribution revenue in the period in which the trusts are established or when they receive notice of the trust's existence. Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the beneficiary, and changes in actuarial assumptions during the term of the trust are recognized as a change in the value of split interest agreements. Upon the death of the beneficiary, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split interest agreements.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

(i) Property, Buildings, and Equipment, net

Property, buildings, and equipment are recorded at cost. The Federation maintains a capitalization policy of \$2,500. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method based on the following lives:

Land improvements	10 – 15 Years
Buildings and improvements	10 – 50 Years
Furniture and fixtures	5 – 10 Years
Vehicles	3 – 5 Years

Maintenance and repairs are expensed as incurred. The cost and related accumulated depreciation of assets sold or disposed of are removed from the accounts, and the resulting gain or loss is included in the consolidated statement of activities.

Gifts of long-lived assets such as land, buildings or equipment are reported as contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

The Federation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2020.

(j) Deferred Revenue

Jewish Community Center membership dues and program service fees received in advance are reflected as deferred revenue and recognized ratably as revenue over the period when the related services are rendered.

(k) Custodial Funds

The Federation holds assets in trust for various organizations in a fiduciary capacity. The Federation manages the assets and can only make distributions at the request of the owners. The assets are included in investments and the liabilities are included in custodial funds on the consolidated statement of financial position.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

A summary of custodial funds as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Schrager Supporting Foundation	\$ 3,113,537	3,551,879
Goldstein Supporting Foundation	6,477,050	6,516,151
Friedel Jewish Academy	166,654	224,581
Murray and Sharee Newman	235,521	256,859
Others	592,971	644,608
Total	<u>\$ 10,585,733</u>	<u>11,194,078</u>

(l) Net Resident Service Revenue

The Federation has agreements with third-party payers that provide for payments to the Federation at amounts different from its established rates. Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers and others for services rendered and include estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

(m) Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is treated as cost basis. Conditional promises to give and indications of intentions to give are reported at fair value at the date when the conditions are substantially met and the gift becomes unconditional. If contributions are received with donor stipulations that limit the use of the donated assets it is reported as a contribution with donor restriction. When a donor restriction expires; that is, when a stipulated restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated statement of activities.

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 an interest rate commensurate with risk applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Donated property is recorded at fair market value on the date it is received or pledged. It is then carried at the lower of donated or current market value.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Provider Relief Funds

On March 27, 2020 the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provides \$175 billion to healthcare organizations to be used to support healthcare related expenses or lost revenue attributable to the coronavirus pandemic. During 2020, the Federation received \$522,846 of provider relief funds (PRF) from the CARES Act. These funds represent a stimulus grant that has guidelines on how the funding may be used rather than a loan that will have to be repaid. The Federation has met the conditions to recognize all of the funds received as revenue. The revenue is included with grants in the consolidated statement of activities for the year ended June 30, 2020. Subsequent to June 30, 2020, the Federation received an additional \$199,588 from the CARES Act. In January 2021, the Federation will be required to submit to the Secretary of Health and Human Services documentation to support how the PRF was used.

(n) Functional Expenses

The costs of providing the various programs or activities of the Federation have been summarized on a functional basis in the consolidated statement of functional expenses. Certain expenses, such as accounting and central services, occupancy, and depreciation, are systematically allocated to the individual agencies and programs benefited.

(o) Contributions to Not-for-Profit Organizations and Assistance Expense

The Federation makes contributions to synagogues and Jewish entities, awards various scholarships, and provides support to needy individuals. The Federation also makes contributions to the Jewish Federation of North America and other not-for-profit organizations. These contributions to individuals and organizations are recognized as expense in the period made.

(p) Concentration of Credit Risk

Financial instruments that potentially subject the Federation to the concentration of credit risk include cash and cash equivalents, investments, and contributions receivable. Investments and cash and cash equivalents are managed within guidelines established by the Board of Directors which, as a matter of policy, limit the amounts that may be invested with one issuer. Concentrations of credit risk with respect to contributions receivable are limited since amounts are due from a number of individual donors or corporations.

