



The Jewish Federation  
OF OMAHA

**JEWISH FEDERATION OF OMAHA, INC.**

Consolidated Financial Statements and  
Supplemental Financial Information

June 30, 2021,  
with Comparative Totals for 2020

(Together with Independent Auditor's Report)

**JEWISH FEDERATION OF OMAHA, INC.**



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WITH COMPARATIVE TOTALS FOR 2020**

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## **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, 2021, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Jewish Federation of Omaha, Inc. and Affiliates 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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,  
December 23, 2021.



**JEWISH FEDERATION OF OMAHA, INC.**  
 Consolidated Statement of Financial Position  
 June 30, 2021  
 With Comparative Totals for 2020

<b>Assets</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>	
			<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 129,969	140,459	270,428	287,566
Investments, including investments limited as to use	96,757,657	30,116,311	126,873,968	103,352,753
Pledges receivable, net	2,368,425	3,508,564	5,876,989	7,322,028
Resident and other receivables	2,847,747	--	2,847,747	1,020,990
Beneficial interest in charitable remainder trust assets and other split interest agreements, net	--	3,216,382	3,216,382	2,572,763
Other assets	469,742	--	469,742	510,707
Property, buildings, and equipment, net	45,644,431	--	45,644,431	37,086,631
Total assets	\$ 148,217,971	36,981,716	185,199,687	152,153,438
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable - trade	\$ 449,979	--	449,979	490,551
Accounts payable - property, buildings and equipment	916,278	--	916,278	1,309,366
Accrued expenses	1,699,715	--	1,699,715	1,493,089
Accrued interest	41,771	--	41,771	9,252
Contract liability	831,004	--	831,004	503,522
Annuities and trusts payable	--	149,131	149,131	161,466
Custodial funds	13,301,265	--	13,301,265	10,585,733
Paycheck Protection Program loan	3,297,700	--	3,297,700	3,297,700
JCC Capital Project line of credit	5,671,575	--	5,671,575	--
Mortgage payable	185,907	--	185,907	319,477
Total liabilities	26,395,194	149,131	26,544,325	18,170,156
Net assets	121,822,777	36,832,585	158,655,362	133,983,282
Total liabilities and net assets	\$ 148,217,971	36,981,716	185,199,687	152,153,438

See notes to consolidated financial statements



**JEWISH FEDERATION OF OMAHA, INC.**

Consolidated Statement of Activities  
For the Year Ended June 30, 2021  
With Comparative Totals for 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Public support, program and investment revenue:				
Public support:				
Contributions	\$ 7,507,237	3,876,947	11,384,184	20,367,102
Government grants and credits	4,481,523	--	4,481,523	522,846
Grants	321,327	5,000	326,327	491,088
Total public support	<u>12,310,087</u>	<u>3,881,947</u>	<u>16,192,034</u>	<u>21,381,036</u>
Program revenue:				
Resident service revenue -				
Private pay and ancillary	5,209,677	--	5,209,677	5,672,156
Medicaid fees revenue	2,497,494	--	2,497,494	2,815,381
Medicare fees revenue	1,765,156	--	1,765,156	1,865,462
Other insurance	375,103	--	375,103	228,365
Program services	3,728,997	--	3,728,997	3,819,953
Membership dues	2,538,001	1,264	2,539,265	2,344,261
Rental income	632,171	--	632,171	601,936
Advertising	145,647	--	145,647	159,358
Miscellaneous	159,972	--	159,972	111,570
Net gain on fixed assets	7,925	--	7,925	--
Total program revenue	<u>17,060,143</u>	<u>1,264</u>	<u>17,061,407</u>	<u>17,618,442</u>
Investment revenue:				
Change in value of split interest agreements	--	655,955	655,955	25,050
Investment income	590,877	122,557	713,434	768,659
Realized gain on investments, net	8,600,684	1,630,992	10,231,676	23,782
Unrealized gain on investments	7,859,924	1,193,525	9,053,449	1,089,974
Total investment revenue, net	<u>17,051,485</u>	<u>3,603,029</u>	<u>20,654,514</u>	<u>1,907,465</u>
Total public support, program and investment revenue	<u>46,421,715</u>	<u>7,486,240</u>	<u>53,907,955</u>	<u>40,906,943</u>
Net assets released from restrictions	<u>5,053,352</u>	<u>(5,053,352)</u>	--	--
Expenses:				
Program services:				
Jewish Community Center	8,495,584	--	8,495,584	7,885,560
Rose Blumkin Jewish Home	11,733,762	--	11,733,762	11,982,486
Community Engagement and Education	1,017,868	--	1,017,868	1,147,055
Jewish Family Service	592,732	--	592,732	558,232
Community Relations Committee	548,062	--	548,062	514,006
Jewish Senior Outreach	414,872	--	414,872	504,532
Jewish Press	458,225	--	458,225	454,976
Jewish Federation and Foundation	471,641	--	471,641	484,614
Federation Manor, Inc.	318,796	--	318,796	445,148
Total program services	<u>24,051,542</u>	<u>--</u>	<u>24,051,542</u>	<u>23,976,609</u>
Supporting services:				
Management and general	598,976	--	598,976	275,597
Federation fundraising	815,545	--	815,545	934,007
Foundation fundraising	575,828	--	575,828	580,214
Occupancy	189,876	--	189,876	122,493
Total supporting services	<u>2,180,225</u>	<u>--</u>	<u>2,180,225</u>	<u>1,912,311</u>
Contributions to nonprofit organizations and assistance:				
Jewish Federation of North America	550,000	--	550,000	550,000
Other	2,454,108	--	2,454,108	2,399,915
Total contributions	<u>3,004,108</u>	<u>--</u>	<u>3,004,108</u>	<u>2,949,915</u>
Total expenses	<u>29,235,875</u>	<u>--</u>	<u>29,235,875</u>	<u>28,838,835</u>
Change in restrictions	<u>(263,670)</u>	<u>263,670</u>	--	--
Change in net assets	21,975,522	2,696,558	24,672,080	12,068,108
Net assets at beginning of year	99,847,255	34,136,027	133,983,282	121,915,174
Net assets at end of year	<u>\$ 121,822,777</u>	<u>36,832,585</u>	<u>158,655,362</u>	<u>133,983,282</u>

