



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

Financial Statements
As of and for the Years Ended June 30, 2022 and
2021

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

Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

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

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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 statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

BDO USA, LLP

Boca Raton, Florida
March 31, 2023

Financial Statements

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

Statements of Financial Position

| <i>June 30,</i> | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,474,527 | \$ 2,286,327 |
| Investments, at fair value | 159,136,678 | 175,221,198 |
| Pledges receivable, net | 2,762,730 | 2,302,452 |
| Other receivables | 225,161 | 591,119 |
| Trust assets managed by others | 501,596 | 646,664 |
| Other assets | 407,337 | 83,349 |
| Property and equipment, net | 10,881,513 | 11,301,549 |
| Total Assets | 176,389,542 | 192,432,658 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | 1,529,890 | 1,422,287 |
| Allocations payable | 5,989,012 | 5,690,592 |
| Paycheck Protection Program loan payable | - | 723,085 |
| Trust assets held on behalf of affiliated agencies | 13,846,387 | 12,837,439 |
| Split-interest agreements | 2,220,879 | 2,502,385 |
| Agency funds | 3,586,581 | 166,244 |
| Total Liabilities | 27,172,749 | 23,342,032 |
| Commitments And Contingencies (Notes 1, 2, 3, 5, 7, 9, 10, 11, 12, 13, & 15) | | |
| Net Assets | | |
| Without donor restrictions (including \$70,974,347 and \$83,559,030 of Board designated endowment funds at June 30, 2022 and 2021, respectively) | 99,275,765 | 112,691,405 |
| With donor restrictions | 49,941,028 | 56,399,221 |
| Total Net Assets | 149,216,793 | 169,090,626 |
| Total Liabilities and Net Assets | \$ 176,389,542 | \$ 192,432,658 |

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

| <i>Year ended June 30,</i> | 2022 | | | 2021 | | |
|--|-------------------------------|----------------------------|-----------------------|-------------------------------|----------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenue and Support | | | | | | |
| Campaign contributions, net | \$ 3,366,899 | \$ 1,914,852 | \$ 5,281,751 | \$ 3,419,814 | \$ 1,480,692 | \$ 4,900,506 |
| Planned giving, other contributions and change in split-interest agreements | 6,051,457 | 179,041 | 6,230,498 | 4,378,742 | 894,895 | 5,273,637 |
| Contribution from sale of project assets (Note 16) | 530,911 | - | 530,911 | 14,940,419 | - | 14,940,419 |
| Program income | 799,919 | 548,000 | 1,347,919 | 465,106 | - | 465,106 |
| Other income including in-kind rental income (Note 14) | 2,382,931 | - | 2,382,931 | 1,698,445 | - | 1,698,445 |
| Recovery of pledges receivable previously written off | - | - | - | 959,783 | - | 959,783 |
| Net assets released from restrictions | 3,299,122 | (3,299,122) | - | 5,720,717 | (5,720,717) | - |
| Total Revenue and Support before Investment Income | 16,431,239 | (657,229) | 15,774,010 | 31,583,026 | (3,345,130) | 28,237,896 |
| Investment (loss) income, net (Note 4) | (10,499,191) | (5,800,964) | (16,300,155) | 15,970,689 | 11,826,528 | 27,797,217 |
| Total Revenue and Support | 5,932,048 | (6,458,193) | (526,145) | 47,553,715 | 8,481,398 | 56,035,113 |
| Expenses | | | | | | |
| Program services: | | | | | | |
| Allocations | 13,096,456 | - | 13,096,456 | 14,459,994 | - | 14,459,994 |
| Program services | 3,013,398 | - | 3,013,398 | 2,522,919 | - | 2,522,919 |
| Management and general | 1,960,575 | - | 1,960,575 | 1,495,820 | - | 1,495,820 |
| Fundraising | 1,277,259 | - | 1,277,259 | 1,264,413 | - | 1,264,413 |
| Total Expenses | 19,347,688 | - | 19,347,688 | 19,743,146 | - | 19,743,146 |
| Change in Net Assets | (13,415,640) | (6,458,193) | (19,873,833) | 27,810,569 | 8,481,398 | 36,291,967 |
| Net Assets, at beginning of year | 112,691,405 | 56,399,221 | 169,090,626 | 84,880,836 | 47,917,823 | 132,798,659 |
| Net Assets, at end of year | \$ 99,275,765 | \$ 49,941,028 | \$ 149,216,793 | \$ 112,691,405 | \$ 56,399,221 | \$ 169,090,626 |