Cash and cash equivalents may include deposits in excess of Federal Deposit Insurance Corporation limits. Management has employed cash management strategies that spread cash deposits across multiple financial institutions to reduce exposure to FDIC limitations. Management believes the risks related to these deposits are minimal.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

(q) *Income Taxes*

The Federation is a not-for-profit corporation as described in Section 501(c)(3) of the Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Internal Revenue Service has established standards to be met to maintain the Federation's tax-exempt status. In general, such standards require the Federation to meet a community benefits standard and comply with various laws and regulations.

The Federation accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes*. The Federation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At June 30, 2020 and 2019, the Federation had no uncertain tax positions accrued.

The Federation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Federation believes it is no longer subject to income tax examinations for years prior to 2015.

(r) *Fair Value of Certain Assets and Liabilities*

The Federation applies the provisions included in FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. Fair value is defined as 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. At June 30, 2020, there were no nonfinancial assets or liabilities measured at fair value in the financial statements on a nonrecurring basis.

Financial instruments consist of cash and cash equivalents, investments, accounts receivable, current liabilities and debt obligations. Management's estimate of fair value of investments is described in Note 2. The carrying amounts reported in the consolidated statement of financial position for cash and cash equivalents, accounts receivable and current liabilities approximate fair value due to the short-term nature of these financial instruments. The carrying value of debt obligations approximates fair value since the interest rates and related rent subsidies closely reflect current market rates, including financing costs.

(s) *Transfers Between Fair Value Hierarchy Levels*

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

(t) Comparative Amounts

The amounts shown for 2019 in the accompanying consolidated financial statement are included to provide a basis for comparison with 2020, and are not intended to present all information necessary for a fair presentation of the 2019 financial statements in conformity with accounting principles generally accepted in the United States of America.

(u) Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 reporting format.

2) Investments

Fair Value Measurements

The Federation applies FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Federation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through either corroboration or observable market data.
- Level 3 inputs are unobservable inputs for the asset or liability through either corroboration or observable market data.

The consolidated financial statements as of and for the year ended June 30, 2020 do not include any nonrecurring fair value measurements relating to assets and liabilities for which the Federation has adopted the provisions of ASC Topic 820.

The following methods and assumptions were used to estimate the fair value for each financial instrument measured at fair value. There have been no significant changes in the valuation techniques during the year ended June 30, 2020.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Investment Securities: The fair value of investment securities including equity or bond funds, common stock, money market funds, U.S. government bonds, State of Israel bonds, and corporate bonds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. When quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Securities valued based on market prices provided by recognized broker dealers are classified with Level 2. Market prices provided by these broker dealers are based on inputs such as market-based or independently sourced market parameters including but not limited to yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.

Alternative Investment – Chicago PEP: The fair value of the Federation’s investment position in the alternative investment – Chicago PEP is based on the Federation’s percentage ownership of the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (Chicago PEP). A portion of the underlying net assets of the Chicago PEP are comprised of readily marketable securities which are valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for these investments existed. There are no unfunded commitments related to this investment.

Alternative Investments – Jewish Community Endowment Pool (Boston JCEP): The fair value of the Federation’s investment position in the alternative investment – Boston JCEP is based on the Federation’s percentage ownership of the total pool of the Jewish Community Endowment Pool. A portion of the underlying net assets of the JCEP are comprised of readily marketable securities which are valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for these investments existed. There are no unfunded commitments related to this investment.

Alternative Investment – Other: The fair value of other alternative investments is the reported ownership percentage of underlying assets within the equity limited partnership as valued based on observable quoted market prices. There are no unfunded commitments related to this investment.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

The following table presents the balance of investment securities measured at fair value on a recurring-basis at June 30, 2020 and 2019:

		2020			
		Fair Value			
Cost	Total	Level 1	Level 2	Level 3	
Money market funds	\$ 2,111,093	2,111,093	2,111,093	-	-
Vanguard - Balanced Fund	31,013,563	33,107,559	33,107,559	-	-
Sequoia Fund, Inc. - Long Term Growth	425,985	283,301	283,301	-	-
State of Israel bonds	1,000,000	999,964	999,964	-	-
Common stocks	843,294	1,603,800	1,603,800	-	-
Corporate bonds	40,000	40,000	-	40,000	-
U.S. government bonds	1,207	1,240	-	1,240	-
Alternative investment - Chicago PEP	18,224,894	30,134,979	-	-	30,134,979
Alternative investment - Boston JCEP	23,138,861	27,578,310	-	-	27,578,310
Alternative investment - other	883,254	2,346,118	-	2,346,118	-
	<u>\$ 77,682,151</u>	<u>98,206,364</u>	<u>38,105,717</u>	<u>2,387,358</u>	<u>57,713,289</u>
Investments - Other:					
Investment in brokered CDs		4,801,115			
Insurance cash value		345,274			
Total fair market value of investments		<u>\$ 103,352,753</u>			
		2019			
		Fair Value			
Cost	Total	Level 1	Level 2	Level 3	
Money market funds	\$ 2,799,582	2,799,582	2,799,582	-	-
Vanguard - Balanced Fund	27,264,808	28,555,535	28,555,535	-	-
Sequoia Fund, Inc. - Long Term Growth	1,282,022	1,142,764	1,142,764	-	-
State of Israel bonds	1,000,000	1,000,000	1,000,000	-	-
Common stocks	843,294	1,910,100	1,910,100	-	-
Corporate bonds	2,918,277	2,940,027	-	2,940,027	-
U.S. government bonds	2,325	2,371	-	2,371	-
Alternative investment - Chicago PEP	17,624,894	28,232,362	-	-	28,232,362
Alternative investment - Boston JCEP	22,738,861	27,732,630	-	-	27,732,630
Alternative investment - other	911,458	2,688,133	-	2,688,133	-
	<u>\$ 77,385,521</u>	<u>97,003,504</u>	<u>35,407,981</u>	<u>5,630,531</u>	<u>55,964,992</u>
Investments - Other:					
Investment in brokered CDs		1,658,285			
Insurance cash value		328,883			
Total fair market value of investments		<u>\$ 98,990,672</u>			

Investments include amounts limited as to use by donor agreements as well as internally designated by the Board of Directors. The following is a summary of investments by limitation as of June 30, 2020 and 2019:



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

	<u>2020</u>	<u>2019</u>
By donor agreement:		
Custodial funds	\$ 10,698,347	11,320,556
Endowments	27,558,950	27,207,575
Restricted-non endowment	854,403	738,715
Donor advised funds	<u>27,030,800</u>	<u>27,048,728</u>
Total by donor agreement	<u>66,142,500</u>	<u>66,315,574</u>
By Board designation:		
Endowment funds (Quasi)	2,044,761	2,068,403
Campus funds	835,307	1,513,732
Agencies	17,932,940	16,896,853
Scholarships	102,067	106,738
Discretionary	<u>1,998,155</u>	<u>1,979,617</u>
Total by Board designation	<u>22,913,230</u>	<u>22,565,343</u>
Total investment limited as to use	89,055,730	88,880,917
Investments, held for operations	7,246,322	3,003,263
Investments, held for specific Agency	<u>7,050,701</u>	<u>7,106,492</u>
Total investments, including investments limited as to use	<u>\$ 103,352,753</u>	<u>98,990,672</u>

Reconciliation of Level 3 Assets for the year ended June 30, 2020 and 2019:

	<u>Alternative Investment - Chicago PEP</u>	<u>Alternative Investment - Boston JCEP</u>	<u>Total</u>
Balance June 30, 2018	\$ 26,538,916	26,902,295	53,441,211
Additions	700,000	-	700,000
Unrealized gain	<u>993,446</u>	<u>830,335</u>	<u>1,823,781</u>
Balance June 30, 2019	28,232,362	27,732,630	55,964,992
Additions	750,000	750,000	1,500,000
Unrealized gain (loss)	<u>1,152,617</u>	<u>(904,320)</u>	<u>248,297</u>
Balance June 30, 2020	<u>\$ 30,134,979</u>	<u>27,578,310</u>	<u>57,713,289</u>

A summary of Federation alternative investments as of June 30, 2020 and 2019 is as follows:

	<u>2020 Fair Value</u>	<u>2019 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency and Redemption Notice</u>
Alternative investments -				
Chicago PEP (a)	\$ 30,134,979	28,232,362	None	See (a) below
Boston JCEP (b)	27,578,310	27,732,630	None	See (b) below
Other (c)	2,346,118	2,688,133	None	See (c) below



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Description of Investment Securities with Liquidation Restrictions

The Federation is invested in the Sequoia Fund, Inc. (“Sequoia”) as of June 30, 2020. Withdrawals and contributions are permitted on any day the Market is open. Sequoia has adopted a policy under which Sequoia may limit cash payments in connection with redemption requests to \$250,000 during any ninety day period. As a result, Sequoia may pay the Federation in securities or partly in securities if the amount of Sequoia shares that the Federation redeems is more than \$250,000. It is highly likely that Sequoia will pay the Federation in securities or partly in securities if the Federation makes a redemption or series of redemptions in an amount greater than \$250,000.

