



The United Jewish Community of Broward County, Inc. D/B/A Jewish Federation of Broward County

Financial Statements
June 30, 2021 and 2020

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 27



Tel: 954-760-9000
Fax: 954-760-4465
www.bdo.com

301 East Las Olas Boulevard
4th Floor
Fort Lauderdale, FL 33301

Independent Auditor's Report

To the Board of Directors
The United Jewish Community of Broward County, Inc.
d/b/a Jewish Federation of Broward County

Opinion

We have audited the financial statements of The United Jewish Community of Broward County, Inc. d/b/a Jewish Federation of Broward County, (the "Federation") which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Prior Year Financial Statements

The financial statements of the Federation as of and for the year ended June 30, 2020 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated January 7, 2021.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Fort Lauderdale, Florida
June 2, 2022

BDO USA, LLP

Certified Public Accountants

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2021	2020
Cash and cash equivalents	\$ 2,286,327	\$ 3,997,296
Investments, at fair value	175,221,198	137,052,532
Pledges receivable, net	2,293,152	1,121,954
Other receivables	600,419	113,694
Trust assets managed by others	646,664	1,142,423
Other assets	83,349	54,226
Property and equipment, net	<u>11,301,549</u>	<u>11,816,322</u>
TOTAL ASSETS	<u>\$ 192,432,658</u>	<u>\$ 155,298,447</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,422,287	\$ 729,955
Line of credit	-	718,800
Allocations payable	5,690,592	3,891,008
Paycheck Protection Program loan payable	723,085	723,085
Note payable	-	3,753,846
Trust assets held on behalf of agencies	12,837,439	10,109,664
Split-interest agreements	2,502,385	2,425,805
Agency funds	<u>166,244</u>	<u>147,625</u>
TOTAL LIABILITIES	<u>23,342,032</u>	<u>22,499,788</u>
COMMITMENTS AND CONTINGENCIES (NOTES 1, 2, 3, 7,10, 11, 12, 13, 15, & 17)		
NET ASSETS		
Without donor restrictions (including \$83,559,030 at 2021 and \$61,117,307 at 2020 of Board designated endowment funds)	112,691,405	84,880,836
With donor restrictions	<u>56,399,221</u>	<u>47,917,823</u>
TOTAL NET ASSETS	<u>169,090,626</u>	<u>132,798,659</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 192,432,658</u>	<u>\$ 155,298,447</u>

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

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Campaign contributions, net	\$ 3,419,814	\$ 1,480,692	\$ 4,900,506	\$ 3,247,904	\$ 811,673	\$ 4,059,577
Planned giving, other contributions and change in split-interest agreements	4,378,742	894,895	5,273,637	1,110,164	2,066,701	3,176,865
Contribution from sale of project assets (NOTE 16)	14,940,419	-	14,940,419	25,430,947	-	25,430,947
Program income	465,106	-	465,106	755,626	-	755,626
Other income including in-kind rental income	1,698,445	-	1,698,445	1,264,613	-	1,264,613
Recovery of pledges receivable previously written off	959,783	-	959,783	-	-	-
Net assets released from restrictions	5,720,717	(5,720,717)	-	4,601,047	(4,601,047)	-
TOTAL REVENUE AND SUPPORT BEFORE INVESTMENT INCOME	31,583,026	(3,345,130)	28,237,896	36,410,301	(1,722,673)	34,687,628
Investment income, net (NOTE 4)	15,970,689	11,826,528	27,797,217	741,848	1,002,614	1,744,462
TOTAL REVENUE AND SUPPORT	47,553,715	8,481,398	56,035,113	37,152,149	(720,059)	36,432,090
ALLOCATIONS AND EXPENSES						
ALLOCATIONS						
Allocations to Jewish Federations of North America	730,094	-	730,094	717,164	-	717,164
Allocations made by Jewish Community Foundation	8,830,415	-	8,830,415	5,804,840	-	5,804,840
Allocations to local, state and national agencies including in-kind expense (of approximately \$1,192,000 and \$1,078,000 for the years ended June 30, 2021 and 2020)	4,899,485	-	4,899,485	3,857,625	-	3,857,625
TOTAL ALLOCATIONS	14,459,994	-	14,459,994	10,379,629	-	10,379,629
EXPENSES						
Program services	2,485,217	-	2,485,217	2,677,361	-	2,677,361
Fundraising	1,262,843	-	1,262,843	1,347,136	-	1,347,136
Management and general	1,535,092	-	1,535,092	1,689,412	-	1,689,412
TOTAL EXPENSES	5,283,152	-	5,283,152	5,713,909	-	5,713,909
TOTAL ALLOCATIONS AND EXPENSES	19,743,146	-	19,743,146	16,093,538	-	16,093,538
CHANGE IN NET ASSETS	27,810,569	8,481,398	36,291,967	21,058,611	(720,059)	20,338,552
NET ASSETS AT BEGINNING OF YEAR	84,880,836	47,917,823	132,798,659	63,822,225	48,637,882	112,460,107
NET ASSETS AT END OF YEAR	\$ 112,691,405	\$ 56,399,221	\$ 169,090,626	\$ 84,880,836	\$ 47,917,823	\$ 132,798,659