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 Functional Expenses

| <i>Year Ended June 30, 2022</i> | Program Services | | | Supporting Services | | | Total Expenses |
|---|-------------------|---------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|
| | Allocations | Program Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Allocations | | | | | | | |
| Allocations to Jewish Federations of North America | \$ 771,317 | \$ - | \$ 771,317 | \$ - | \$ - | \$ - | \$ 771,317 |
| Allocations made by Jewish Community Foundation | 7,338,580 | - | 7,338,580 | - | - | - | 7,338,580 |
| Allocations to local, state and national agencies including in-kind rent of approximately \$1,222,000 | 4,986,559 | - | 4,986,559 | - | - | - | 4,986,559 |
| Total allocations | 13,096,456 | - | 13,096,456 | - | - | - | 13,096,456 |
| Salaries and related benefits | | | | | | | |
| Salaries | - | 1,763,464 | 1,763,464 | 769,957 | 946,097 | 1,716,054 | 3,479,518 |
| Payroll taxes | - | 126,392 | 126,392 | 52,528 | 59,473 | 112,001 | 238,393 |
| Employee health and other benefits | - | 151,259 | 151,259 | 85,320 | 68,252 | 153,572 | 304,831 |
| Total salaries and related benefits | - | 2,041,115 | 2,041,115 | 907,805 | 1,073,822 | 1,981,627 | 4,022,742 |
| Advertising | - | 28,072 | 28,072 | 14,254 | 12,078 | 26,332 | 54,404 |
| Auto/transportation | - | 5,116 | 5,116 | 2,598 | 2,201 | 4,799 | 9,915 |
| Bad debt | - | - | - | 322,880 | - | 322,880 | 322,880 |
| Bank charges and credit card fees | - | 4,157 | 4,157 | 22,846 | 56,142 | 78,988 | 83,145 |
| Community activities | - | 614,409 | 614,409 | 12,539 | - | 12,539 | 626,948 |
| Conferences | - | 23,454 | 23,454 | 16,928 | 1,537 | 18,465 | 41,919 |
| Consulting | - | 41,376 | 41,376 | 9,459 | 19,157 | 28,616 | 69,992 |
| Depreciation | - | 55,470 | 55,470 | 97,888 | 9,789 | 107,677 | 163,147 |
| Insurance | - | 10,021 | 10,021 | 90,192 | - | 90,192 | 100,213 |
| Interest | - | - | - | 42 | - | 42 | 42 |
| Local meetings | - | 17,094 | 17,094 | 82,785 | 7,422 | 90,207 | 107,301 |
| Occupancy | - | 76,685 | 76,685 | 164,430 | 33,582 | 198,012 | 274,697 |
| Office service and equipment contracts | - | 54,465 | 54,465 | 30,490 | 24,393 | 54,883 | 109,348 |
| Office supplies and other | - | 17,958 | 17,958 | 23,204 | 578 | 23,782 | 41,740 |
| Other | - | - | - | 7,658 | 1,137 | 8,795 | 8,795 |
| Postage | - | 1,741 | 1,741 | 17,976 | 264 | 18,240 | 19,981 |
| Printing | - | 1,005 | 1,005 | 3,498 | 23,323 | 26,821 | 27,826 |
| Professional fees | - | 11,810 | 11,810 | 119,235 | - | 119,235 | 131,045 |
| Telephone | - | 9,450 | 9,450 | 13,868 | 11,834 | 25,702 | 35,152 |
| Total Functional Expenses | 13,096,456 | \$ 3,013,398 | \$ 16,109,854 | \$ 1,960,575 | \$ 1,277,259 | \$ 3,237,834 | \$ 19,347,688 |