Description of Alternative Investments

The following describes the Federation’s alternative investments:

- a) Alternative Investments – Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC. (Chicago PEP) – On January 1, 2009 the Federation initiated an investment position in the Jewish Federation of Metropolitan Chicago Endowment Portfolio. This investment position was not independently incorporated from the Jewish Federation of Metropolitan Chicago nor was it a disjointedly managed partnership, but a separate division within that organization holding a portfolio of investments. On July 1, 2011 the Jewish Federation of Metropolitan Chicago transferred its endowment portfolio to a newly formed limited liability company, the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (Chicago PEP). The Federation, along with other divisions within the Jewish Federation of Metropolitan Chicago, other Chicago based Jewish charities, and other unrelated Jewish Federations across the United States, shares in the investment performance of the portfolio based on its percentage of ownership of the Chicago PEP. The Jewish Federation of Metropolitan Chicago is the manager of the Chicago PEP.

Contributions to and withdrawals from the Chicago PEP are allowed monthly. Withdrawals of more than 40% of the investor’s asset position are paid in an amount equal to 50% of the redemption request within 60 days of the redemption date. Of the remaining balance, 50% is paid on the next anniversary date and the remaining balance paid at varying percentages over next five anniversary dates. Redemptions can be suspended during any period when the redemption of capital would not be reasonable or practicable or would be prejudicial to the non-redeeming Members, at the sole discretion of Chicago PEP manager. The Chicago PEP can be dissolved at any time, at the sole discretion of Chicago PEP manager.

The Chicago PEP invests in many investment fund types that involve public and private funds, partnerships and limited liability corporations. In addition to the risks normally associated with investing activities, many of the investments are alternative investments, including hedge funds, with a variety of related risks and liquidity attributes potentially impacted by underlying lock up restrictions and counterparty credit risks. Valuations depend upon net asset values per share as compiled by management of the hedge funds. A portion of



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. The estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for investments existed. In addition, as an indirect beneficiary, the Federation does not have direct ownership in the underlying assets limiting the ability to independently verify value, assess risk or liquidate investment positions. Since the manager of the Chicago PEP is the Jewish Federation of Metropolitan Chicago, the Federation's investment could also be exposed to risks associated with actions of the Jewish Federation of Metropolitan Chicago.

- b) Alternative Investments – Jewish Community Endowment Pool (Boston JCEP) – On March 1, 2012, the Federation initiated an investment position in the Jewish Community Endowment Pool. (Boston JCEP) The Boston JCEP is organized as a limited liability partnership. The Federation, along with other nonprofit corporations, shares in the investment performance of the pool based on its relative investment balance. Contributions to and withdrawals from the pooled endowment portfolio are allowed with written consent of other partners in the pool. Withdrawal of the entire investor's asset position requires 92 days advance notice. In the event of such a withdrawal, the partnership reserves the right to delay distribution if necessary to liquidate partnership investments.

The Boston JCEP invests in over fifty funds, partnerships and limited liability corporations. In addition to the risks normally associated with investing activities, many of the investments are alternative investments, including hedge funds, with related risks and liquidity attributes potentially impacted by underlying lock up restrictions and counterparty credit risks. Valuations depend upon net asset values per share as compiled by management of the hedge funds. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for investments existed. In addition, as an indirect beneficiary, the Federation does not have direct ownership in the underlying assets limiting the ability to independently verify value, assess risk or liquidate investment positions.