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

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Supporting Services			Program Services	Total
	Fundraising	Management and General	Total Supporting Services	Total Program Services	
Salaries	\$ 957,232	\$ 789,175	\$ 1,746,407	\$ 1,672,918	\$ 3,419,325
Payroll taxes	56,358	67,063	123,421	113,057	236,478
Employee health and other benefits	57,504	107,669	165,173	154,280	319,453
Total salaries and related expenses	1,071,094	963,907	2,035,001	1,940,255	3,975,256
Advertising	11,159	9,820	20,979	23,657	44,636
Auto/transportation	4,002	3,402	7,404	2,602	10,006
Bank charges and credit card fees	44,547	14,001	58,548	5,091	63,639
Community activities	-	10,377	10,377	249,056	259,433
Conferences	279	505	784	1,324	2,108
Consulting	18,258	12,450	30,708	43,798	74,506
Depreciation	7,855	133,527	141,382	15,709	157,091
Insurance	-	72,119	72,119	8,013	80,132
Interest	-	933	933	-	933
Local meetings	6,400	19,520	25,920	4,639	30,559
Occupancy	38,263	93,137	131,400	98,867	230,267
Office service and equipment contracts	22,875	26,325	49,200	45,594	94,794
Office supplies and other	6,425	9,407	15,832	11,452	27,284
Other	2,211	3,256	5,467	3,721	9,188
Postage	769	18,743	19,512	873	20,385
Printing	15,008	1,135	16,143	9,879	26,022
Professional fees	975	130,880	131,855	11,810	143,665
Telephone	12,723	11,648	24,371	8,877	33,248
Total functional expenses	\$ 1,262,843	\$ 1,535,092	\$ 2,797,935	\$ 2,485,217	\$ 5,283,152

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

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Supporting Services			Program Services	Total
	Fundraising	Management and General	Total Supporting Services	Total Program Services	
Salaries	\$ 946,763	\$ 755,471	\$ 1,702,234	\$ 1,684,333	\$ 3,386,567
Payroll taxes	59,655	65,953	125,608	106,375	231,983
Employee health and other benefits	57,047	123,976	181,023	143,399	324,422
Total salaries and related expenses	1,063,465	945,400	2,008,865	1,934,107	3,942,972
Advertising	18,065	16,490	34,555	40,477	75,032
Auto/transportation	9,069	7,570	16,639	5,542	22,181
Bad debt	-	207,260	207,260	-	207,260
Bank charges and credit card fees	55,551	17,474	73,025	5,403	78,428
Community activities	-	19,384	19,384	425,030	444,414
Conferences	930	5,339	6,269	14,894	21,163
Consulting	13,409	25,303	38,712	19,909	58,621
Depreciation	6,658	111,846	118,504	14,646	133,150
Insurance	-	59,548	59,548	6,616	66,164
Interest	-	7,500	7,500	-	7,500
Local meetings	14,905	9,242	24,147	6,988	31,135
Occupancy	67,269	102,510	169,779	96,560	266,339
Office service and equipment contracts	37,869	36,668	74,537	65,150	139,687
Office supplies and other	19,507	20,206	39,713	15,950	55,663
Other	735	2,864	3,599	4,361	7,960
Postage	1,951	12,042	13,993	804	14,797
Printing	23,207	261	23,468	477	23,945
Professional fees	1,856	72,134	73,990	13,271	87,261
Telephone	12,690	10,371	23,061	7,176	30,237
Total functional expenses	\$ 1,347,136	\$ 1,689,412	\$ 3,036,548	\$ 2,677,361	\$ 5,713,909

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

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 36,291,967	\$ 20,338,552
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	556,593	532,653
Net realized and unrealized (gains) losses on investments	(26,134,669)	462,013
Endowment contributions	(58,084)	(248,048)
Bad debt (recovery) expense	(959,783)	207,260
Change in split-interest agreements	279,526	39,500
(Increase) decrease in assets:		
Pledges receivable	(211,415)	570,905
Other receivables	(486,725)	149,719
Trust assets managed by others	495,759	696,783
Other assets	(29,123)	(19,772)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	692,332	(325,732)
Allocations payable	1,799,584	475,076
Agency funds	18,619	(19,705)
TOTAL ADJUSTMENTS	(24,037,386)	2,520,652
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,254,581	22,859,204
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(41,820)	(55,932)
Proceeds from sale of investments	25,335,465	33,838,327
Purchases of investments	(37,369,462)	(53,413,545)
NET CASH USED IN INVESTING ACTIVITIES	(12,075,817)	(19,631,150)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	723,085
Endowment contributions	58,084	248,048
Repayments on split-interest obligations	(202,946)	(171,771)
Trust assets held on behalf of agencies	2,727,775	(710,265)
Proceeds from line of credit	1,655,638	4,639,081
Repayments on line of credit	(2,374,438)	(4,307,706)
Repayments on note payable	(3,753,846)	(746,154)
NET CASH USED IN FINANCING ACTIVITIES	(1,889,733)	(325,682)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,710,969)	2,902,372
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,997,296	1,094,924
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 2,286,327	\$ 3,997,296
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 8,465	\$ 129,600

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

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Jewish Community of Broward County, Inc. d/b/a Jewish Federation of Broward County (the "Federation") is a not-for-profit fundraising organization which provides financial support for social, cultural and educational advancement of the Jewish community through local programs and by funding other not-for-profit beneficiary agencies locally, nationally and in Israel and overseas.

Basis of Presentation

The Federation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed or time restrictions as follows:

Net Assets without Donor Restrictions

Net assets which are free of donor-imposed restrictions; all revenues, gains, and losses that are not changes in net assets with donor restrictions.