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 Functional Expenses

| <i>Year Ended June 30, 2021</i> | Program Services | | | Supporting Services | | | Total Expenses |
|---|----------------------|---------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|
| | Allocations | Program Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Allocations | | | | | | | |
| Allocations to Jewish Federations of North America | \$ 730,094 | \$ - | \$ 730,094 | \$ - | \$ - | \$ - | \$ 730,094 |
| Allocations made by Jewish Community Foundation | 8,830,415 | - | 8,830,415 | - | - | - | 8,830,415 |
| Allocations to local, state and national agencies including in-kind rent of approximately \$1,193,000 | 4,899,485 | - | 4,899,485 | - | - | - | 4,899,485 |
| Total allocations | 14,459,994 | - | 14,459,994 | - | - | - | 14,459,994 |
| Salaries and related benefits | | | | | | | |
| Salaries | - | 1,672,918 | 1,672,918 | 789,175 | 957,232 | 1,746,407 | 3,419,325 |
| Payroll taxes | - | 113,057 | 113,057 | 67,063 | 56,358 | 123,421 | 236,478 |
| Employee health and other benefits | - | 154,280 | 154,280 | 107,669 | 57,504 | 165,173 | 319,453 |
| Total salaries and related benefits | - | 1,940,255 | 1,940,255 | 963,907 | 1,071,094 | 2,035,001 | 3,975,256 |
| Advertising | - | 23,657 | 23,657 | 9,820 | 11,159 | 20,979 | 44,636 |
| Auto/transportation | - | 2,602 | 2,602 | 3,402 | 4,002 | 7,404 | 10,006 |
| Bank charges and credit card fees | - | 5,091 | 5,091 | 14,001 | 44,547 | 58,548 | 63,639 |
| Community activities | - | 249,056 | 249,056 | 10,377 | - | 10,377 | 259,433 |
| Conferences | - | 1,324 | 1,324 | 505 | 279 | 784 | 2,108 |
| Consulting | - | 43,798 | 43,798 | 12,450 | 18,258 | 30,708 | 74,506 |
| Depreciation | - | 53,411 | 53,411 | 94,255 | 9,425 | 103,680 | 157,091 |
| Insurance | - | 8,013 | 8,013 | 72,119 | - | 72,119 | 80,132 |
| Interest | - | - | - | 933 | - | 933 | 933 |
| Local meetings | - | 4,639 | 4,639 | 19,520 | 6,400 | 25,920 | 30,559 |
| Occupancy | - | 98,867 | 98,867 | 93,137 | 38,263 | 131,400 | 230,267 |
| Office service and equipment contracts | - | 45,594 | 45,594 | 26,325 | 22,875 | 49,200 | 94,794 |
| Office supplies and other | - | 11,452 | 11,452 | 9,407 | 6,425 | 15,832 | 27,284 |
| Other | - | 3,721 | 3,721 | 3,256 | 2,211 | 5,467 | 9,188 |
| Postage | - | 873 | 873 | 18,743 | 769 | 19,512 | 20,385 |
| Printing | - | 9,879 | 9,879 | 1,135 | 15,008 | 16,143 | 26,022 |
| Professional fees | - | 11,810 | 11,810 | 130,880 | 975 | 131,855 | 143,665 |
| Telephone | - | 8,877 | 8,877 | 11,648 | 12,723 | 24,371 | 33,248 |
| Total Functional Expenses | \$ 14,459,994 | \$ 2,522,919 | \$ 16,982,913 | \$ 1,495,820 | \$ 1,264,413 | \$ 2,760,233 | \$ 19,743,146 |

