



Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Financial Statements
Years Ended June 30, 2022 and 2021

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.



Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Financial Statements
Years Ended June 30, 2022 and 2021

Jewish Federation of Palm Beach County, Inc. and Affiliates

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Independent Auditor's Report

To the Board of Directors
Jewish Federation of Palm Beach County, Inc. and Affiliates
West Palm Beach, Florida

Opinion

We have audited the consolidated financial statements of the Jewish Federation of Palm Beach County, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Jewish Federation of Palm Beach County, Inc. and Affiliates 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 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 Consolidated Financial Statements section of our report. We are required to be independent of the Jewish Federation of Palm Beach County, Inc. and Affiliates, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Jewish Federation of Palm Beach County, Inc. and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jewish Federation of Palm Beach County, Inc. and Affiliates' 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
December 15, 2022

Consolidated Financial Statements

Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Statements of Financial Position

June 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 7,254,000	\$ 8,887,623
Investments, at fair value	118,947,331	132,235,213
Annual campaign pledges receivable, net	9,861,581	8,574,063
Capital campaign pledges receivable, net	207,870	477,124
Priority fund pledges receivable, net	250,086	-
Note receivable - Mandel Jewish Community Center	5,359,568	5,394,568
Beneficial interest in trusts	2,360,177	2,683,550
Due from estates	287,500	718,280
Prepaid expenses and other assets	1,499,271	1,510,423
Property and equipment, net	31,429,622	32,652,898
Total Assets	\$ 177,457,006	\$ 193,133,742
Liabilities And Net Assets		
Liabilities		
Accounts payable and other accrued liabilities	\$ 1,042,892	\$ 890,614
Line of credit	2,826,596	2,826,596
Allocations payable - The Jewish Federations of North America	4,204,499	4,320,084
Allocations payable - other beneficiary agencies	3,962,667	3,317,543
Designated campaign gifts payable	767,396	685,890
Grants payable	-	3,100,000
Split-interest agreements	1,916,389	2,085,177
Obligations to affiliated agencies for assets held in trust	10,919,952	6,529,961
Capital leases payable	29,578	122,398
Loan payable	11,315,790	11,842,105
Total Liabilities	36,985,759	35,720,368
Commitments and Contingencies (Notes 1, 2, 5, 9, 10, 12, 14, 15 and 18)		
Net Assets		
Without donor restrictions:		
Unrestricted	67,701,802	75,441,396
Board designated	19,136,510	21,579,422
Total without donor restrictions	86,838,312	97,020,818
With donor restrictions	53,632,935	60,392,556
Total Net Assets	140,471,247	157,413,374
Total Liabilities and Net Assets	\$ 177,457,006	\$ 193,133,742

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

Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Statements of Activities

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Operating Revenues						
Public Support:						
Annual campaign contributions, net	\$ 16,034,815	\$ 2,844,027	\$ 18,878,842	\$ 16,009,413	\$ 1,055,011	\$ 17,064,424
Capital campaign contributions, net	-	-	-	1,500,993	-	1,500,993
Priority fund contributions, net	-	269,586	269,586	-	-	-
Special designated campaign contributions	1,327,049	93,323	1,420,372	134,119	-	134,119
Other contribution revenue	690,527	1,079,116	1,769,643	1,250,104	78,315	1,328,419
Grants from philanthropic funds and endowment funds	(2,352,532)	-	(2,352,532)	(2,260,109)	-	(2,260,109)
Campaign contributions, net	15,699,859	4,286,052	19,985,911	16,634,520	1,133,326	17,767,846
Legacies, bequests and endowment funds including change in value of split-interest agreements	7,391,199	178,323	7,569,522	9,769,184	2,213,287	11,982,471
Net assets released from restrictions	4,266,366	(4,266,366)	-	3,212,912	(3,212,912)	-
Total Public Support	27,357,424	198,009	27,555,433	29,616,616	133,701	29,750,317
Operating Revenues:						
Investment return appropriated for current operations	2,350,600	1,173,970	3,524,570	1,604,000	1,872,849	3,476,849
In-kind rental income - nonfinancial assets	2,252,241	-	2,252,241	2,252,241	-	2,252,241
Program, event and other contributions and revenues	1,167,826	-	1,167,826	1,039,169	-	1,039,169
Rental income	374,473	-	374,473	363,566	-	363,566
Total Operating Revenue	6,145,140	1,173,970	7,319,110	5,258,976	1,872,849	7,131,825

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

Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Statements of Activities

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program Expenses:						
Grants and Allocations	\$ 18,921,567	\$ -	\$ 18,921,567	\$ 22,320,040	\$ -	\$ 22,320,040
Agency Services and Campus Operations	4,146,575	-	4,146,575	3,370,626	-	3,370,626
Federation Operating Programs	1,799,327	-	1,799,327	1,671,236	-	1,671,236
Community Program Center	2,441,207	-	2,441,207	1,934,558	-	1,934,558
Jewish Community Engagement	607,859	-	607,859	344,008	-	344,008
Total Program Expenses	27,916,535	-	27,916,535	29,640,468	-	29,640,468
Support Services:						
Fundraising	3,823,492	-	3,823,492	3,454,998	-	3,454,998
Management and General	2,819,121	-	2,819,121	3,208,974	-	3,208,974
Total Support Services	6,642,613	-	6,642,613	6,663,972	-	6,663,972
Total Expenses	34,559,148	-	34,559,148	36,304,440	-	36,304,440
Change in Net Assets from Operations	(1,056,584)	1,371,979	315,395	(1,428,848)	2,006,550	577,702
Non-Operating Changes in Net Assets						
(Deficiency) excess of investment return, net	(9,125,922)	(8,131,600)	(17,257,522)	11,781,952	11,201,802	22,983,754
Paycheck Protection Program loan forgiveness	-	-	-	1,419,917	-	1,419,917
Total Non-Operating Changes In Net Assets	(9,125,922)	(8,131,600)	(17,257,522)	13,201,869	11,201,802	24,403,671
Change In Net Assets	(10,182,506)	(6,759,621)	(16,942,127)	11,773,021	13,208,352	24,981,373
Net Assets - Beginning Of Year	97,020,818	60,392,556	157,413,374	85,247,797	47,184,204	132,432,001
Net Assets - End Of Year	\$ 86,838,312	\$ 53,632,935	\$ 140,471,247	\$ 97,020,818	\$ 60,392,556	\$ 157,413,374