See notes to consolidated financial statements



**JEWISH FEDERATION OF OMAHA, INC.**  
 Consolidated Statement of Functional Expenses  
 For the Year Ended June 30, 2021  
 With Comparative Totals for 2020

	<b>Program Services</b>											
	<b>Jewish Community Center</b>			<b>Rose Blumkin Jewish Home</b>			<b>Community Engagement and Education</b>	<b>Jewish Family Service</b>	<b>Community Relations Committee</b>	<b>Jewish Senior Outreach</b>	<b>Jewish Press</b>	<b>Total carried forward</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>						
Salaries—professional	\$ 601,696	385,126	986,822	637,629	374,198	1,011,827	128,855	283,678	164,672	114,550	152,183	2,842,587
Salaries—program	2,457,213	218,118	2,675,331	4,963,051	72,520	5,035,571	2,028	30	112,342	63,445	30,274	7,919,021
Employee health and benefits	408,413	66,411	474,824	750,606	37,385	787,991	27,710	30,421	38,040	29,938	18,943	1,407,867
Payroll taxes	249,641	42,916	292,557	504,209	33,128	537,337	9,474	22,074	20,685	15,667	14,002	911,796
Total salaries and related expenses	3,716,963	712,571	4,429,534	6,855,495	517,231	7,372,726	168,067	336,203	335,739	223,600	215,402	13,081,271
Program operating costs	295,402	113,669	409,071	1,572,977	124,765	1,697,742	27,377	25,146	29,685	63,358	16,858	2,269,237
Occupancy—allocated	1,155,120	--	1,155,120	396	--	396	38,376	16,548	22,272	--	10,308	1,243,020
Occupancy—expensed	1,895	778	2,673	531,274	--	531,274	--	1,000	--	407	--	535,354
Central services	--	416,222	416,222	--	489,298	489,298	123,710	58,638	81,346	41,132	78,228	1,288,574
Professional fees	3,161	--	3,161	35,177	8,982	44,159	38,820	162	71	--	2,090	88,463
Mortgage interest	--	--	--	--	--	--	--	--	--	--	--	--
Supplies	48,504	70,441	118,945	255,842	54,600	310,442	593	5,829	2,772	123	5,149	443,853
Printing and publications	9,997	30,572	40,569	367	3,059	3,426	17,267	3,044	2,250	22	45,680	112,258
Assistance to organizations	--	--	--	--	--	--	71,962	--	5,304	--	--	77,266
Local transportation	6,525	--	6,525	28,149	6,380	34,529	5,752	144	--	65,696	1,305	113,951
Assistance to individuals	--	--	--	2	--	2	407,997	76,609	--	2,884	--	487,492
Dues	15,538	22,010	37,548	19,527	22,931	42,458	685	2,333	355	--	1,350	84,729
Postage and shipping	973	9,355	10,328	6,466	8,734	15,200	2,969	1,740	570	--	25,735	56,542
Laundry	12,979	2,698	15,677	437	--	437	--	--	--	--	--	16,114
Conferences, and meetings	278	--	278	2,587	2,524	5,111	535	1,028	--	--	--	6,952
Telephone	--	1,440	1,440	8,252	3,963	12,215	460	703	--	1,389	--	16,207
Miscellaneous	4,349	--	4,349	10,867	54,132	64,999	--	2,400	647	5,960	5,756	84,111
Total expenses before depreciation	5,271,684	1,379,756	6,651,440	9,327,815	1,296,599	10,624,414	904,570	531,527	481,011	404,571	407,861	20,005,394
Depreciation	1,677,893	166,251	1,844,144	1,109,348	--	1,109,348	113,298	61,205	67,051	10,301	50,364	3,255,711
2021 Total expenses	\$ <u>6,949,577</u>	<u>1,546,007</u>	<u>8,495,584</u>	<u>10,437,163</u>	<u>1,296,599</u>	<u>11,733,762</u>	<u>1,017,868</u>	<u>592,732</u>	<u>548,062</u>	<u>414,872</u>	<u>458,225</u>	<u>23,261,105</u>
2020 Total expenses	\$ <u>6,426,092</u>	<u>1,459,468</u>	<u>7,885,560</u>	<u>10,679,835</u>	<u>1,302,651</u>	<u>11,982,486</u>	<u>1,147,055</u>	<u>558,232</u>	<u>514,006</u>	<u>504,532</u>	<u>454,976</u>	<u>23,046,847</u>