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

| <i>Year Ended June 30,</i> | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ (19,873,833) | \$ 36,291,967 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 540,887 | 556,593 |
| Net realized and unrealized losses (gains) on investments | 18,259,957 | (26,134,669) |
| Forgiveness of Paycheck Protection Program loan | (723,085) | - |
| Change in discount on pledges receivable | 36,128 | (2,740) |
| Endowment contributions | (207,684) | (58,084) |
| Bad debt expense (recovery) | 322,880 | (959,783) |
| Change in split-interest agreements | (201,023) | 279,526 |
| (Increase) decrease in assets: | | |
| Pledges receivable | (945,869) | (208,675) |
| Other receivables | 365,958 | (486,725) |
| Trust assets managed by others | 145,068 | 495,759 |
| Other assets | (323,988) | (29,123) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 107,603 | 692,332 |
| Allocations payable | 298,420 | 1,799,584 |
| Agency funds | 3,420,337 | 18,619 |
| Total Adjustments | 21,095,589 | (24,037,386) |
| Net Cash Provided by Operating Activities | 1,221,756 | 12,254,581 |
| Cash Flows from Investing Activities: | | |
| Purchases of property and equipment | (120,851) | (41,820) |
| Proceeds from sale of investments | 34,591,210 | 25,335,465 |
| Purchases of investments | (36,766,647) | (37,369,462) |
| Net Cash Used in Investing Activities | (2,296,288) | (12,075,817) |
| Cash Flows from Financing Activities: | | |
| Endowment contributions | 334,267 | 58,084 |
| Repayments on split-interest obligations | (80,483) | (202,946) |
| Trust assets held on behalf of affiliated agencies | 1,008,948 | 2,727,775 |
| Proceeds from line of credit | 272,762 | 1,655,638 |
| Repayments on line of credit | (272,762) | (2,374,438) |
| Repayments on note payable | - | (3,753,846) |
| Net Cash Provided by (Used in) Financing Activities | 1,262,732 | (1,889,733) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 188,200 | (1,710,969) |
| Cash and Cash Equivalents, at beginning of year | 2,286,327 | 3,997,296 |
| Cash and Cash Equivalents, at end of year | \$ 2,474,527 | \$ 2,286,327 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid for interest | \$ 42 | \$ 8,465 |

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

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 affiliated 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.

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Notes to Financial Statements

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.

Other Receivables

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 affiliated 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, 2022 and 2021 totaled approximately \$378,000 and \$407,000, respectively. Additionally, in-kind rental income and expense for donated facilities totaled approximately \$1,222,000 and \$1,193,000 for the years ended June 30, 2022 and 2021, respectively.

Revenue Recognition

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.

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

Notes to Financial Statements

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 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.

Program and Other Income

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

| <i>Year ended June 30,</i> | 2022 | 2021 |
|--|-------------|-------------|
| Couvert revenue (included in program income) | \$ 334,503 | \$ 57,214 |
| Investment management fee (included in other income) | 260,606 | 313,034 |
| Total revenue subject to ASC 606 | \$ 595,109 | \$ 370,248 |

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

**The United Jewish Community of Broward County, Inc.
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Notes to Financial Statements

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 \$54,000 and \$184,000 for the years ended June 30, 2022 and 2021, 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, at fair value” and totaled approximately \$1,112,000 and \$1,134,000 at June 30, 2022 and 2021, respectively. Additionally, certain assets are reflected as “Trust assets managed by others” and totaled approximately \$502,000 and \$647,000 at June 30, 2022 and 2021, respectively. The liabilities of the split-interest agreements, included in the accompanying Statements of Financial Position, totaled approximately \$2,221,000 and \$2,502,000 at June 30, 2022 and 2021, 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. Personnel and all other expenses, except depreciation, are allocated among program and supporting services based on estimated time and effort. Depreciation is allocated among program and supporting services based on estimated usage of square footage.