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

Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year ended June 30, 2022	Program Services						Supporting Services			
	Grants and Allocations	Agency Service and Campus Operations	Federation Operating Programs	Community Program Center	Jewish Community Engagement	Total Program Services	Fundraising	Management and General	Total Support Services	Total Expenses
Grants and allocations										
Jewish Federations of North America and overseas partners	\$ 4,557,626	\$ -	\$ -	\$ -	\$ -	\$ 4,557,626	\$ -	\$ -	\$ -	\$ 4,557,626
Board approved allocations (including in-kind rent)	6,908,344	-	-	-	-	6,908,344	-	-	-	6,908,344
Planned giving, philanthropic and endowment fund distributions	7,455,597	-	-	-	-	7,455,597	-	-	-	7,455,597
Total grants and allocations	18,921,567	-	-	-	-	18,921,567	-	-	-	18,921,567
Salaries & Related Benefits										
Salaries	-	760,985	1,062,536	1,294,320	248,310	3,366,151	2,299,011	1,156,608	3,455,619	6,821,770
Payroll taxes	-	55,412	73,443	91,634	17,708	238,197	148,478	89,687	238,165	476,362
Retirement and health	-	171,741	223,305	268,300	92,100	755,446	499,081	264,253	763,334	1,518,780
Total salaries and related benefits	-	988,138	1,359,284	1,654,254	358,118	4,359,794	2,946,570	1,510,548	4,457,118	8,816,912
Operating Expenses										
Conferences, meetings and public relations	-	77,617	205,601	359,596	115,709	758,523	360,776	109,029	469,805	1,228,328
Office supplies, printing and postage	-	20,819	46,344	38,276	9,158	114,597	121,521	58,570	180,091	294,688
Occupancy	-	309,201	-	904	-	310,105	-	5,073	5,073	315,178
Security	-	405,872	1,267	8,161	941	416,241	2,585	1,955	4,540	420,781
Insurance	-	335,309	-	-	6,196	341,505	-	48,115	48,115	389,620
Repairs and maintenance	-	702,119	57,773	46,281	9,392	815,565	76,037	66,192	142,229	957,794
Telephone	-	14,300	12,141	19,292	3,673	49,406	21,801	19,423	41,224	90,630
Transportation	-	4,854	1,156	5,791	2,033	13,834	2,696	10,606	13,302	27,136
Staffing and employee relocation	-	764	2,580	1,279	277	4,900	8,393	18,289	26,682	31,582
Professional fees	-	79,975	32,792	131,076	83,179	327,022	120,567	86,440	207,007	534,029
Bad debt expense	-	-	-	-	-	-	-	642,425	642,425	642,425
Interest	-	142,108	-	-	-	142,108	-	34,836	34,836	176,944
Miscellaneous	-	16,622	8,377	88,658	211	113,868	6,443	65,003	71,446	185,314
Total operating expenses	-	2,109,560	368,031	699,314	230,769	3,407,674	720,819	1,165,956	1,886,775	5,294,449
Total expenses before depreciation and amortization	18,921,567	3,097,698	1,727,315	2,353,568	588,887	26,689,035	3,667,389	2,676,504	6,343,893	33,032,928
Depreciation and amortization	-	1,048,877	72,012	87,639	18,972	1,227,500	156,103	142,617	298,720	1,526,220
Total expenses	\$ 18,921,567	\$ 4,146,575	\$ 1,799,327	\$ 2,441,207	\$ 607,859	\$ 27,916,535	\$ 3,823,492	\$ 2,819,121	\$ 6,642,613	\$ 34,559,148