See notes to consolidated financial statements



**JEWISH FEDERATION OF OMAHA, INC.**  
 Consolidated Statement of Functional Expenses  
 For the Year Ended June 30, 2021  
 With Comparative Totals for 2020

	Program Services				Supporting Services							Total	
	Total Brought Forward	Jewish			Management and General	Jewish Federation Fundraising	Jewish Foundation Fundraising	Occupancy	Central Services	Total	2021	2020	
		Federation and Foundation	Federation Manor, Inc.	Total									
Salaries—professional	\$ 2,842,587	16,072	--	2,858,659	385,764	312,215	325,077	--	927,412	1,950,468	4,809,127	4,578,560	
Salaries—program	7,919,021	6,719	--	7,925,740	5,614	48,084	42,197	466,417	91,742	654,054	8,579,794	8,896,756	
Employee health and benefits	1,407,867	3,318	--	1,411,185	22,374	47,982	29,033	71,594	164,028	335,011	1,746,196	1,596,559	
Payroll taxes	911,796	1,726	--	913,522	25,540	26,714	25,771	41,819	72,731	192,575	1,106,097	1,128,170	
Total salaries and related expenses	13,081,271	27,835	--	13,109,106	439,292	434,995	422,078	579,830	1,255,913	3,132,108	16,241,214	16,200,045	
Program operating costs	2,269,237	50,255	173,215	2,492,707	22,829	69,631	22,759	3,197	61,050	179,466	2,672,173	3,346,724	
Occupancy-allocated	1,243,020	--	--	1,243,020	51,156	6,060	--	(1,300,236)	--	(1,243,020)	--	--	
Occupancy-expensed	535,354	12,516	52,570	600,440	38	--	--	883,631	--	883,669	1,484,109	1,354,813	
Central services	1,288,574	--	--	1,288,574	(36,357)	246,504	100,224	--	(1,598,945)	(1,288,574)	--	--	
Professional fees	88,463	5,781	54,322	148,566	12,586	26,353	6,610	--	90,673	136,222	284,788	423,987	
Mortgage interest	--	32,519	23,607	56,126	--	--	--	--	--	--	56,126	43,663	
Supplies	443,853	2,018	--	445,871	3,007	8,352	10,550	8,106	125,162	155,177	601,048	482,509	
Printing and publications	112,258	1,254	--	113,512	1,575	17,664	5,879	816	3,282	29,216	142,728	139,865	
Assistance to organizations	77,266	76,752	--	154,018	--	--	--	--	--	--	154,018	161,726	
Local transportation	113,951	--	--	113,951	--	--	165	1,536	--	1,701	115,652	131,109	
Assistance to individuals	487,492	164,843	--	652,335	2,960	--	--	5,052	705	8,717	661,052	535,507	
Dues	84,729	77,498	--	162,227	9,264	194	1,876	1,635	56,478	69,447	231,674	195,066	
Postage and shipping	56,542	370	--	56,912	1,617	5,469	3,793	164	1,275	12,318	69,230	74,749	
Laundry	16,114	--	--	16,114	--	--	--	3,394	--	3,394	19,508	25,004	
Conferences, and meetings	6,952	--	--	6,952	3,731	--	619	243	3,081	7,674	14,626	56,770	
Telephone	16,207	--	--	16,207	1,275	--	--	2,508	832	4,615	20,822	19,139	
Miscellaneous	84,111	20,000	--	104,111	14,998	323	1,275	--	494	17,090	121,201	137,986	
Total expenses before depreciation	20,005,394	471,641	303,714	20,780,749	527,971	815,545	575,828	189,876	--	2,109,220	22,889,969	23,328,662	
Depreciation	3,255,711	--	15,082	3,270,793	71,005	--	--	--	--	71,005	3,341,798	2,560,258	
2021 Total expenses	\$ 23,261,105	471,641	318,796	24,051,542	598,976	815,545	575,828	189,876	--	2,180,225	26,231,767	25,888,920	
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	