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 (loss) 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, 2022 and 2021, 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 other receivables, other assets, accounts payable and accrued expenses, line of credit, allocation payable, trust assets

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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, 2022 and 2021.

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.

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.

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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 an investment committee, 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 Internal Revenue Code and sales and use tax under the laws of the State of Florida.

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, 2022, and 2021. The Federation does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Federation is subject to routine audits by a taxing authority. As of June 30, 2022 and 2021, the Federation was not subject to any examination by a taxing authority.

Recently Adopted Accounting Pronouncements

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

In September 2020, the Financial Accounting Standards Board ("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 adopted this pronouncement during the year ended June 30, 2022. The adoption did not have a material effect on the Federation's 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, 2024. The Federation adopted this pronouncement during the year ended June 30, 2022. The adoption did not have a material effect on the Federation's financial statements.

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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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

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 (\$70,974,347 and \$83,559,030 as of June 30, 2022 and 2021, 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.

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.

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The Federation's financial assets available within one year of the Statements of Financial Position date for general expenditures are as follows:

| <i>June 30,</i> | 2022 | 2021 |
|--|--------------------|--------------------|
| Cash and cash equivalents | \$ 2,474,527 | \$ 2,286,327 |
| Pledges receivable, net | 2,762,730 | 2,302,452 |
| Other receivables | 225,161 | 591,119 |
| Investments, at fair value | 159,136,678 | 175,221,198 |
| Trust assets managed by others | 501,596 | 646,664 |
| Total Financial Assets | 165,100,692 | 181,047,760 |
| Less: amounts not available to be used within one year or without board approval: | | |
| Donor advised philanthropic funds | 11,178,177 | 11,654,704 |
| Annual campaign endowments and lion of judah endowments | 10,786,796 | 12,310,590 |
| Obligations to affiliated agencies for assets held in trust | 13,846,387 | 12,837,439 |
| Time restrictions greater than one year | 533,322 | 456,599 |
| Endowed in perpetuity | 37,594,021 | 37,587,226 |
| Board designated endowment | 70,974,347 | 83,559,030 |
| Split-interest agreements - investments | 6,263,264 | 3,161,207 |
| Trust assets managed by others | 501,596 | 646,664 |
| Total financial assets not available to be used for general expenditures within one year | 151,677,910 | 162,213,459 |
| Total financial assets available to management for general expenditures within one year | \$ 13,422,782 | \$ 18,834,301 |

3. Pledges Receivable, Net

Pledges receivable, net consists of annual campaign pledges, PJ Library Endowment pledges, March of the Living and Friends endowment pledges, and Women's Foundation endowment pledges. Pledges receivable pertaining to the general campaign represents commitments from donors to fund the ongoing operations of the Federation. Pledges receivables are reported as assets at their net realizable value.

Pledges receivable, net are as follows:

| <i>June 30,</i> | 2022 | 2021 |
|---|---------------------|---------------------|
| Gross pledges receivable | \$ 3,051,188 | \$ 2,502,452 |
| Less: allowance for estimated uncollectible pledges | (260,377) | (191,953) |
| Less: discount on long-term pledges | (28,081) | (8,047) |
| | \$ 2,762,730 | \$ 2,302,452 |

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Pledges receivable with payment terms in excess of one year have been discounted using a market rate of interest (approximately 2.79% and 3.40% as of June 30, 2022 and 2021, respectively) to reflect their estimated present value. Pledges receivable are unsecured and are primarily from South Florida residents.

Payments due on pledges receivable as of June 30, 2022 are as follows:

| <i>Years Ending June 30,</i> | Amount |
|------------------------------|---------------------|
| 2023 | \$ 2,586,753 |
| 2024 | 217,635 |
| 2025 | 140,800 |
| 2026 | 106,000 |
| | \$ 3,051,188 |

Bad debt expense (recovery) totaled approximately \$323,000 and (\$960,000) for the years ended June 30, 2022 and 2021, respectively, and was included in the Statements of Functional Expenses as an expense and in the Statements of Activities as revenue, respectively.