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

Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year ended June 30, 2021	Program Services						Supporting Services			
	Grants and Allocations	Agency Service and Campus Operations	Federation Operating Programs	Community Program Center	Jewish Community Engagement	Total Program Services	Fundraising	Management and General	Total Support Services	Total Expenses
Grants and allocations										
Jewish Federations of North America and overseas partners	\$ 4,489,484	\$ -	\$ -	\$ -	\$ -	\$ 4,489,484	\$ -	\$ -	\$ -	\$ 4,489,484
Board approved allocations (including in-kind rent)	6,760,109	-	-	-	-	6,760,109	-	-	-	6,760,109
Planned giving, philanthropic and endowment fund distributions	11,070,447	-	-	-	-	11,070,447	-	-	-	11,070,447
Total grants and allocations	22,320,040	-	-	-	-	22,320,040	-	-	-	22,320,040
Salaries & Related Benefits										
Salaries	-	668,021	952,722	1,125,467	172,657	2,918,867	2,163,064	1,379,718	3,542,782	6,461,649
Payroll taxes	-	49,071	71,216	79,775	14,614	214,676	143,355	95,359	238,714	453,390
Retirement and health	-	130,214	207,779	221,297	64,675	623,965	495,235	268,061	763,296	1,387,261
Total salaries and related benefits	-	847,306	1,231,717	1,426,539	251,946	3,757,508	2,801,654	1,743,138	4,544,792	8,302,300
Operating Expenses										
Conferences, meetings and public relations	-	4,676	261,529	180,668	52,575	499,448	223,676	58,202	281,878	781,326
Office supplies, printing and postage	-	9,781	31,688	21,294	4,811	67,574	60,061	38,340	98,401	165,975
Occupancy	-	254,398	-	232	-	254,630	-	4,212	4,212	258,842
Security	-	272,828	189	1,122	696	274,835	131	3,484	3,615	278,450
Insurance	-	297,316	-	-	-	297,316	-	46,102	46,102	343,418
Repairs and maintenance	-	334,887	34,395	39,719	6,984	415,985	78,369	81,385	159,754	575,739
Telephone	-	13,496	8,819	15,666	2,868	40,849	20,479	16,119	36,598	77,447
Transportation	-	3,610	80	1,409	963	6,062	297	9,204	9,501	15,563
Staffing and employee relocation	-	-	-	-	-	-	-	4,066	4,066	4,066
Professional fees	-	48,427	34,506	117,615	10,143	210,691	126,948	83,192	210,140	420,831
Bad debt expense	-	-	-	-	-	-	-	887,261	887,261	887,261
Interest	-	141,372	-	-	-	141,372	-	33,345	33,345	174,717
Miscellaneous	-	16,163	6,485	58,686	375	81,709	2,749	47,969	50,718	132,427
Total operating expenses	-	1,396,954	377,691	436,411	79,415	2,290,471	512,710	1,312,881	1,825,591	4,116,062
Total expenses before depreciation and amortization	22,320,040	2,244,260	1,609,408	1,862,950	331,361	28,368,019	3,314,364	3,056,019	6,370,383	34,738,402
Depreciation and amortization	-	1,126,366	61,828	71,608	12,647	1,272,449	140,634	152,955	293,589	1,566,038
Total expenses	\$ 22,320,040	\$ 3,370,626	\$ 1,671,236	\$ 1,934,558	\$ 344,008	\$ 29,640,468	\$ 3,454,998	\$ 3,208,974	\$ 6,663,972	\$ 36,304,440

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

Jewish Federation of Palm Beach County, Inc. and Affiliates

Consolidated Statements of Cash Flows

Year ended June 30,	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ (16,942,127)	\$ 24,981,373
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,526,220	1,566,038
Gain on forgiveness of Payroll Protection Program Loan	-	(1,419,917)
Change in discount on pledges receivable	544,910	30,432
Provision for uncollectible pledges, net	642,425	887,262
Realized gains on investments	(1,855,041)	(3,705,243)
Unrealized losses (gains) on investments	16,164,640	(21,203,308)
Endowment contributions	(915,959)	(1,720,477)
Change in split-interest agreements	1,441,765	851,679
Capital campaign contributions	-	(1,485,215)
(Increase) decrease in operating assets:		
Pledges receivable, net	(2,744,439)	(1,712,500)
Beneficial interest in trusts	323,373	(188,146)
Due from estates	430,780	1,398,960
Prepaid expenses and other assets	11,152	(200,860)
(Decrease) increase in operating liabilities:		
Accounts payable and other accrued liabilities	152,278	(168,466)
Allocations payable	529,539	470,688
Designated campaign gifts payable and grants payable	(3,018,494)	3,086,952
Net Cash (Used in) Provided by Operating Activities	(3,708,978)	1,469,252
Cash Flows From Investing Activities:		
Receipts from the Mandel Jewish Community Center	35,000	-
Proceeds from sale of investments	13,702,970	13,369,155
Purchases of investments	(14,724,687)	(18,974,701)
Purchases of property and equipment	(302,944)	(831,017)
Net Cash Used in Investing Activities	(1,289,661)	(6,436,563)
Cash Flows From Financing Activities:		
Principal payments on capital lease obligations	(92,820)	(162,140)
Increase in trust assets held on behalf of agencies	4,389,991	3,795,441
Repayments on loan payable	(526,315)	(526,315)
Payments on split-interest agreements	(1,610,553)	(961,947)
Collections from capital campaign	288,754	1,855,320
Endowment contributions	915,959	1,720,477
Net Cash Provided by Financing Activities	3,365,016	5,720,836
Net (Decrease) Increase In Cash And Cash Equivalents	(1,633,623)	753,525
Cash And Cash Equivalents - Beginning Of Year	8,887,623	8,134,098
Cash And Cash Equivalents - End Of Year	\$ 7,254,000	\$ 8,887,623
Supplemental Disclosure Of Cash Flow Information:		
Cash paid for interest	\$ 176,944	\$ 174,717

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

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Purpose and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Jewish Federation of Palm Beach County, Inc. and its Affiliates, the Palm Beach Jewish Community Campus Corporation, Inc. (“Campus Corporation”) and North Palm Beach County Jewish Community Campus Corporation (“North Campus”) (collectively the “Federation”), which are under common control. All intercompany accounts and transactions have been eliminated in the consolidation.

Purpose

The Jewish Federation of Palm Beach County, Inc. was incorporated in 1962 as a not-for-profit organization under the laws of the State of Florida to support Jewish social service, cultural and educational programs through its fundraising efforts. These fundraising activities provide financial support to numerous not-for-profit beneficiary agencies. In addition, the Jewish Federation of Palm Beach County, Inc. is a Section 501(c)(3) organization, as defined in the Internal Revenue Code (“IRC”), and is, therefore, not a private foundation and qualifies for the maximum charitable deduction for a donor.