See notes to consolidated financial statements





**JEWISH FEDERATION OF OMAHA, INC.**

Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2021  
With Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 24,672,080	12,068,108
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions and investment income -		
Contributions for property, buildings and equipment	(4,624,292)	(11,899,649)
Contributions with donor restrictions	(1,445,039)	(1,915,089)
Change in value of split interest agreements, net	(643,619)	(19,515)
Realized gain on investments	(10,231,676)	(23,782)
Change in investments	(13,289,539)	(4,338,299)
Depreciation	3,341,798	2,560,258
Decrease (increase) in:		
Pledges receivable, net	1,445,039	(2,791,131)
Resident and other receivables	(1,826,757)	122,483
Other assets	40,965	184,117
Increase (decrease) in:		
Accounts payable - trade	(40,572)	141,384
Accrued expenses	206,626	(910)
Accrued interest	32,519	9,252
Contract liability	327,482	(157,304)
Annuities and trusts payable	(12,335)	(5,536)
Custodial funds, net	2,715,532	(608,345)
Net cash provided by (used in) operating activities	<u>668,212</u>	<u>(6,673,958)</u>
Cash flows from investing activities,		
Purchase of property, buildings, and equipment, net	<u>(12,292,686)</u>	<u>(12,521,126)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	--	3,297,700
Net borrowed on JCC Capital Project line of credit	5,671,575	--
Principal payments on mortgage payable	(133,570)	(122,768)
Contributions and investment income -		
Donor restricted for property, buildings, and equipment	4,624,292	11,899,649
Contributions with donor restrictions	1,445,039	1,915,089
Net cash provided by financing activities	<u>11,607,336</u>	<u>16,989,670</u>
Decrease in cash and cash equivalents	(17,138)	(2,205,414)
Cash and cash equivalents at beginning of year	287,566	2,492,980
Cash and cash equivalents at end of year	\$ <u>270,428</u>	<u>287,566</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>23,607</u>	<u>34,411</u>

See notes to consolidated financial statements



## JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2021

with Comparative Totals for 2020

### 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, 2021

with Comparative Totals for 2020

**(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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 270,428	287,566
Investments, including investments limited as to use	126,873,968	103,352,753
Pledges receivable, net	5,876,989	7,322,028
Other receivables	<u>2,847,747</u>	<u>1,020,990</u>
	<u>135,869,132</u>	<u>111,983,337</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restriction -		
Donor restricted	81,840,422	66,142,500
Donor restricted pledge for construction project	3,508,564	5,306,857
Donor restricted cash and cash equivalent for construction project	140,459	139,196
Board designations	<u>28,488,149</u>	<u>22,913,230</u>
Total unavailable	<u>113,977,594</u>	<u>94,501,783</u>
Financial assets available for general expenditures	<u>\$ 21,891,538</u>	<u>17,481,554</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 \$647,140. 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 for additional information on endowment policy, balances and activity.