- c) Alternative Investments – Other – The Federation is invested in an equity limited partnership as of June 30, 2020. This partnership's investments in securities are highly concentrated in a limited number of publicly traded U.S. common stocks. The substantial size of these positions could affect the partnerships ability to sell the investments without affecting market price which could affect liquidity and/or sales price. Liquidity of this investment is also affected by withdrawal restrictions, limiting withdrawals to semi-annual distributions.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Unrealized Gains and Losses

The following is a reconciliation of unrealized gains for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net unrealized gains at beginning of year	\$ 19,617,983	16,869,028
Net unrealized gains at end of year	<u>20,524,213</u>	<u>19,617,983</u>
Total change in unrealized gains	906,230	2,748,955
Changes attributable to custodial funds	<u>183,744</u>	<u>(39,045)</u>
Net change in unrealized gains	<u>\$ 1,089,974</u>	<u>2,709,910</u>

3) Endowment

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA sets out guidelines to be considered when managing and investing donor restricted endowment funds.

Federation endowments consist of funds established to invest perpetually restricted donations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments and beneficial interest in trust assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted NUPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by NUPMIFA.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020

with Comparative Totals for 2019

In accordance with NUPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Federation and the donor-restricted endowment fund
- 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 Federation
- The investment policies of the Federation

The composition of net assets by type of endowment fund at June 30, 2020 and 2019 was:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ 2,506,125	25,732,611	28,238,736
Board-designated endowment funds (Quasi)	2,065,606	—	2,065,606
Net assets, end of year	<u>\$ 4,571,731</u>	<u>25,732,611</u>	<u>30,304,342</u>
	2019		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ 2,540,475	24,667,100	27,207,575
Board-designated endowment funds (Quasi)	2,073,433	—	2,073,433
Net assets, end of year	<u>\$ 4,613,908</u>	<u>24,667,100</u>	<u>29,281,008</u>



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Return Objectives and Risk Parameters

The Federation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy, as approved by the Board, the endowment assets are invested in a manner that seeks to maximize total returns over long periods of time primarily through capital appreciation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved primarily through asset portfolios managed by professional investment management staff of the Chicago PEP and the Boston JCEP and assets purchased on the advice of other investment experts.

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Federation preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Investment income and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when available to be spent.

This spending policy does not apply if the donor otherwise defines or restricts the spendable income of a specific fund. Most of the Federation's endowment funds have donor specified restrictions.

The current policy sets the payout rate at 5% of the market value based on the average of the previous 16 quarters. For most endowment funds this rate is applied after shifting 15% of investment income and net appreciation or depreciation to the permanent endowment, according to the donor agreement. The payout rate is 4% in the case of endowment funds for which the Federation considers it prudent to limit distributions in compliance with its NUPMIFA responsibilities. The rate is reviewed annually and, if adjusted, is done so by the Jewish Federation of Omaha Foundation Board of Directors upon recommendation of the Jewish Federation of Omaha Foundation Investment Committee.

Earnings in excess of the payout are used to grow the fund over time and provide a hedge against inflation. Unspent dollars remain available for use in future years.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

4) Pledges Receivable

At June 30, 2020 and 2019, the pledges receivable are stated at net present value discounted at 5.11% as follows:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$ 7,730,704	4,619,133
Less unamortized discount	313,886	--
Subtotal	7,416,818	4,619,133
Less allowance for uncollectibles	94,790	88,236
Net unconditional promise to give	<u>\$ 7,322,028</u>	<u>4,530,897</u>

Unconditional promises to give at June 30, 2020 are expected to be received in the following periods:

	<u>Annual Campaign</u>	<u>Capital Campaign</u>	<u>Total</u>
2021	\$ 2,434,989	2,067,329	4,502,318
2022	-	1,157,794	1,157,794
2023	-	752,605	752,605
2024	-	659,284	659,284
2025 and after	-	658,703	658,703
	<u>\$ 2,434,989</u>	<u>5,295,715</u>	<u>7,730,704</u>

During 2020, the Federation received a conditional promise to give that was not recorded in the consolidated financial statements. The conditional promise to give is dated April 3, 2020 and pledges to pay up to \$4,500,000 for the JCC Capital Project on April 3, 2025. The pledge amount is to be reduced by an equal amount for up to \$4,500,000 of new JCC Capital Project pledges raised and received between April 3, 2020 and April 3, 2025, subject to certain allowances and exclusions. In the event that the Federation obtains \$4,500,000 in new JCC Capital Project pledges raised and received by April 3, 2025, the donor will have no obligation under the original pledge and pledges \$2,750,000 for future capital projects.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020

with Comparative Totals for 2019

5) Property, Buildings, and Equipment, net

Property, buildings, and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,348,929	3,287,415
Buildings and improvements	51,217,526	47,800,655
Equipment	4,616,067	4,382,362
Furniture and fixtures	3,111,850	2,694,925
Vehicles	215,270	215,270
Construction in progress	<u>11,044,542</u>	<u>1,774,621</u>
	73,554,184	60,155,248
Less accumulated depreciation	<u>36,467,553</u>	<u>33,907,297</u>
	<u>\$ 37,086,631</u>	<u>26,247,951</u>