The Campus Corporation was incorporated in 1986 as a not-for-profit organization under the laws of the State of Florida to own property used for the purpose of providing educational, cultural, recreational and social service programming for the local community.

The North Campus Corporation was incorporated in 2012 as a not-for-profit organization under the laws of the State of Florida to own property used for the purpose of providing educational, cultural, recreational and social service programming for the local community.

In addition to providing financial support to outside agencies, the Federation also supports program services for which the purposes are described by management as follows.

Israel and Overseas

Jewish Federations of North America (“JFNA”)

The JFNA is the umbrella organization representing a network of Jewish Federation communities that provide the planning and resources to support causes that are important to the Jewish community that reflect Jewish values. The Federation system provides resources and leadership in the areas of anti-Semitism and the holocaust, caregiving, aging, philanthropy, volunteerism, education, Jewish family life and creating connections between local and global Jewish communities and Israel.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Jewish Agency for Israel (“JAFI”)

The Jewish Agency for Israel serves as the main link between Israel and Jewish communities in North America and around the world. The JAFI connects the global Jewish family, bringing Jews to Israel and Israel to Jews by providing meaningful Israel engagement and facilitating immigration to Israel. The JAFI builds a better society in Israel - and beyond - energizing young Israelis and their worldwide peers to rediscover a collective sense of Jewish purpose. The JAFI continues to be the Jewish world’s first responder, prepared to address emergencies in Israel, and to rescue Jews from countries where they are at risk.

American Jewish Joint Distribution Committee (“JDC”)

The American Jewish Joint Distribution Committee (“JDC”) is dedicated to strengthening the Jewish community by helping Jews in distress around the world. The JDC focuses on alleviating hunger and hardship, rescuing Jews in danger, creating lasting connections to Jewish life and helping Israel overcome the social challenges of its most vulnerable citizens. The JDC works to foster a sense of Jewish identity in Eastern Europe and the former Soviet Union and provides an innovative welfare and relief system for needy elderly and Holocaust survivors. The JDC’s reach extends beyond the global Jewish community by providing high-impact disaster relief and long-term development assistance worldwide.

Agency Services and Campus Operations

Campus Corporation Administration and Operations

The Campus Corporation Administration and Operations program owns and maintains the real estate and facilities that are provided to affiliated and non-affiliated agencies to run their specific programs. The Campus Corporation houses and or supports the following organizations: Jack, Joseph and Morton Mandel Building (the “Jewish Federation”), the Arthur I. Meyer Jewish Academy (“Academy”), and the Mandel Jewish Community Center of the Palm Beaches, Inc. (“Mandel JCC”). In the future, the Campus Corporation may own and maintain the property in West Palm Beach and/or Palm Beach Gardens which are now owned by the Jewish Federation of Palm Beach County, Inc. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$2,899,000 and \$2,207,000, respectively.

North Campus Administration and Operations

The North Campus Administration and Operations program provides support services for information technology for the Mandel JCC. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$186,000 and \$163,000, respectively.

Agency Services

The Agency Services program provides support services for the marketing and fundraising program for the Mandel JCC, and the Academy. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$392,000 and \$227,000, respectively.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Hood Road Campus

The Hood Road Campus program maintains the real estate and facilities owned by the Federation in Palm Beach Gardens, which includes land as well as the building for the Academy. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$670,000 and \$774,000, respectively.

Federation Operating Programs

Missions

Missions serve to connect community members by travelling domestically and globally to witness and experience Federation's impact firsthand. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$79,000 and \$76,000 respectively.

Mosaic

The Mosaic program produces the television show, Mosaic, which consists of informational interviews related to local, national and international Jewish issues and their impact on the local Jewish community. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$224,000 and \$181,000, respectively.

Israel and Overseas

The Israel & Overseas Department of the Federation oversees and evaluates a comprehensive spectrum of partnership programs that directly impact and benefit the lives of thousands of Jews throughout the world. Specifically, the Federation provides funding, oversight and direct involvement in the following partnerships: in the TZAHAR (Tzfat, Hatzor and Rosh Pina) region in Israel through programs focusing on economic development, education, and assistance for at-risk youth (Youth Futures); in the city of Ramla, Israel through PACT (Parents and Children Together) and ENP (Ethiopian National Project) offering after-school enrichment programs; and in St. Petersburg, Russia through an array of welfare and Jewish renewal initiatives. Also, the volunteer shaliach's (emissary from Israel) goal is to work throughout the local community in a variety of settings and with all age groups to provide opportunities for community members to strengthen their connection to Israel and embed their sense of belonging to the people of Israel. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$199,000 and \$168,000, respectively.

Jewish Community Foundation Programs

The programming of the Jewish Community Foundation is to perpetuate permanent financial support to sustain a vibrant Jewish community locally, in Israel and throughout the world. This is accomplished through meaningful partnerships with donors, Jewish community organizations and synagogues. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$181,000 and \$248,000, respectively.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Outreach

The Outreach program serves as the education and engagement arm of the Financial Resource Development department by offering programs and events that highlight the Federation's mission. Fundraising is not part of these programs; rather the goal is to share the reasons why it is important to be involved with the Federation. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$713,000 and \$643,000, respectively.

Strategic Community Relations and Planning

The Strategic Community Relations program creates strategic partnerships with agencies and other not-for-profit organizations whose mission aligns with the mission of the Federation. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$403,000 and \$355,000, respectively.