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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 of 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 Project (Note 5), the Federation has obtained a \$15 million multiple draw line of credit (Note 7) to cover project costs as donor pledges (Note 4) 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, as well as 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.

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 restrictions. 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 as well as 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.



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**(g) Resident Receivables**

The Federation reports resident receivables at amounts reflecting consideration to which the Federation expects to be entitled from third party payors, residents, and others. As a service to residents, the Federation bills third-party payers directly and bills residents when the resident's liability is determined. Resident receivables are due in full when billed. Resident receivables are recorded with Resident and 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.

**(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.



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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, 2021.

**(j) Contract Liability**

Jewish Community Center membership dues and program service fees received before services are provided by the Federation. These receipts are recorded as a contract liability and are recognized 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.

A summary of custodial funds as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Schrager Supporting Foundation	\$ 4,009,120	3,113,537
Goldstein Supporting Foundation	7,781,760	6,477,050
Friedel Jewish Academy	592,179	166,654
Murray and Sharee Newman	266,133	235,521
Others	652,074	592,971
Total	<u>\$ 13,301,265</u>	<u>10,585,733</u>

**(l) Resident Service Revenue**

Resident service revenue is reported at the amount that reflects the consideration to which the Federation expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. The Federation bills self pay residents at the beginning of the month, prior to the provision of services. Third party payors are billed after services are performed or the resident is discharged from care. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Federation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and Federation does not believe it is required to provide additional goods or services to the resident. The Federation has no revenue for performance obligations satisfied over time.





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The Federation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured residents in accordance with the Federation's policy, and or implicit price concessions provided to uninsured residents. The Federation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Federation determines its estimate of implicit price concessions based on historical collection experience with various classes of residents.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Federation provides services to uninsured residents, and offers those uninsured residents a discount, either by policy or law, from standard charges. The Federation estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are recorded as adjustments to resident service revenue in the period of change. For the years ended June 30, 2021 and 2020, no additional revenue was recognized due to changes in estimates of implicit price concessions for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

The Federation has elected the practical expedient and does not adjust the estimated amount of consideration from residents and third-party payors for the effects of a significant financing component due the Federation's expectation that the period between the time service is provided to the resident and the time that the resident or third-party payor pays for that service will be one year or less. However, the Federation does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. In these cases, the financing component is deemed to be insignificant to the contract.

#### **(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 restrictions. When a donor restriction expires; that is, when a stipulated restriction ends or purpose restriction is accomplished, net assets with donor restrictions 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 financial statements.

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.



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#### CARES Acts Grants and Credits

On March 10, 2020, the World Health Organization declared the coronavirus outbreak a “pandemic”. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. Federal funding has been provided to individuals and businesses through the Coronavirus Act, Relief and Economic Security (CARES) Act. The Federation was the recipient of the following CARES funding:

Provider Relief Funds (PRF) - The Federation received a total of \$860,984 in PRF during 2020 and 2021. This funding is to be used to support healthcare-related expenses or lost revenue attributable to the coronavirus. The Federation has met these conditions and recognized income of \$522,846 and \$338,138 in 2020 and 2021, respectively, in the statement of activities as government grants and credits. The Federation is required to submit certain documentation to the Department of Health and Human Services and attest to how the provider relief funds were used.

Employee Retention Credit (ERC) - The Federation received a total of \$3,755,988 in refundable tax credits under the CARES Act ERC program during 2021. The Federation has recognized income of \$3,755,988 in 2021 in the statement of activities as government grants and credits. The statement of financial position includes \$1,833,112 within Resident and Other Receivables for ERC tax credits that were claimed as of June 30, 2021 but were received after June 30, 2021.

#### **(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.





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#### **(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, 2021 and 2020, the Federation had no uncertain tax positions accrued.

#### **(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, 2021, 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) *Change in Accounting Principle***

During 2021, the Federation adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Prior to the adoption of ASU 2014-09, a significant portion of the provision for bad debts was related to uninsured residents as well as deductibles, co-pays and co-insurance amounts owed by residents with third-party payor coverage. Under ASU 2014-09, the estimated uncollectable amounts due from these residents are considered implicit price concessions, and are a direct reduction to resident service revenue.