Net Assets without Donor Restrictions - Board Designated

The part of net assets without donor restrictions of the Federation resulting from contributions whose use by the Federation is not limited by donor-imposed stipulations. The Federation has internally earmarked such funds.

Net Assets with Donor Restrictions

Net assets that are subject to explicit donor-imposed restrictions such as time and/or purpose restrictions. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Federation or by the passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently while permitting the Federation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or the Board approved spending policy. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

The Federation considers all highly liquid investments held at financial institutions with a maturity of three months or less when purchased to be cash equivalents. Money market funds which are included within investments are not included within cash and cash equivalents.

Pledges Receivable, Net

Pledges, less a provision for estimated uncollectible amounts and unamortized discounts, are recorded as a receivable and revenue when pledges are made. The provision for uncollectible pledges is based, among other things, on the Federation's past collection experience and the impact of changes in the current economic conditions and other pertinent factors. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receivables and Due From Estates

From time to time, the Federation is notified that it is named as a beneficiary in various estates and trusts. The Federation estimates the value of its interests in these estates and trusts.

Allocations and Donated Facilities

Allocations represent financial support pledged by the Federation to other not-for-profit organizations or institutions. Total financial support available for allocations is based on the amount of public support received by the Federation after deducting support service expenses. The amounts allocated are approved by a majority of the Board of Directors and are recorded as liabilities of the Federation when awarded.

Additionally, assets were purchased and constructed for the Federation and for the benefit of the David Posnack Jewish Community Center ("JCC") and the David Posnack Jewish Day School ("DPJDS"). The JCC's and DPJDS' respective share of depreciation and interest expense directly related to such assets and liabilities, incurred by the Federation, are classified as allocations to beneficiary agencies. The JCC's and DPJDS' share of the debt, depreciation and interest expense did not reflect the fair value of the donated facilities provided. As such, the Federation recorded in-kind revenue and allocation expense to reflect the fair value of the donated use of facility.

Interest and depreciation recorded as allocation expense for the years ended June 30, 2021 and 2020 totaled approximately \$407,000 and \$522,000, respectively. Additionally, in-kind rental income and expense for donated facilities totaled approximately \$1,193,000 and \$1,078,000 for the years ended June 30, 2021 and 2020, respectively.

Contributions

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Federation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. Contributions are considered to be available for general operations of the Federation unless specifically restricted by the donor. The Federation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are recorded within the net assets without donor restrictions category.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Federation reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. 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 net assets with donor restrictions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Federation reports expirations of donor restrictions with the donated or acquired long-lived assets are placed in service.

The Federation receives contributions of cash or property from sources other than annual campaign contributions. Such donations are received under numerous types of arrangements which specify who is to manage the funds and who is to receive the funds upon the passage of time or other donor-imposed restrictions. Pledges determined to be uncollectible subsequent to the year in which such pledges are received are charged to the allowance. Pledges determined to be uncollectible during the year in which such pledges are received are shown as a reduction of contributions.

Split-Interest Gifts

The Federation is the trustee and remainder beneficiary of various charitable remainder trusts, charitable lead trusts, and charitable gift annuities. Trust assets are stated at fair market value. Liabilities are recorded as split-interest agreements in the accompanying Statements of Financial Position and are determined using Internal Revenue Service ("IRS") actuarial assumptions, discounted using the applicable federal rate in effect at the date of the gift. In addition, certain contributions are received pursuant to trusts which name other agencies as the beneficiary in whole or in part and therefore, those amounts due to other agencies are recorded as "Agency funds" within the accompanying Statements of Financial Position. In some cases, trusts are created where the Federation is not the trustee, but is the ultimate beneficiary. The assets in these trusts are separately identified in the accompanying Statements of Financial Position as "Trust assets managed by others."

A contribution is recorded at the time of the gift as the difference between the fair value of the assets received and the liabilities incurred in the exchange portion of the agreement for these irrevocable transfers of assets. Contribution revenue and the net changes in the value of these split-interest agreements amounted to approximately \$184,000 and \$199,000 for the years ended June 30, 2021 and 2020, respectively, and are included in the accompanying Statements of Activities within the caption "Planned giving, other contributions and change in split-interest agreements."

The assets related to the split-interest agreements are included in the accompanying Statements of Financial Position within the caption "Investments" and totaled approximately \$1,134,000 and \$1,168,000 at June 30, 2021 and 2020, respectively. Additionally, certain assets are reflected as "Trust assets managed by others" and totaled approximately \$647,000 and \$1,142,000 at June 30, 2021 and 2020, respectively. The liabilities of the split-interest agreements, included in the accompanying Statements of Financial Position, totaled approximately \$2,502,000 and \$2,426,000 at June 30, 2021 and 2020, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Overhead expenses, which include occupancy, depreciation, and amortization, as well as salaries and wages, benefits, payroll taxes, and other expenses of the Federation's staff, are allocated based upon total expenses.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Federation follows the provision of an accounting standard which requires investments in marketable securities with readily determinable fair values and all investments in debt securities to be valued at their fair values in the Statements of Financial Position.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the Statements of Financial Position. Realized and unrealized gains and losses on investments and interest and dividends are reflected in the Statements of Activities within "Investment income, net." Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

As of June 30, 2021 and 2020, the Federation held various financial instruments. Regarding cash and cash equivalents, accounts receivable and accounts payable, the carrying value on the financial statements approximates fair value because of the short-term nature. The fair value of the debt is not significantly different from the carrying value on the financial statements as the Federation can obtain similar debt for similar terms. The long-term pledges receivable and split-interest agreement liabilities have been discounted and approximate fair value. The carrying value of due from estates, trusts and other, trust assets managed by others, other assets, accounts payable and accrued expenses, line of credit, allocation payable, trust assets held on behalf of agencies and agency funds on the Statements of Financial Position approximates fair value.