Community Program Center

Jewish Community Relation Council

The mission of the Jewish Community Relations Council helps to ensure a vibrant Jewish future by convening, educating and mobilizing the Jewish community to (1) promote a secure Jewish and democratic State of Israel; (2) combat anti-Semitism, discrimination and bigotry; (3) foster understanding within and beyond the Jewish community; and (4) champion a just and pluralistic society. The Council builds relationships with the non-Jewish community. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$261,000 and \$234,000, respectively.

Career Connections and Community Resources

Career Connections is a collaborative program between the Jewish Federation of Palm Beach County, Inc. and Ferd & Gladys Alpert Jewish Family Service of Palm Beach County, Inc. Launched during the year ended June 30, 2020, Career Connections offers free employment services to job seekers and employers in the Greater Palm Beaches. Career Connections supports and strengthens the community by helping individuals who are unemployed and local companies connect. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$191,000 and \$40,000, respectively.

Mandel Center for Leadership Development

The vision of the Mandel Center for Leadership Development (the "Mandel Center") is to build a community in which the Jewish Federation of Palm Beach County creates and nourishes a culture of strong leadership. The Mandel Center encourages community members to serve as leaders for the Jewish Federation and to seek ongoing learning and development. The mission of the Mandel Center is to engage and develop high performance volunteer and professional leaders. Its goal is to recruit, inspire, train and retain leaders who have the values, commitment and skills to give high quality leadership to the Jewish Federation. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$896,000 and \$816,000, respectively.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Commission for Jewish Education

The Commission for Jewish Education (“CJE”) provides education, support services, and other resources to individuals, families, and institutions in order to connect community members with Jewish learning opportunities to strengthen Jewish education, and to enrich the lives of Jewish families throughout the Greater Palm Beaches. Total expenses for the year ended June 30, 2022 and 2021 were approximately \$1,093,000 and \$845,000, respectively.

Jewish Community Engagement

Literacy

The Anne & Sam Klein Jewish Coalition for Literacy (the “Coalition for Literacy”) identifies and develops a network of volunteers and programs that support educational and recreational literacy efforts in the community, inspire children to love reading, and encourage confidence building through skill development. The programs within the Coalition for Literacy offer volunteers multiple options for participation and offer services to the most vulnerable students in Palm Beach County through our collaboration with Title I schools (those with limited resources). Total expenses for the years ended June 30, 2022 and 2021 were approximately \$97,000 and \$92,000, respectively.

Jewish Teen Initiative (“JTI”)

The JTI leads the teen engagement efforts for the Federation to build a strong foundation of Jewish experiences for teens that lead to a lifetime of connection to Judaism, the State of Israel, and the Jewish people. The JTI connects teens to a community ecosystem with a diverse network of programming for local teens to connect to the Jewish community through efforts that are multifaceted and ongoing from middle school through high school, allowing teens to build on activity after activity, shaping unique, lifelong Jewish identities. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$182,000 and \$108,000 respectively.

Young Adult Engagement

The Young Adult Engagement program, or NextGen, focuses on cultivation and philanthropic journeys of young adults ages 22-45. Through a variety of programs, including but not limited to, volunteer opportunities, social outings, and immersive experiences. The department’s end goal is to ensure the future of Jewish leadership in the Palm Beaches. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$9,000 and \$12,000, respectively.

Jewish Volunteer Center

The Jewish Volunteer Center (“Volunteer Center”) is the center for Jewish community engagement through volunteerism. It demonstrates the Federation’s role as a community builder committed to Tikkun Olam and making a difference in the world. It identifies, cultivates, and develops a network of people and opportunities that provide volunteer experiences both in and beyond the Jewish community. The Volunteer Center convenes and strengthens relationships with partner agencies, synagogues, and other organizations. It connects individuals, families, and groups with meaningful volunteer opportunities. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$234,000 and \$124,000 respectively.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Synagogue Engagement

The Synagogue Engagement program strengthens synagogues as gateway institutions of Jewish life and deepens the level of engagement between community synagogues and the Federation. This is achieved by supporting the development of synagogues' efforts to engage and stimulate local Jewish life; committing to collaborations that will result in building capacity with synagogue organizations; supporting new standards of synagogue life that will renew and sustain congregations for future generations. The Synagogue Engagement program is dedicated to partnering with synagogues to advance their ability to connect with people, creating opportunities for community members to experience the sense of belonging, meaning and purpose that participation in synagogue life brings. Total expenses for the years ended June 30, 2022 and 2021 were approximately \$86,000 and \$8,000, respectively.

Basis of Accounting

The Federation prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions also include board designated funds. Gifts to donor advised funds are classified as support without restrictions. Donor advised funds comprised approximately 22% and 24% of net assets without donor restrictions as of June 30, 2022 and 2021, respectively.

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. This excludes all highly liquid investments held with investment custodians or advisors.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Annual Campaign

The Federation conducts annual fundraising campaigns each fiscal year. Pledges made during the Federation's twelve-month fiscal year, regardless of campaign years, are recorded as public support in the fiscal year the pledge is made. Fundraising campaigns may cross fiscal years.

Capital Campaigns

Cash and pledges receivable pertaining to the capital campaign fund include commitments with donor restrictions from various individuals to fund the construction of a school in Palm Beach Gardens for the Academy and the headquarters for the Federation. The amounts with donor restrictions expired since construction has been completed.

Priority Fund

The Priority Fund includes donations which provide donors with the opportunity to support emerging needs within the community locally and overseas.

Special Designated Campaign

Special designated campaign revenue includes donations received for emergency campaigns during the fiscal year.