4. Investments, at Fair Value

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

| <i>June 30,</i> | 2022 | 2021 |
|--------------------------|-----------------------|-----------------------|
| Money market funds | \$ 8,181,705 | \$ 11,665,782 |
| Equity securities | 2,386,665 | 889,271 |
| Bonds | 2,214,854 | 1,487,038 |
| Mutual funds | 120,104,556 | 138,739,436 |
| State of Israel bonds | 3,374,200 | 3,373,201 |
| Alternative investments | 22,874,698 | 19,066,470 |
| Total Investments | \$ 159,136,678 | \$ 175,221,198 |

Investment (loss) income, net, from investments is comprised of the following:

| <i>Year ended June 30,</i> | 2022 | 2021 |
|---|------------------------|----------------------|
| Interest and dividends (net of fees of approximately \$638,000 and \$570,000 for the year ended June 30, 2022 and 2021, respectively) | \$ 1,959,802 | \$ 1,662,548 |
| Net realized gain | 13,474,690 | 3,892,326 |
| Net unrealized (loss) gain | (31,734,647) | 22,242,343 |
| Investment (loss) income, net | \$ (16,300,155) | \$ 27,797,217 |

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Certain investments have been invested on behalf of affiliated agencies (Note 9). These investments are reflected as “Investments, at fair value” and “Trust assets held on behalf of agencies” in the Statements of Financial Position. As of June 30, 2022 and 2021, total investments of \$13,846,387 and \$12,837,439, 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) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under the FASB ASC 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 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, 2022 and 2021.

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.

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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.

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The following tables represent the Federation's investments that are measured at fair value on a recurring basis at June 30, 2022 and 2021 for each of the fair value hierarchy levels:

Fair Value Measurements at June 30, 2022

| 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 | \$ 8,181,705 | \$ 8,181,705 | \$ - | \$ - |
| Equity securities | 2,386,665 | 2,128,724 | 257,941 | - |
| Bonds | 2,214,854 | 271,838 | 1,943,016 | - |
| Mutual funds | 120,104,556 | 120,104,556 | - | - |
| State of Israel bonds | 3,374,200 | - | 3,374,200 | - |
| Total assets in the fair value hierarchy | 136,261,980 | 130,686,823 | 5,575,157 | - |
| Investments measured at net asset value * | 22,874,698 | - | - | - |
| | \$ 159,136,678 | \$ 130,686,823 | \$ 5,575,157 | \$ - |

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 | \$ - |

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(*) 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.

| | Fair Value as of 6/30/2022 | Fair Value as of 6/30/2021 | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---------------------------------------|----------------------------------|----------------------------------|-------------------------|-------------------------|-----------------------------|
| SEI Core Property Fund, LP (a) | \$ 10,705,172 | \$ 8,462,099 | \$ - | Quarterly | 95 days |
| SEI Structured Credit Master Fund (b) | 7,492,095 | 7,256,098 | - | Quarterly | 65 days |
| SEI Global Private Assets IV Fund (c) | 3,806,024 | 2,833,844 | 1,562,939 | None* | N/A* |
| SEI Global Private Assets V Fund (c) | 600,287 | 241,728 | 1,334,161 | None* | N/A* |
| UBS PACE Fund (d) | 271,120 | 272,701 | - | Not available | 90 days |
| Total | \$ 22,874,698 | \$ 19,066,470 | \$ 2,897,100 | | |

* - 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.

In March 2023, the Federation entered into a new investment agreement with SEI with a total capital commitment of \$11,800,000, which is unfunded as of the date the financial statements were available to be issued.

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).

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- d) 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.