Property and Equipment, Net

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and a gain or loss, if any, is recognized. Repairs and maintenance are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the assets for a specific purpose.

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes indicate that assets may have been impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows. No impairment was recognized for the years ended June 30, 2021 and 2020.

Use of Estimates

The accompanying financial statements have been prepared in conformity with U.S. GAAP. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the Statements of Financial Position. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Material estimates that are particularly susceptible to change include the fair value of investments, the allowance for uncollectible pledges, mortalities associated with split interest agreement liabilities, the functional allocation of expenses, and obligations for allocations payable.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments that potentially subject the Federation to concentrations of credit risk are cash and cash equivalents, contributions, pledges receivable and investments.

Cash and Cash Equivalents

At various times during the year, the Federation had deposits at financial institutions in excess of federally insured limits. The Federation maintains its cash with high quality financial institutions which, the Federation believes, limits these risks

Contributions and Pledges Receivable

Management considers credit risk associated with pledges receivable to be low due to the diversity of the donors and the recurring nature of many donations.

Investments

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment markets will impact the value of the portfolio.

Additionally, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Federation's investment balances and the amounts reported in the Statements of Financial Position. The Federation utilizes an investment policy and a management oversight board, which periodically reviews its investment portfolios to monitor these risks.

Income Taxes

The Federation is exempt from federal income taxes under Section 501(c)(3) of the IRC and sales and use tax under the laws of the State of Florida. During the years ended June 30, 2021 and 2020, the Federation generated net unrelated business losses from certain alternative investments. No provisions for Federal or State income taxes was determined necessary as a result of the losses.

The Federation recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. The Federation did not incur any tax expenses during the years ended June 30, 2021, and 2020.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Federation files income tax returns. Additionally, the Federation has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. The Federation is generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2018.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers

During the year ended June 30, 2021, the Federation adopted the provisions of Accounting Standards Update (“ASU”) No. 2014-09 (“ASU 2014-09”), Revenue from Contracts with Customers, commonly referred to as Accounting Standards Codification Topic (“ASC 606”), issued by the Financial Accounting Standards Board (“FASB”). The pronouncement was issued to clarify the principles for recognizing revenue and the core principle of the guidance is that an entity shall 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. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract

Step 2: Identify the performance obligation in the contract

Step 3: Define the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the organization satisfies a performance obligation

ASC 606 applies to earned revenue, therefore it is only applicable to conference, missions, other programs and related fees. The ASU has been applied retrospectively to all periods presented, with no impact to the change in net assets or total net assets.

Revenue Recognition

Revenues from campaign allocations from communities and annual assessments, and contributions are recognized in accordance with ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). Accordingly, the Federation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be a contribution, the Federation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Federation is entitled to the assets transferred and promised and (2) a right of return of assets or a right of release of a promisor’s obligation to transfer assets. Revenues which are deemed to be unconditional are considered to be available for general purposes (without donor restrictions) unless specifically restricted by the donor. Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received.

The gifts are reported within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a market rate of interest. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions are substantially met.

In accordance with ASC 606, the Federation recognizes revenues from conference, missions, and other programs when the performance obligations are satisfied in accordance with a five-step model.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement: Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement

ASU 2018-13, Fair Value Measurement: Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement, was issued as part of the FASB disclosure framework project to improve the effectiveness of disclosures about fair value measurements required under ASC 820. The ASU amends the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying and adding certain disclosures. This ASU is effective for fiscal years beginning after December 15, 2019. The Federation adopted this ASU during the year ended June 30, 2021, and there was no significant impact on the financial statements.

Recent Accounting Pronouncements - Not Implemented

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Federation is currently evaluating the effect the update will have on its financial statements.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Federation's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The update is effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The effective dates have tentatively been extended to fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. The Federation is evaluating the method of adoption it will elect.

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued an accounting standard update to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022, with early application permitted. The Federation is currently evaluating the effect the update will have on its financial statements.

Reference Rate Reform

In March 2020, the FASB issued an accounting standard update to provide guidance related to recognizing the effects of reference rate reform on financial reporting. The update applies to all entities that have contracts, hedging relationships, or other transactions that reference LIBOR or another reference rate expected to be discontinued. The update is effective for all entities as of March 12, 2020 through December 31, 2022. The Federation is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its financial statements.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Federation maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Federation considers all expenditures related to its ongoing activities to accomplish its mission as well as the conduct of services undertaken to support those activities to be general expenditures. Board designated reserves (\$83,599,803 and \$61,117,307 as of June 30, 2021 and 2020, respectively) can be released upon resolution of the board and used for general expenditures. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Federation holds cash in various interest-bearing bank accounts with well-known financial institutions. In addition, the Federation has a \$1,500,000 line of credit available to meet cash flow needs. As of June 30, 2021 and 2020, the amount available on the line of credit was approximately \$1,500,000 and \$781,000, respectively.

The Federation engages qualified third-party investment advisors to invest excess cash net of working capital in instruments as stipulated under the Investment policy. The policy is reviewed annually by the Investment Committee. Market performance is monitored continuously, including review of performance reports at quarterly meetings. Furthermore, the Finance Committee, the Executive Committee as well as the Board of Directors review the Statements of Financial Position, Statements of Activities, and other financial reports on a regular basis.