Contributions and Pledges Receivable

Contributions received including unconditional promises to give are recorded at their fair value and are reported as an increase in net assets. The Federation reports gifts of cash and other assets as restricted support 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Pledges determined to be uncollectible during the year in which such pledges are received are shown as a reduction of contributions. Pledges determined to be uncollectible subsequent to the year in which such pledges are received are charged to the allowance for uncollectible pledges. The allowance for uncollectible pledges is based on the Federation's historical pledge collection experience and management's evaluation of 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.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are discounted using a market rate of return and are recorded at net present value.

Investments at Fair Value

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Consolidated Statements of Financial Position. Realized and unrealized gains on investments are reflected in the Consolidated Statements of Activities within “Investment return appropriated for current operations” and “(Deficiency) excess of investment return, net.” Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates and those differences could be material. The carrying amount of all financial assets and liabilities approximates fair value.

Investment Return Appropriated for Current Operations and (Deficiency) Excess of Investment Return, Net

The Federation liquidates its endowment funds from its investments based upon a spending policy of 5%, unless stipulated otherwise by the donor, or in the case of board designated net assets as designated by the board. These amounts are made available for operations over the course of the fiscal year and are subject to donor restrictions where applicable. Amounts liquidated from endowment funds are presented within “Investment return appropriated for current operations” on the Consolidated Statements of Activities. The remaining investment return is presented within non-operating changes in net assets in the caption “(Deficiency) excess of investment return, net” in the Consolidated Statements of Activities. These amounts are further described within NOTE 3.

Property and Equipment, Net

Property and equipment are recorded at cost as of the date of purchase or, if contributed, the fair value as of the date of donation. The Federation capitalizes purchases and expenditures that extend the useful life for property and equipment that have a cost in excess of \$5,000. Depreciation and amortization is computed on the straight-line method over the estimated useful life of the assets. Construction in progress is depreciated once the work is complete and placed into service.

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 in the Federation’s operations, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets are 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.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Prepaid Expenses and Other Assets

Prepaid expenses and other assets represents prepaid insurance included in prepaids and deposits, receivables related to insurance policies at cash surrender value, and other receivables.

Split-Interest Agreements

The Federation is the trustee and remainder beneficiary of various charitable remainder trusts and charitable gift annuity agreements. Trust assets are stated at fair market value. Split-interest agreement liabilities are determined using Internal Revenue Service actuarial assumptions, discounted using the applicable federal rate in effect as of the date of the gift.

The assets related to the split-interest agreements, included in investments, amount to approximately \$2,535,400 and \$3,635,000 as of June 30, 2022 and 2021, respectively. The liabilities of the split-interest agreements are approximately \$1,916,000 and \$2,085,000 as of June 30, 2022 and 2021, respectively. Increases and decreases in the present value obligation are presented in the accompanying Consolidated Statements of Activities under public support as “Legacies, bequests and endowment funds including change in value of split-interest agreements.”

A contribution is recorded as of the date 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. The net changes in the value of these split-interest agreements amounted to (losses) gains of approximately \$(889,000) and \$142,000 for the years ended June 30, 2022 and 2021, respectively, and are included within the caption “Legacies, bequests and endowment funds including change in value of split-interest agreements” on the Consolidated Statements of Activities.

Contributed Services

The Federation recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In addition, the Federation receives services from a large number of volunteers who give significant amounts of their time to the Federation’s programs, fundraising campaigns and management that do not meet the criteria for financial statement recognition.

In-Kind Rental Income

The Federation contributes the use of facilities, certain utilities, and common area maintenance to its beneficiary agencies. The Federation records in-kind transactions at fair value as rental income and corresponding board approved allocation expense in the Consolidated Statements of Activities.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Accounting Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date the consolidated financial statements and the reported amounts of public support and revenues during the reporting period. Actual results could differ from these estimates and those differences could be material. Material estimates that are particularly susceptible to change include the fair value of investments, the allowance for uncollectible pledges, and the functional allocation of expenses.

Concentrations of Credit and Market Risk

Financial instruments which potentially subject the Federation to concentrations of credit and market risk consist primarily of cash and cash equivalents, pledges receivable and investments. The Federation maintains cash balances at several financial institutions in South Florida. Accounts in each institution are insured by the Federal Deposit Insurance Corporation in accordance with current regulations, which provides for insurance up to \$250,000. Cash equivalents are maintained at high-quality financial institutions. The Federation has not experienced any losses on its cash and cash equivalents.

Management considers credit risk associated with annual campaign, priority fund, and capital campaign pledges receivable to be low due to the diversity of the donors and the recurring nature of many donations. As of June 30, 2022 and 2021, two donors accounted for approximately 30% and 28%, respectively, of annual campaign pledges receivable. As of June 30, 2022, one donor accounted for 100% of priority fund pledges receivable. As of June 30, 2022 and 2021, one donor accounted for approximately 45% and 79%, respectively, of capital campaign pledges receivable.

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 market will impact the value of the portfolio. The Federation's investments are valued at Net Asset Value ("NAV"), which include some Bond Mutual funds, Equity Mutual funds, Private Equity, Multi-Asset/Opportunistic funds and Real Asset funds (NOTES 3 and 4), comprise approximately 73% and 69% of total investments as of June 30, 2022 and 2021, respectively. The Federation has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated 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, payroll taxes, retirement and health, and other expenses of the Federation's staff, are allocated based upon total direct expenses for each program. There is a description of each of the program expense categories presented in the Consolidated Statements of Functional Expenses under the "Purpose" heading in NOTE 1 to the consolidated financial statements.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

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, 2022 and 2021, 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 as of 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 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 did not incur any tax expenses during the years ended June 30, 2022, and 2021.

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 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.