6. Property and Equipment, Net

Property and equipment, net is comprised of the following:

| <i>June 30,</i> | 2022 | 2021 |
|--------------------------------|----------------------|----------------------|
| Land and improvements | \$ 5,194,519 | \$ 5,194,519 |
| Buildings and equipment | 21,349,089 | 21,349,089 |
| Furniture and equipment | 312,604 | 191,753 |
| | 26,856,212 | 26,735,361 |
| Less: accumulated depreciation | (15,974,699) | (15,433,812) |
| Total | \$ 10,881,513 | \$ 11,301,549 |

Total depreciation expense for the years ended June 30, 2022 and 2021 was approximately \$541,000 and \$557,000, respectively. Depreciation expense related to the buildings and equipment at the JCC and the DPJDS was approximately \$378,000 and \$400,000 for the years ended June 30, 2022 and 2021, respectively, and is included in "Allocations" in the accompanying Statements of Activities. The remaining balance of approximately \$163,000 and \$157,000 is included under the caption "Depreciation" in the accompanying Statements of Functional Expenses for the years ended June 30, 2022 and 2021, 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 the date the financial statements were available to be issued, the Federation was in the process of renewing the line of credit. The expected renewal is a four month extension with an interest rate of the Secured Overnight Financing Rate plus 1.5%. As of June 30, 2022 and 2021, there was no balance on the line. Interest is payable at the 1-month LIBOR rate plus 100 basis points and was 2.79% and 1.16% as of June 30, 2022 and 2021, respectively. Interest expense under the line of credit for the years ended June 30, 2022 and 2021 was approximately \$40 and \$1,000, 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 began accruing interest at a rate of 1.00% on the effective date. Principal payments were due in equal monthly installments commencing

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November 2020. The loan was set to mature on May 7, 2022, at which time all unpaid principal and accrued interest would be 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 as of June 30, 2021. On September 1, 2021, the Federation received notice that it received forgiveness of its PPP loan and accrued interest in the amount of approximately \$723,000. During the year ended June 30, 2022, this amount was recognized as a contribution and is included in the caption "Other income including in-kind rental income" in the Statements of Activities.

9. Trust Assets Held on Behalf of Affiliated Agencies

The Federation entered into an agreement with certain affiliated 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 affiliated agencies:

| <i>June 30,</i> | 2022 | 2021 |
|---|----------------------|----------------------|
| Friends of the March of the Living | \$ 2,197,733 | \$ 2,054,472 |
| Jewish Adoption and Foster Care Options | 3,522,161 | 4,125,778 |
| Jewish Family Service | 4,841,526 | 2,689,037 |
| David Posnack Jewish Community Center | 1,484,453 | 1,771,332 |
| Leo Martin Friends of the March of the Living | 876,590 | 873,789 |
| Temple Bat Yam | 675,867 | 925,419 |
| Brauser Maimonides Academy | 54,530 | 56,884 |
| Temple Beth El | - | 27,844 |
| Etz Chaim | 193,527 | 312,884 |
| Total | \$ 13,846,387 | \$ 12,837,439 |

10. 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, 2022 and 2021 were approximately \$99,000 and \$105,000, respectively.

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11. 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:

| <i>June 30,</i> | 2022 | 2021 |
|---|----------------------|----------------------|
| Special purpose funds and appreciation of endowment funds not appropriated | \$ 45,566,491 | \$ 52,748,241 |
| Split-interest agreements and trust assets managed by others | 776,843 | 955,539 |
| Other | 2,754,787 | 1,707,355 |
| Lion of Judah endowment funds | 581,899 | 680,387 |
| Annual contribution endowment funds | 261,008 | 307,699 |
| | \$ 49,941,028 | \$ 56,399,221 |

12. 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.

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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, 2022 and 2021, 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.