The Federation's financial assets available within one year of the Statements of Financial Position date for general expenditures are as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,286,327	\$ 3,997,296
Pledges receivable, net	2,293,152	1,121,954
Due from estates, trusts, and other receivables	600,419	113,694
Investments	175,221,198	137,052,532
Trust assets managed by others	646,664	1,142,423
Total financial assets	<u>181,047,760</u>	<u>143,427,899</u>
Less amounts not available to be used within one year or without board approval:		
Donor advised philanthropic funds and supporting organizations	11,654,704	9,572,764
Annual campaign endowments and lion of judah endowments	12,310,590	9,869,483
Obligations to affiliated agencies for assets held in trust	12,837,439	10,109,664
Time restrictions greater than one year	387,712	378,060
Endowed in perpetuity	37,587,226	37,017,608
Board designated endowment	83,559,030	61,117,307
Split-interest agreements - investments	3,161,207	2,993,169
Trust assets managed by others	646,664	1,142,423
Other receivables and amounts due from trusts	68,887	68,887
Total financial assets not available to be used for general expenditures within one year	<u>162,213,459</u>	<u>132,269,365</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 18,834,301</u>	<u>\$ 11,158,534</u>

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. PLEDGES RECEIVABLE, NET

Pledges receivable, net consists of annual campaign pledges as well as PJ Library Endowment pledges. Pledges receivable pertaining to the general campaign represents commitments from donors to fund the ongoing operations of the Federation. Pledges receivable are reported as assets at their net realizable value.

Pledges receivable, net are as follows as of June 30:

	2021	2020
Gross pledges receivable	\$ 2,493,152	\$ 2,497,601
Less: allowance for estimated uncollectible pledges	(191,953)	(1,364,860)
Less: discount on long-term pledges	(8,047)	(10,787)
	\$ 2,293,152	\$ 1,121,954

Pledges receivable with payment terms in excess of one year have been discounted using a market rate of interest (approximately 3.40% as of June 30, 2021 and 2020) to reflect their estimated present value. Pledges receivables are unsecured and are primarily from South Florida residents.

Payments due on pledges receivable as of June 30, 2021 are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 2,389,257
2023	48,480
2024	25,480
2025	23,480
2026	3,300
2027	3,155
	\$ 2,493,152

Bad debt recovery on current year pledges totaled approximately \$160,000 for the year ended June 30, 2021 and bad debt expense on prior year pledges totaled approximately \$207,000 for the year ended June 30, 2020, and it was netted against campaign contributions in the Statements of Activities.

4. INVESTMENTS AT FAIR VALUE

Investments, at fair value, are comprised of the following at June 30:

	2021	2020
Money market funds	\$ 11,665,782	\$ 21,649,620
Equity securities	889,271	753,654
Bonds	1,487,038	1,429,197
Mutual funds	138,739,436	98,439,052
State of Israel bonds	3,373,201	3,373,180
Alternative investments	19,066,470	11,407,829
Total investments	\$ 175,221,198	\$ 137,052,532

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. INVESTMENTS AT FAIR VALUE (CONTINUED)

Investment income, net, from cash equivalents and investments is comprised of the following for the years ended June 30:

	2021	2020
Interest and dividends (net of fees of approximately \$570,000 and \$480,000 for the years ended June 30, 2021 and 2020, respectively)	\$ 1,662,548	\$ 2,206,475
Net realized gain	3,892,326	2,163,295
Net unrealized gain (loss)	22,242,343	(2,625,308)
	\$ 27,797,217	\$ 1,744,462

Certain investments have been invested on behalf of affiliated agencies (NOTE 10). These investments are reflected as “Investments” and “Trust assets held on behalf of agencies” in the Statements of Financial Position. As of June 30, 2021 and 2020, total investments of \$12,837,439 and \$10,109,664, respectively, are held in trust for affiliated agencies.

The majority of the Federation’s financial assets are invested in publicly traded equities and mutual funds that are listed on national exchanges, treasury and agency bonds of the United States of America and international governments, and investment grade corporate bonds for which active trading markets exist. Such assets are valued at quoted closing prices at year end.

5. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides 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 unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
 - If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Money market funds, mutual funds and equity securities consist of investments managed primarily by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. These investments are valued at the closing price reported in the active market in which the individual securities are traded. Securities that are not traded in the active market are valued at their net asset value ("NAV") provided by the investment manager.

Bonds are managed primarily through investments held by independent investment advisors with discretionary investment authority. These securities include U.S. and non-U.S. debt instruments. These investments are valued at the closing price reported in the active market in which the individual securities are traded. Securities that are not traded in the active market are valued at their NAV provided by the investment manager.

State of Israel bonds consist of individual bonds issued by the State of Israel. These securities are held to maturity. Because the Federation holds these instruments to maturity, the valuation on the financial statements is equal to the face value which approximates fair value.

Alternative strategies are valued by the underlying investments of the funds and are valued at fair value on a monthly basis by the investment managers. Certain funds are redeemable at their NAV per share on a monthly basis. The fair value of the investments is a publicly quoted pricing input used in determining the NAV of the alternative strategies, which is not publicly quoted. The Federation considers the length of time until the investment is redeemable, including notice and lock up periods or any other restriction on the disposition of the investment. The Federation also considers the nature of the portfolios of the underlying investments and their ability to liquidate their underlying investments. The NAV per share is used as a practical expedient to estimate the fair value of the alternative strategies as long as certain requirements are met.