#### **(t) *Comparative Amounts***

The amounts shown for 2020 in the accompanying consolidated financial statement are included to provide a basis for comparison with 2021, and are not intended to present all information necessary for a fair presentation of the 2020 financial statements in conformity with accounting principles generally accepted in the United States of America.



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#### (u) *Reclassifications*

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 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, 2021 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, 2021.

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.



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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.



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The following table presents the balance of investment securities measured at fair value on a recurring-basis at June 30, 2021 and 2020:

		<b>2021</b>			
		<b>Fair Value</b>			
<b>Cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Money market funds	\$ 2,606,031	2,606,031	2,606,031	–	–
Vanguard - Balanced Fund	65,225,945	73,745,323	73,745,323	–	–
State of Israel bonds	1,000,000	1,000,000	1,000,000	–	–
Common stocks	843,294	2,511,606	2,511,606	–	–
Corporate bonds	40,000	40,000	–	40,000	–
U.S. government bonds	321	325	–	325	–
Alternative investment - Chicago PEP	16,585,963	34,092,952	–	–	34,092,952
Alternative investment - Boston JCEP	1,715,759	2,712,421	–	–	2,712,421
Alternative investment - other	1,062,556	3,151,661	–	3,151,661	–
	<u>\$ 89,079,869</u>	<u>119,860,319</u>	<u>79,862,960</u>	<u>3,191,986</u>	<u>36,805,373</u>
Investments - Other:					
Investment in brokered CDs		6,669,150			
Insurance cash value		344,499			
Total fair market value of investments		<u>\$ 126,873,968</u>			
		<b>2020</b>			
		<b>Fair Value</b>			
<b>Cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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>			



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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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
By donor agreement:		
Custodial funds	\$ 13,467,675	10,698,347
Endowments	34,294,504	27,558,950
Restricted-non endowment	1,324,481	854,403
Donor advised funds	<u>32,753,762</u>	<u>27,030,800</u>
Total by donor agreement	<u>81,840,422</u>	<u>66,142,500</u>
By Board designation:		
Endowment funds (Quasi)	2,636,043	2,044,761
Campus funds	814,973	835,307
Agencies	22,341,978	17,932,940
Scholarships	122,741	102,067
Discretionary	<u>2,572,414</u>	<u>1,998,155</u>
Total by Board designation	<u>28,488,149</u>	<u>22,913,230</u>
Total investment limited as to use	110,328,571	89,055,730
Investments, held for operations	8,163,056	7,246,322
Investments, held for specific Agency	<u>8,382,341</u>	<u>7,050,701</u>
Total investments, including investments limited as to use	<u>\$ 126,873,968</u>	<u>103,352,753</u>

Reconciliation of Level 3 Assets for the year ended June 30, 2021 and 2020:

<u>Alternative Investment</u>	<u>Chicago PEP</u>	<u>Boston JCEP</u>	<u>Total</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	30,134,979	27,578,310	57,713,289
Withdrawals	(3,200,000)	(30,200,000)	(33,400,000)
Realized gain	1,015,917	8,776,899	9,792,816
Unrealized gain (loss)	<u>6,142,056</u>	<u>(3,442,788)</u>	<u>2,699,268</u>
Balance, June 30, 2021	<u>\$ 34,092,952</u>	<u>2,712,421</u>	<u>36,805,373</u>



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A summary of Federation alternative investments as of June 30, 2021 and 2020 is as follows:

	<u>2021 Fair Value</u>	<u>2020 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency and Redemption Notice</u>
Alternative investments -				
Chicago PEP (a)	\$ 34,092,952	30,134,979	None	See (a) below
Boston JCEP (b)	2,712,421	27,578,310	None	See (b) below
Other (c)	3,151,661	2,346,118	None	See (c) below

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 underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies.



## JEWISH FEDERATION OF OMAHA, INC.

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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, 2021. 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.**

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Unrealized Gains and Losses

The following is a reconciliation of unrealized gains for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net unrealized gains at beginning of year	\$ 20,524,213	19,617,983
Net unrealized gains at end of year	<u>30,780,450</u>	<u>20,524,213</u>
Total change in unrealized gains	10,256,237	906,230
Change attributable to custodial funds	<u>(1,202,788)</u>	<u>183,744</u>
Net change in unrealized gains	<u>\$ 9,053,449</u>	<u>1,089,974</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.