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 as of 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 (approximately 3.11% and 0.87% as of June 30, 2022 and 2021, respectively). Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions are substantially met.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

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.

Adopted Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (“FASB”) issued an ASU 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statements of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Federation adopted this pronouncement during the year ended June 30, 2022. As a result of the adoption, the Federation segregated “In-kind rental income” as nonfinancial assets on the Consolidated Statements of Activities and added a related disclosure in NOTE 17.

Recent Accounting Pronouncements - Not Yet Adopted

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 consolidated 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 consolidated 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.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated 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 consolidated financial statements.

Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2021 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 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, as of June 30, 2022, the Federation has a \$7,500,000 line of credit (NOTE 9) of which approximately \$4,673,000 is available to meet cash flow needs.

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 Investment Policy is reviewed quarterly by the Investment Committee. Market performance is monitored continuously including review of quarterly reports and a watch list of invested funds. Furthermore, the Executive Committee as well as the Board reviews the Consolidated Statements of Financial Position and Consolidated Statements of Activities periodically.

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Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

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

<i>June 30,</i>	2022	2021
Cash and cash equivalents	\$ 7,254,000	\$ 8,887,623
Investments at fair value	118,947,331	132,235,213
Annual campaign pledges receivable, net	9,861,581	8,574,063
Capital campaign pledges receivable, net	207,870	477,124
Other receivables	393,953	405,026
Due from estates	-	700,280
Total financial assets	136,664,735	151,279,329
 Less amounts not available to be used within one year:		
Pledges to be collected in period beyond one year	3,718,725	1,887,763
Obligations to affiliated agencies for assets held in trust	10,919,952	6,529,961
Donor advised funds	19,379,503	23,384,534
Endowments with time or purpose restrictions	790,334	960,536
Endowments with donor restrictions	44,009,988	51,981,910
Funds held for supporting foundations	4,310,197	4,747,240
Split interest agreements	2,535,447	3,646,050
Total financial assets not available to be used for general expenditures within one year	85,664,146	93,137,994
Total financial assets available for general expenditures within one year	\$ 51,000,589	\$ 58,141,335

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Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

3. Investments, at Fair Value

Investments, at fair value, consists of the following:

June 30, 2022

	Level 1 and Level 2 Investments	Investments Measured at Net Asset Value	Total
Money market mutual funds	\$ 7,432,975	\$ -	\$ 7,432,975
Bond mutual funds	9,539,966	11,362,728	20,902,694
Equity mutual funds	14,530,959	44,493,089	59,024,048
Private equity	-	15,920,498	15,920,498
Multi-asset/opportunistic	-	8,355,473	8,355,473
State of Israel debt securities	250,000	-	250,000
Real asset funds	-	5,275,346	5,275,346
Common stocks	1,764,075	-	1,764,075
Bonds	22,222	-	22,222
	\$ 33,540,197	\$ 85,407,134	\$ 118,947,331

June 30, 2021

	Level 1 and Level 2 Investments	Investments Measured at Net Asset Value	Total
Money market mutual funds	\$ 6,554,259	\$ -	\$ 6,554,259
Bond mutual funds	8,987,922	11,938,745	20,926,667
Equity mutual funds	22,331,269	47,133,328	69,464,597
Private equity	-	13,812,891	13,812,891
Multi-asset/opportunistic	-	13,763,331	13,763,331
State of Israel debt securities	304,500	-	304,500
Real asset funds	-	5,151,536	5,151,536
Common stocks	2,232,071	-	2,232,071
Bonds	25,361	-	25,361
	\$ 40,435,382	\$ 91,799,831	\$ 132,235,213

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

The Federation entered into agreements with certain beneficiary agencies to hold assets of the agencies in the Federation's general pool and/or fund for income pool and to provide the agencies with an annual return that mirrors the performance of the Federation's pooled investments. These funds are being held in the Federation's fiduciary capacity; as such, agencies have a right to withdraw all or any part of the funds upon request in accordance with the management fund agreement between the Federation and the agencies.

As of June 30, 2022 and 2021, total investments include \$10,919,952 and \$6,529,961, respectively, of investments that are held in trust for these agencies and are also included as a liability in the Consolidated Statements of Financial Position under the caption "Obligations to affiliated agencies for assets held in trust."

Investment (loss) income, net is shown net of custodial fees and investment management fees of \$487,000 and \$454,000 for the years ended June 30, 2022 and 2021, respectively. Investment (loss) income, net from cash equivalents and investments is comprised of the following:

<i>Year ended June 30,</i>	2022	2021
Dividends and interest, net of fees	\$ 576,647	\$ 1,552,052
Net realized gains	1,855,041	3,705,243
Net unrealized (losses) gains	(16,164,640)	21,203,308
Total investment (loss) income, net	(13,732,952)	26,460,603
Less: investment return used for operations	3,524,570	3,476,849
(Deficiency) excess of investment returns, net	\$ (17,257,522)	\$ 22,983,754

The Federation has unfunded commitments in its Private Equity and Real Assets portfolio of approximately \$16,400,000 as of June 30, 2022. In general, the private equity partnerships have a 10-year investment period and will call capital over this time period. With the exception of some private equity funds, which are illiquid, the Federation has the right to withdraw its investments after the expiration of "lock-up" periods of one to two years. As of June 30, 2022, there are no investments subject to lock-up.