Fair value of shares of underlying alternative strategies equals the number of shares of the respective underlying investments multiplied by the closing NAV per share quoted by that investment and held by the Federation at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables represent the Federation's investments that are measured at fair value on a recurring basis at June 30, 2021 and 2020 for each of the fair value hierarchy levels:

Fair Value Measurements at June 30, 2021				
Description	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Money market funds	\$ 11,665,782	\$ 11,665,782	\$ -	\$ -
Equity securities	889,271	605,218	284,053	-
Bonds	1,487,038	360,400	1,126,638	-
Mutual funds	138,739,436	138,739,436	-	-
State of Israel bonds	3,373,201	-	3,373,201	-
Total assets in the fair value hierarchy	156,154,728	151,370,836	4,783,892	-
Investments measured at net asset value *	19,066,470	-	-	-
	\$ 175,221,198	\$ 151,370,836	\$ 4,783,892	\$ -
Fair Value Measurements at June 30, 2020				
Description	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Money market funds	\$ 21,649,620	\$ 21,649,620	\$ -	\$ -
Equity securities	753,654	533,018	220,636	-
Bonds	1,429,197	343,596	1,085,601	-
Mutual funds	98,439,052	98,439,052	-	-
State of Israel bonds	3,373,180	-	3,373,180	-
Total assets in the fair value hierarchy	125,644,703	120,965,286	4,679,417	-
Investments measured at net asset value *	11,407,829	-	-	-
	\$ 137,052,532	\$ 120,965,286	\$ 4,679,417	\$ -

(*) In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

Net Asset Value per Share

Alternative strategies include investments in limited partnerships where the Federation has the right to withdraw its investments at least quarterly, or annually after the expiration of "lock-up" periods of one to three years pursuant to the respective offering memorandums. The underlying investments of the funds are valued at fair value on a quarterly basis by the partnerships for which fair value is measured using the NAV per share practical expedient. Also included in Alternative strategies are investments in offshore funds that include investments in hedge funds. As part of the Alternative strategies investment structure, initial capital call commitments are required.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value as of 6/30/2021	Fair Value as of 6/30/2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
SEI Core Property Fund, LP (a)	\$ 8,462,099	\$ 7,627,834	\$ -	Quarterly	95 days
SEI Structured Credit Master Fund (b)	7,256,098	2,190,890	-	Quarterly	65 days
SEI Global Private Assets IV. Fund (c)	2,833,844	1,337,032	1,562,939	None*	N/A*
SEI Global Private Assets V Fund (c)	241,728	-	1,404,004	None*	N/A*
UBS PACE Fund (d)	272,701	252,073	-	Not available	90 days
Total	\$ 19,066,470	\$ 11,407,829	\$ 2,966,943		

** - These two funds represent private commitments that are illiquid. The Federation is not able to redeem the investments as they are committed until capital is returned.

The following is a summary of the investment strategies of the investments valued using the NAV per share practical expedient:

- (a) The fund seeks both current income and long-term capital appreciation through investing in underlying funds that acquire, manage, and dispose of commercial real estate properties.
- (b) The fund seeks to generate high total returns. The fund pursues its investment objective by investing in a portfolio comprised of collateral debt obligations, which includes collateralized loan obligations and other structured credit investments.
- (c) These funds' investment strategy is to offer exposure to a diversified pool of global private asset fund investments. Further, the fund will seek to shorten the duration of the typical private asset fund of funds through a dedicated focus on secondary strategies (i.e. funds whose investment strategy is to purchase interests in other private market investments/funds as a way to provide the original investors liquidity prior to the end of those investments'/funds' contracted end date) and income-producing investment strategies (e.g. debt, real estate, and to a lesser extent, real assets).
- (e) The fund seeks long-term capital appreciation by investing in U.S. and international equity securities, fixed income securities not subject to any credit rating or maturity limitations, issued by companies, governments and supranational entities globally. The fund, which is non-diversified, may invest in emerging and developed markets and securities of other investment companies including exchange-traded funds.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net is comprised of the following at June 30:

	2021	2020
Land and improvements	\$ 5,194,519	\$ 5,194,519
Buildings and equipment	21,349,089	21,349,089
Furniture and equipment	191,753	149,933
	26,735,361	26,693,541
Less accumulated depreciation	(15,433,812)	(14,877,219)
	\$ 11,301,549	\$ 11,816,322

Total depreciation expense for the years ended June 30, 2021 and 2020 was approximately \$557,000 and \$533,000, respectively. Depreciation expense related to the buildings and equipment at the JCC and the DPJDS was approximately \$400,000 for each of the years ended June 30, 2021 and 2020, respectively, and is included in "Allocations to local, state and national agencies including in-kind expenses" in the accompanying Statements of Activities. The remaining balance of approximately \$157,000 and \$133,000 is included under the caption "Depreciation" in the accompanying Statements of Functional Expenses for the years ended June 30, 2021 and 2020, respectively.

7. LINE OF CREDIT

The Federation entered into an agreement for a revolving line of credit with a financial institution. The line has a maximum borrowing limit of \$1,500,000. In February 2020, the maturity date was extended to February 26, 2023. As of June 30, 2021, there was no balance on the line. At June 30, 2020, the amount due on the line was \$718,800. Interest is payable at the 1-month LIBOR rate plus 100 basis points and was 1.16% and 3.40% as of June 30, 2021 and 2020, respectively. Interest expense under the line of credit for the years ended June 30, 2021 and 2020 was approximately \$1,000 and \$8,000, respectively. The line of credit is collateralized by the Federation's property and equipment in Broward County, Florida.

8. PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

On May 7, 2020, the Federation received a loan of approximately \$723,000 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act that was signed into law on March 27, 2020. The loan begins accruing interest at a rate of 1.00% on the effective date. Principal payments are due in equal monthly installments commencing November 2020. The loan matures on May 7, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Federation retains employees during a specified period. Management estimates that a significant portion, if not all, of the loan funds will be eligible for forgiveness. The proceeds of the loan are recognized as a refundable advance in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, and are included within current liabilities on the accompanying Statements of Financial Position. The proceeds will be recognized as a contribution once forgiveness has been granted and the condition has been explicitly waived. As of June 30, 2021, the amount outstanding on the PPP loan was approximately \$723,000. As disclosed in NOTE 17, the Company subsequently received forgiveness of the PPP loan and all accrued interest.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. NOTE PAYABLE

In June 2013, the Federation entered into a long-term loan in the amount of \$9,000,000 from a financial institution. The note had an 84-month term loan, repayable in equal monthly principal payments of \$62,500 plus interest. In February 2020, the original maturity date of June 3, 2020, was extended to February 26, 2023. The balance on the note was approximately \$3,754,000, as of June 30, 2020. There was no balance under the note payable as of June 30, 2021, as the balance on the term loan was paid in full in July 2020. The interest rate under the note was variable using the 1-month LIBOR rate plus 1.15% (1.31% as of June 30, 2020). Interest expense under the note for the years ended June 30, 2021 and 2020 was approximately \$8,000 and \$122,000, respectively.

10. TRUST ASSETS HELD ON BEHALF OF AGENCIES

The Federation entered into an agreement with certain beneficiary agencies to hold assets of the agencies in the general investment accounts of the Federation and to provide the agencies with an annual return on these assets. All monies held at the Federation are recorded at their fair market values.

The agencies can request the release of these funds at any time. Accordingly, these amounts have been recorded as a liability of the Federation. It is the agencies' intention not to invade the corpus of these funds unless needed to fund operations and to only use the income generated for annual operating or program costs.

The Federation held the following amounts on behalf of beneficiary agencies at June 30:

	<u>2021</u>	<u>2020</u>
Friends of the March of the Living	\$ 2,054,472	\$ 1,884,621
Jewish Adoption and Foster Care Options	4,125,778	2,447,167
Jewish Family Service	2,689,037	2,224,038
David Posnack Jewish Community Center	1,771,332	1,574,775
Leo Martin Friends of the March of the Living	873,789	882,004
Temple Bat Yam	925,419	757,332
Brauser Maimonides Academy	56,884	55,998
Temple Beth El	27,844	24,610
Etz Chaim	312,884	259,119
	<u>\$ 12,837,439</u>	<u>\$ 10,109,664</u>

11. EMPLOYEE BENEFIT PLAN

The Federation provides retirement benefits to its employees through a 401(k) plan covering all full-time employees with one year of eligible experience. The Federation contributes up to 3% of gross wages. Contributions to the 401(k) plan during the years ended June 30, 2021 and 2020 were approximately \$105,000 and \$104,000, respectively.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted based on time and purpose restrictions or are restricted to investments in perpetuity, the income from which is expendable to support various designated purposes and is included in net assets with donor restrictions until spent. The time restrictions will be met when the contribution is received in the future. The purpose restrictions will be met when the net assets are used for specific programs or purposes.

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Special purpose funds and appreciation of endowment funds not appropriated	\$ 52,748,241	\$ 44,257,724
Split-interest agreements and trust assets managed by others	955,539	1,414,734
Other	1,707,355	1,420,397
Lion of Judah endowment funds	680,387	566,947
Annual contribution endowment funds	307,699	258,021
	\$ 56,399,221	\$ 47,917,823

13. ENDOWMENT

The Federation's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, trusts held by others, and funds designated by the Federation to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Federation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Federation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the FUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

The Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Federation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Federation
- (7) The investment policy of the Federation

For the years ended June 30, 2021 and 2020, the Federation has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

13. ENDOWMENT (CONTINUED)

Summary of Endowment Assets at June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 53,736,327	\$ 53,736,327
Board designated endowment funds	83,559,030	-	83,559,030
Philanthropic and annual campaign endowment funds	23,965,293	-	23,965,293
Total endowment net assets	<u>\$ 107,524,323</u>	<u>\$ 53,736,327</u>	<u>\$ 161,260,650</u>

Summary of Endowment Assets at June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 45,214,912	\$ 45,214,912
Board designated endowment funds	61,117,307	-	61,117,307
Philanthropic and annual campaign endowment funds	19,442,247	-	19,442,247
Total endowment net assets	<u>\$ 80,559,554</u>	<u>\$ 45,214,912</u>	<u>\$ 125,774,466</u>

Changes in endowment net assets for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ 80,559,554	\$ 45,214,912	\$ 125,774,466
Interest and dividends	1,150,991	875,992	2,026,983
Investment loss, net	14,346,369	10,950,536	25,296,905
Contributions	20,207,517	604,516	20,812,033
Released from restriction, expenditures and transfers	(8,740,108)	(3,909,629)	(12,649,737)
Endowment net assets, ending	<u>\$ 107,524,323</u>	<u>\$ 53,736,327</u>	<u>\$ 161,260,650</u>