Construction in progress at June 30, 2020 includes costs incurred for a JCC Capital Campus Project. Initial phases of the project, composed of an outdoor pool, fitness center renovations, landscaping, painting of the exterior and internal spaces were substantially complete by June 30, 2020. Total cost for the various components is estimated at \$32 million. The project has been funded through internal operations as well as donor contributions. It is the Federation's policy to not commit to project components until at least 80% of expected costs are covered with funding commitments from donors.

6) Paycheck Protection Program Loan

During 2020, the Federation obtained a Small Business Administration (SBA) Paycheck Protection Program loan in the amount of \$3,297,700, at 1.0% interest payments beginning November 2020 and due every month through April 2022. In the event of default, the holder of the loan may demand immediate payment of all outstanding amounts, including principal and accrued interest. The Federation is eligible for loan forgiveness of up to 100% of the loan and accrued interest, upon meeting certain requirements. The Federation intends to take measures to maximize the loan forgiveness. The Federation has recorded a note payable and will record the loan forgiveness as grant income if legally released from the loan obligation by the SBA. No grant income has been recorded for the year ended June 30, 2020 related to this loan. The Federation will be required to repay any remaining balance, plus interest accrued at 1.0% in monthly payments commencing upon notification of forgiveness or partial forgiveness.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020

with Comparative Totals for 2019

7) JCC Project Line of Credit

On June 3, 2020, The Federation received a multiple-draw line of credit from Union Bank and Trust Company in the aggregate amount of \$15,000,000. There were no borrowings against the line at June 30, 2020. The line matures June 2026 and bears interest at a rate of 3.50% per annum with interest payable monthly. The note is in the form of a multiple-draw down line of credit and when funds are advanced, available credit is reduced and not restored when repaid. The line of credit may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The line of credit is secured by a Negative Pledge Agreement where the Federation will not assign or mortgage its owned property located at 333 South 132nd Street, Omaha, Nebraska. Under terms of the line of credit the Federation is required to maintain a net asset without donor restriction to debt ratio of 2:1 to be tested annually at fiscal yearend.

8) Mortgage Payable

The liabilities of Federation Manor, Inc. include a mortgage payable to HUD that bears interest at 9.25% and is due in monthly installments of \$13,173, including interest, through September 2022. The note is collateralized by the Federation Manor, Inc.'s property and equipment. Scheduled maturities of mortgage payable in each of the next five years are as follows:

2021	\$	134,070
2022		147,011
2023		<u>38,396</u>
	\$	<u><u>319,477</u></u>

9) Retirement Plan

The Federation provides all eligible employees with a tax-sheltered annuity that can be used for retirement. The Federation makes contributions up to an amount equal to 5% of the employees' wages. Retirement plan costs were \$413,507 and \$382,980 for the years ended June 30, 2020 and 2019, respectively.

10) Risk Management

The Federation is subject to various risks of loss related to general and professional service liability, cybercrime and property and workers' compensation exposures. The Federation has purchased commercially available indemnity insurance to cover these risks. The deductible amounts for this insurance are immaterial to the Federation.

The Federation is involved in litigation arising in the normal course of business. After consulting with legal counsel, management estimates these matters will be resolved without material adverse effect on the Federation's future financial position or results from operations.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

11) Net Asset Balances

Net assets with donor restriction consist of endowments and other assets restricted by donor agreement. Endowment agreements stipulate resources be maintained permanently, but permit the Federation to expend part or all of the income (or other economic benefits) derived from the donated assets for various purposes.

Net assets with donor restriction consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Endowments	\$ 25,732,611	24,667,100
Restricted-non endowments	548,018	394,605
Beneficial interest in charitable remainder trust assets and other split interest agreements, net	2,411,297	2,386,246
JCC Project	5,444,101	4,780,226
	<u>\$ 34,136,027</u>	<u>32,228,177</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were \$347,788 and \$691,409 for the years ended June 30, 2020 and 2019 respectively.