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





**JEWISH FEDERATION OF OMAHA, INC.**

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The composition of net assets by type of endowment fund at June 30, 2021 and 2020 was:

	<b>2021</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 4,924,005	29,370,498	34,294,503
Board-designated endowment funds (Quasi)	2,636,043	--	2,636,043
Net assets, end of year	<u>\$ 7,560,048</u>	<u>29,370,498</u>	<u>36,930,546</u>
	<b>2020</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
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>

The following tables present the changes in endowment balances for the years ended June 30, 2021 and 2020:

	<b>2021</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Net assets, beginning of year	\$ 4,571,731	25,732,611	30,304,342
Investment return -			
Investment income	20,147	261,936	282,083
Net realized gain	351,331	4,552,584	4,903,915
Net unrealized gain	112,033	1,512,865	1,624,898
Appropriation for expenditure	2,258,146	(3,464,301)	(1,206,155)
Reclassifications due to change in restriction	71,254	(71,254)	--
Contributions	175,406	846,057	1,021,463
Net assets, end of year	<u>\$ 7,560,048</u>	<u>29,370,498</u>	<u>36,930,546</u>



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	<b>2020</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Net assets, beginning of year	\$ 4,613,908	24,667,100	29,281,008
Investment return -			
Investment income	16,766	228,399	245,165
Net realized gain	356	13,823	14,179
Net unrealized gain	38,514	466,563	505,077
Appropriation for expenditure	(622,602)	(395,750)	(1,018,352)
Reclassifications due to change in restriction	413,999	(413,999)	--
Contributions	110,790	1,166,475	1,277,265
Net assets, end of year	\$ <u>4,571,731</u>	<u>25,732,611</u>	<u>30,304,342</u>

At June 30, 2021 and 2020, the Federation had appropriated endowment assets with donor restrictions in excess of available earnings from the endowed funds. Below is a summary of the original donor-restricted gifts whereby appropriations have exceeded available earnings:

	<b>2021</b>	<b>2020</b>
Original donor-restricted endowment gifts	\$ 369,700	7,204,151
Appropriation in excess of earnings	(26,229)	(301,972)
Net donor-restricted endowment gifts	\$ <u>343,471</u>	<u>6,902,179</u>

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.



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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 perpetual 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

**4) Pledges Receivable**

At June 30, 2021 and 2020, the pledges receivable are stated at net present value discounted at 2.5% as follows:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$ 6,201,282	7,730,704
Less unamortized discount	<u>227,592</u>	<u>313,886</u>
Subtotal	5,973,690	7,416,818
Less allowance for uncollectibles	<u>96,701</u>	<u>94,790</u>
Net unconditional promise to give	<u>\$ 5,876,989</u>	<u>7,322,028</u>

Unconditional promises to give at June 30, 2021 are expected to be received in the following periods:

	<u>Annual Campaign</u>	<u>Capital Campaign</u>	<u>Total</u>
2022	\$ 2,465,627	1,245,634	3,711,261
2023	--	854,571	854,571
2024	--	743,267	743,267
2025	--	620,518	620,518
2026 and after	<u>--</u>	<u>271,665</u>	<u>271,665</u>
	<u>\$ 2,465,627</u>	<u>3,735,655</u>	<u>6,201,282</u>



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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 \$2,500,000 for a future capital project.

#### 5) Property, Buildings, and Equipment, net

Property, buildings, and equipment consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,363,979	3,348,929
Buildings and improvements	72,483,484	51,217,526
Equipment	4,717,273	4,616,067
Furniture and fixtures	3,719,010	3,111,850
Vehicles	169,246	215,270
Construction in progress	<u>954,766</u>	<u>11,044,542</u>
	85,407,758	73,554,184
Less accumulated depreciation	<u>39,763,327</u>	<u>36,467,553</u>
	<u>\$ 45,644,431</u>	<u>37,086,631</u>

Construction in progress at June 30, 2021 includes costs incurred for a JCC Capital Project. Initial phases of the project, composed of an outdoor pool, fitness center renovations, landscaping, painting of the exterior and internal spaces was substantially complete by June 30, 2020 and placed into service during 2021. Total cost for the various components is estimated at \$33 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% 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 forgiveness as grant income when legally released from the loan obligation by the SBA. No grant income has been recorded for the year ended June 30, 2021. See Note 14 regarding the forgiveness of the loan on July 13, 2021.



## JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2021

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### 7) JCC Capital 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 as of June 30, 2020. The line of credit balance as of June 30, 2021 was approximately \$5.5 million. 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 year end.

### 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:

2022	\$ 147,511
2023	<u>38,396</u>
	<u>\$ 185,907</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 \$417,795 and \$413,507 for the years ended June 30, 2021 and 2020, 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.**

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**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 perpetually, 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Endowments	\$ 29,370,498	25,732,611
Restricted-non endowments	749,028	548,018
Beneficial interest in charitable remainder trust assets and other split interest agreements, net	3,067,251	2,411,297
JCC Capital Project	<u>3,645,808</u>	<u>5,444,101</u>
	<u>\$ 36,832,585</u>	<u>34,136,027</u>

Net assets without donor restriction consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 44,906,085	38,329,553
Donor advised	32,753,762	27,030,800
Designated by the board	25,852,105	20,849,290
Foundation assets without donor restrictions	8,382,352	7,050,710
Annual campaign	2,368,425	2,015,171
Board-designated endowment funds (Quasi)	2,636,043	2,065,606
Endowments	<u>4,924,005</u>	<u>2,506,125</u>
	<u>\$ 121,822,777</u>	<u>99,847,255</u>



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Net assets designated by the Board are considered net assets without donor restrictions and consist of the following components as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Rose Blumkin Jewish Home	\$ 17,013,600	13,543,912
Federation	4,258,541	3,537,380
Discretionary	2,531,967	1,964,748
Campus funds	814,973	835,307
JSO	798,220	674,906
Youth/scholarship funds	122,741	102,067
Foundation	25,959	15,821
JCC	188,914	93,726
Press	56,743	48,016
Agency custodial	39,246	32,208
Multi-purpose/other	1,201	1,199
	<u>\$ 25,852,105</u>	<u>20,849,290</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 2021 and 2020. 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, 2021 and 2020, related party contributions were approximately \$3,246,250 and \$2,749,688 respectively.

**14) Subsequent Events**

As seen in Note 6, the Federation obtained an SBA Paycheck Protection Program loan in the amount of \$3,297,700. Subsequent to June 30, 2021, the Federation was granted forgiveness of the principal and interest on the loan. Total amount of forgiven principal and interest was \$3,339,471.

## SUPPLEMENTAL DATA





**JEWISH FEDERATION OF OMAHA, INC.**  
 Net Assets without Restriction Current Fund -  
 Program Revenue by Program Service  
 For the Year Ended June 30, 2021  
 With Comparative Totals for 2020

	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	
										2021	2020
Resident service revenue -											
Private pay and ancillary	\$ --	--	5,209,677	--	--	--	--	--	--	5,209,677	5,672,156
Medicaid	--	--	2,497,494	--	--	--	--	--	--	2,497,494	2,815,381
Medicare	--	--	1,765,156	--	--	--	--	--	--	1,765,156	1,865,462
Other insurance	--	--	375,103	--	--	--	--	--	--	375,103	228,365
Program services	189,061	3,318,456	--	96,819	5,690	104,954	--	7,200	6,817	3,728,997	3,819,954
Membership dues	--	2,538,001	--	--	--	--	--	--	--	2,538,001	2,344,261
Rental income	72,538	40,789	--	--	--	--	--	150	518,694	632,171	603,781
Advertising	--	--	--	--	--	--	145,647	--	--	145,647	159,358
Miscellaneous	23,742	97,962	24,144	2	2,200	440	11,482	--	--	159,972	101,279
Net gain on fixed assets	7,925	--	--	--	--	--	--	--	--	7,925	--
<b>2021 Totals</b>	<b>\$ 293,266</b>	<b>5,995,208</b>	<b>9,871,574</b>	<b>96,821</b>	<b>7,890</b>	<b>105,394</b>	<b>157,129</b>	<b>7,350</b>	<b>525,511</b>	<b>17,060,143</b>	<b>17,609,997</b>
<b>2020 Totals</b>	<b>\$ 357,256</b>	<b>5,556,712</b>	<b>10,636,003</b>	<b>84,601</b>	<b>54,037</b>	<b>234,746</b>	<b>172,839</b>	<b>7,004</b>	<b>506,799</b>		<b>17,609,997</b>