Changes in endowment net assets for the year ended June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ 60,711,134	\$ 45,074,393	\$ 105,785,527
Interest and dividends	772,036	1,225,472	1,997,508
Investment income, net	(187,608)	(222,858)	(410,466)
Contributions	27,765,358	1,663,703	29,429,061
Released from restriction, expenditures and transfers	(8,501,366)	(2,525,798)	(11,027,164)
Endowment net assets, ending	<u>\$ 80,559,554</u>	<u>\$ 45,214,912</u>	<u>\$ 125,774,466</u>

Permanent Endowment:

	<u>2021</u>	<u>2020</u>
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA	<u>\$ 37,587,226</u>	<u>\$ 37,017,608</u>

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

13. ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Federation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions and amounted to approximately \$38,000 and \$16,000 at June 30, 2021 and 2020, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriations for certain programs that were deemed prudent by the Federation. At June 30, 2021 and 2020, the fair market value of these donor restricted endowment funds was approximately \$37,513,000 and \$37,018,000, respectively.

Return Objectives and Risk Parameters

The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Federation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Federation, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary.

The Federation invests the endowment funds in its investment pool. Each year, the Federation credits the endowment funds based on a portfolio performance based structure, with the exception of certain Special Purpose Funds that will continue to receive 5% based on contractual obligations.

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 through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Federation targets a diversified asset allocation that places emphasis on investments in equities and mutual funds to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

On Federation-held investments, the Federation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. The Federation has an endowment variable spending policy of up to 6.5% which provides for steady growth in annual spending. Any income earned in excess of the spending limit is reinvested while funds may be withdrawn from investment return earned in prior years if income is less than the spending policy provision. This is designed to insulate investment policy from budgetary pressures, and to insulate program spending from fluctuation in capital markets. In May 2017, the Board of Directors approved a strategic plan with a projected cost that may increase the spending percentage to be in excess of the 6.5% spending policy. For the years ended June 30, 2021 and 2020, the actual spending percentage was approximately 23.2% and 13.1%, respectively.

Included in the Federation's endowment as of June 30, 2021 and 2020 are donor advised funds amounting to approximately \$11,655,000 and \$9,573,000, respectively. The Federation serves as the sponsoring organization, in accordance with IRS regulations, to separately-identified donor advised fund accounts comprised of contributions made by donors and related earnings from investments. Once donors make contributions, the Federation has exclusive legal control over the funds. The donor, or the donor's named representatives, retains advisory privileges with respect to the distribution of funds and, in a limited manner, the investment of assets in the account. The Federation typically honors donors' grant recommendations for grants to 501(c)(3) public charities, in good standing with the IRS, for charitable purposes that are not in conflict with the Federation's mission, subject to the Federation's review and approval.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

14. RENTAL INCOME

In June 2018, the Federation entered into a 10-year lease agreement with Goodman Jewish Family Services of Broward County to lease space which commenced on July 1, 2018. Additionally, in June 2018, the Federation entered into a 5-year lease agreement with Jewish Family Home Care, Inc. to lease space which commenced on July 1, 2018. The lease agreement with Jewish Family Home Care, Inc. allows them to exercise an additional 5-year option.

The following is a schedule by years of approximate future minimum rentals under there agreements at June 30, 2021:

Years ending June 30,		
	2022	\$ 183,000
	2023	183,000
	2024	122,000
	2025	122,000
	2026	122,000
	Thereafter	<u>244,000</u>
		<u>\$ 976,000</u>

15. COMMITMENTS AND CONTINGENCIES

Litigation

The Federation may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Federation's financial statements or results of operations.

16. CONTRIBUTION FROM SALE OF PROJECT ASSETS

The Federation is a Project sponsor of three affordable housing entities: Federation Housing, Inc. d/b/a Federation Gardens (in Sunrise), South Broward Jewish Federation Housing II, Inc. d/b/a Federation Gardens (in Davie), and Federation Landings, Inc.

On May 29, 2020, Federation Housing, Inc. d/b/a Federation Gardens (in Sunrise) completed the sale of its land, buildings, and related fixed assets to a third party (the "Buyer"). The Buyer is required to continue to operate the project as affordable housing facilities for low-income elderly for at least 30 years. Upon closing on May 29, 2020, the Federation received net proceeds of approximately \$25,431,000, which is included with the caption "Contribution from sale of project assets" on the accompanying Statement of Activities for the year ended June 30, 2020. The proceeds were designated by the Board of Directors as "Board designated endowment funds." The funds will be subject to the Federation's spending policy (NOTE 14).

On October 7, 2020, South Broward Jewish Federation Housing II, Inc. d/b/a Federation Gardens (in Davie) completed the sale of its land, buildings, and related fixed assets to the Buyer. The Buyer is required to continue to operate the project as affordable housing facilities for low-income elderly for at least 30 years. Upon closing on October 7, 2020, the Federation received net proceeds of approximately \$14,940,000.

**THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.
D/B/A JEWISH FEDERATION OF BROWARD COUNTY**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

17. SUBSEQUENT EVENTS

The Federation has evaluated subsequent events through June 2, 2022, which is the date the financial statements were available to be issued.

On September 1, 2021, the Company received notice that it received forgiveness of its PPP loan and accrued interest in the amount of approximately \$723,000 (NOTE 8).

Since the June 30, 2021, market values in global financial markets have incurred significant losses. As a result, the Federation's investments have incurred significant decline in fair value. However, because the values of the Federation's investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined at this time.