Net assets without donor restriction consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 38,329,553	28,526,703
Donor advised	27,030,800	27,048,729
Designated by the board	20,849,290	20,491,910
Foundation assets without donor restriction	7,050,710	7,106,499
Annual campaign	2,015,171	1,899,248
Board-designated endowment funds (Quasi)	2,065,606	2,073,433
Endowments	2,506,125	2,540,475
	<u>\$ 99,847,255</u>	<u>89,686,997</u>



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2020
with Comparative Totals for 2019

Net assets designated by the Board are considered unrestricted and consist of the following components as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Rose Blumkin Jewish Home	\$ 13,543,912	12,477,113
Federation	3,537,380	3,529,699
Discretionary	1,964,748	1,946,762
Campus funds	835,307	1,513,732
JSO	674,906	685,317
Youth/scholarship funds	102,067	106,738
Foundation	15,821	55,245
JCC	93,726	95,686
Press	48,016	48,763
Agency custodial	32,208	31,674
Multi-purpose/other	1,199	1,181
	<u>\$ 20,849,290</u>	<u>20,491,910</u>

12) Medical Malpractice Coverage and Claims

The Federation pays fixed premiums for annual medical malpractice liability coverage under a claims-made policy form. The Federation accrues the expense of its share of asserted and unasserted claims occurring during the year by estimating the probable ultimate cost of any such claim in excess of the applicable insurance coverage. Such estimates are based on the Federation's own claims experience. The Federation does not expect any claims to exceed the insurance coverage limits. Accordingly, no accrual for claims has been included in the financial statements for 2020 and 2019. However, because of the risks involved in providing health care services, it is reasonably possible that an event has occurred which will be the basis for a future material claim.

13) Related Party Transactions

The Federation receives contributions from related parties including board members and employees, throughout the year. These contributions are used to help fund the Federation's mission. For the years ended June 30, 2020 and 2019, related party contributions were approximately \$2,749,688 and \$2,335,306 respectively.

14) Subsequent Events

As seen in Note 7, the Federation was granted a line of credit from Union Bank and Trust Company in the aggregate amount of \$15,000,000. Subsequent to June 30, 2020, the Federation has drawn \$7,443,000 for related construction project costs as seen in Note 5. The Federation has made subsequent payments on these draws and has an outstanding balance of approximately \$4,520,000 as of the audit report date.

SUPPLEMENTAL DATA



JEWISH FEDERATION OF OMAHA, INC.
 Unrestricted Current Fund—
 Program Revenue by Program Service
 For the Year Ended June 30, 2020
 With Comparative Totals for 2019

	Jewish Federation	Jewish Community Center	Rose Blumkin Jewish Home	Jewish Family Services	Community Engagement and Education	Jewish Senior Outreach	Jewish Press	Community Relations Committee	Federation Manor, Inc.	Total	
										2020	2019
Elderly resident fees-											
Private pay and ancillary	—	—	5,672,156	—	—	—	—	—	—	5,672,156	5,114,631
Medicaid	—	—	2,815,381	—	—	—	—	—	—	2,815,381	3,047,228
Medicare	—	—	1,865,462	—	—	—	—	—	—	1,865,462	2,061,914
Other insurance	—	—	228,365	—	—	—	—	—	—	228,365	219,565
Program services	292,353	3,134,672	(1,224)	94,460	54,036	230,596	900	6,175	7,986	3,819,954	4,420,363
Membership dues	—	2,344,261	—	—	—	—	—	—	—	2,344,261	2,885,560
Rental income	51,473	36,345	12,150	—	—	4,000	1,000	—	498,813	603,781	630,581
Advertising	—	—	—	—	—	—	159,358	—	—	159,358	169,224
Miscellaneous	13,430	41,434	43,713	(9,859)	1	150	11,581	829	—	101,279	90,272
2020 Totals	\$ 357,256	5,556,712	10,636,003	84,601	54,037	234,746	172,839	7,004	506,799	17,609,997	18,639,338
2019 Totals	\$ 327,629	6,748,646	10,479,667	68,626	20,038	280,119	177,665	11,853	525,095	18,639,338	