Summary of Endowment Assets at June 30, 2022:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-----------------------|
| Donor restricted endowment funds | \$ - | \$ 46,409,399 | \$ 46,409,399 |
| Board designated endowment funds | 70,974,347 | - | 70,974,347 |
| Philanthropic and annual campaign endowment funds | 21,964,973 | - | 21,964,973 |
| Total Endowment Net Assets | \$ 92,939,320 | \$ 46,409,399 | \$ 139,348,719 |

Summary of Endowment Assets at June 30, 2021:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-----------------------|
| 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 | \$ 107,524,323 | \$ 53,736,327 | \$ 161,260,650 |

Changes in endowment net assets for the year ended June 30, 2022:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|-----------------------|
| Endowment net assets, beginning | \$ 107,524,323 | \$ 53,736,327 | \$ 161,260,650 |
| Interest and dividends | 1,208,731 | 704,426 | 1,913,157 |
| Investment loss, net | (11,202,701) | (6,505,390) | (17,708,091) |
| Contributions | 6,204,104 | 162,300 | 6,366,404 |
| Released from restriction, expenditures and transfers | (10,795,137) | (1,688,264) | (12,483,401) |
| Endowment Net Assets, ending | \$ 92,939,320 | \$ 46,409,399 | \$ 139,348,719 |

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

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|-----------------------|
| 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 income, 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 | \$ 107,524,323 | \$ 53,736,327 | \$ 161,260,650 |

Permanent Endowment:

| For the Years Ended June 30, | 2022 | 2021 |
|---|----------------------|----------------------|
| The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA | \$ 37,594,021 | \$ 37,587,226 |

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 \$74,000 and \$38,000 at June 30, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriations for certain programs that were deemed prudent by the Federation. At June 30, 2022 and 2021, the fair market value of these donor restricted endowment funds was approximately \$1,359,000 and \$769,000, 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.

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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, 2022 and 2021, the actual spending percentage was approximately 6.4% and 23.2%, respectively. The Board approved additional spending outside of the spend policy for the year ended June 30, 2021 as a result of extraordinary circumstances including the contribution from sale of project assets and additional community needs as a result of the pandemic.

Included in the Federation's endowment as of June 30, 2022 and 2021 are donor advised funds amounting to approximately \$11,178,000 and \$11,655,000, 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.

13. 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.

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The following is a schedule by years of approximate future minimum rentals under the agreements at June 30, 2022:

| <i>Years ending June 30,</i> | Amount |
|------------------------------|-------------------|
| 2023 | \$ 183,000 |
| 2024 | 122,000 |
| 2025 | 122,000 |
| 2026 | 122,000 |
| 2027 | 122,000 |
| Thereafter | 122,000 |
| | \$ 793,000 |

14. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) were as follows:

| Nonfinancial Asset | Revenue Recognized June 30, 2022 | Revenue Recognized June 30, 2021 | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
|--------------------|-------------------------------------|-------------------------------------|---------------------------------------|----------------------------|--|
| Facility | \$ 1,221,940 | \$ 1,192,646 | Grants and Allocations | Without Donor Restrictions | The Federation estimated the fair value of the space contributed based on rent per square foot. This value is comparable to rental prices in the area. |

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 two affordable housing entities: South Broward Jewish Federation Housing II, Inc. d/b/a Federation Gardens (in Davie) and Federation Landings, Inc.

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 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 October 7, 2020, the Federation received net proceeds of approximately \$14,940,000. During the year ended June 30, 2022, the Federation received the remaining proceeds of approximately \$531,000. These amounts are in the caption “Contribution from sale of project assets” on the accompanying Statements of Activities for the years ended June 30, 2022 and 2021. 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 12).

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17. Subsequent Events

The Federation has evaluated subsequent events through March 31, 2023, which is the date the financial statements were available to be issued.

The Hebrew Day School of Broward County, Inc. d/b/a The David Posnack Jewish Day School Building Contribution

In December 2022, the Federation donated the lower school building to The Hebrew Day School of Broward County, Inc. d/b/a The David Posnack Jewish Day School. As of the date the financial statements were available to be issued, the Federation was in the process of determining the fair value of the donation.