The Federation uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

The following table lists such investments:

	Net Asset Value as of 6/30/2022	Net Asset Value as of 6/30/2021	Unfunded Commitments as of 6/30/2022	Redemption Frequency	Redemption Notice Period
Multi-Asset/Oppportunistic - A	\$ 8,355,473	\$ 13,763,331	\$ -	From daily to quarterly	3 to 90 days
Private Equity - B	15,920,498	13,812,891	15,178,085	None*	N/A*
Real Assets- C	5,275,346	5,151,536	1,183,620	Daily to monthly	2 to 30 days
Bond Mutual Funds - D	11,362,728	11,938,745	-	Daily	5 days
Equity Mutual Funds -E	44,493,089	47,133,328	-	Daily to quarterly	2 to 60 days
Total	\$ 85,407,134	\$ 91,799,831	\$ 16,361,705		

*- Private Equity and a portion of Real Assets represent private commitments that are illiquid. The Federation is not able to redeem the investments as they are committed until capital is returned, which is currently estimated between 1 and 10 years.

Investment Strategies

- A. This category includes investments in a variety of alternative investment strategies which include but are not limited to long/short, distressed, event-driven and merger arbitrage. The objective of these strategies is to provide attractive risk adjusted returns as well as diversification benefits relative to traditional investments.
- B. This category includes investments in limited partnerships that seek capital appreciation through various strategies. Private equity investments generally have long investment holding periods and are considered illiquid.
- C. This category includes both public and private investments in real estate and resource related equities, as well as public investments in treasury inflated-protected securities and commodity futures contracts. The objective of the category is to contribute to the long-term investment return objective of the portfolio while also providing protection against inflation as well as correlation benefits.
- D. This category includes investments in publicly traded fixed income mutual funds, which are intended to provide risk reduction and correlation benefits as well as a source of liquidity during periods of decline in risk assets.
- E. This category includes investments in publicly traded global equity mutual funds, which are intended to be the primary source of portfolio growth over long-term periods.

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Notes to Consolidated Financial Statements

4. Fair Value Measurements

The FASB 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. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2022 and 2021.

The money market and equity mutual funds are managed primarily through investments held by independent investment advisors with discretionary investment authority. These investments are valued at the closing price reported in the active market in which the individual securities are traded or at net asset value.

The bond mutual funds and individual 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 or at the net asset value.

The private equity funds and multi-asset opportunistic funds are managed primarily through investments held by independent investment advisors with discretionary investment authority. These investments include private capital limited partnerships, which are illiquid, and hedge fund limited partnerships, which can be withdrawn in accordance with the funds redemption notice period. The underlying investments of the funds are valued at net asset value on a monthly or

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quarterly basis by the entity. These investments are funded not just by an initial contribution but also by periodic capital calls.

The State of Israel debt securities 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 in the consolidated financial statements is equal to the face value which approximates fair value.

The real asset funds are managed primarily through investments held by independent investment advisors with discretionary investment authority. Investments in real assets include real estate, treasury inflation-protected securities, commodities and global equity natural resource companies. These investments are valued at their current market value determined on the basis of quotations or at their net asset value.

The common stocks are valued at the closing price reported in the active market on which the individual securities are traded.

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 as of 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 financial instruments measured at fair value on a recurring basis for each of the fair value hierarchy levels:

Fair Value Measurements				
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)
<i>June 30, 2022</i>				
Money market mutual funds	\$ 7,432,975	\$ 7,432,975	\$ -	\$ -
Bond mutual funds	9,539,966	9,539,966	-	-
Equity mutual funds	14,530,959	14,530,959	-	-
State of Israel debt securities	250,000	-	250,000	-
Common stocks	1,764,075	1,764,075	-	-
Bonds	22,222	22,222	-	-
Total assets in the fair value hierarchy	33,540,197	33,290,197	250,000	-
Investments measured at net asset value	85,407,134	-	-	-
	\$ 118,947,331	\$ 33,290,197	\$ 250,000	\$ -
<i>June 30, 2021</i>				
Money market mutual funds	\$ 6,554,259	\$ 6,554,259	\$ -	\$ -
Bond mutual funds	8,987,922	8,987,922	-	-
Equity mutual funds	22,331,269	22,331,269	-	-
State of Israel debt securities	304,500	-	304,500	-
Common stocks	2,232,071	2,232,071	-	-
Bonds	25,361	25,361	-	-
Total assets in the fair value hierarchy	40,435,382	40,130,882	304,500	-
Investments measured at net asset value	91,799,831	-	-	-
	\$ 132,235,213	\$ 40,130,882	\$ 304,500	\$ -

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Notes to Consolidated Financial Statements

5. Annual and Capital Campaign Pledges Receivable, Net

Annual Campaign

Annual campaign pledges receivable are as follows:

<i>June 30,</i>	2022	2021
Gross pledges receivable	\$ 11,656,700	\$ 9,743,833
Less: Allowance for doubtful accounts	(1,258,462)	(1,122,609)
Less: Discount on long-term pledges	(536,657)	(47,161)
Annual campaign pledges receivable, net	\$ 9,861,581	\$ 8,574,063

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

<i>June 30,</i>	
2023	\$ 7,937,975
2024-2031	3,718,725
	\$ 11,656,700

During the years ended June 30, 2022 and 2021, the Federation recorded bad debt expense of approximately \$822,000 and \$872,000, respectively, on annual campaign pledges receivable.

Priority Fund

Priority fund pledges receivable are summarized as follows:

<i>June 30,</i>	2022	2021
Gross pledges receivable	\$ 325,000	\$ -
Less: Allowance for doubtful accounts	(19,500)	-
Less: Discount on long-term pledges	(55,414)	-
Priority fund pledges receivable, net	\$ 250,086	\$ -

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

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

<i>June 30,</i>	
2023	\$ -
2024-2031	325,000
	<hr/> \$ 325,000

During the year ended June 30, 2022, the Federation recorded bad debt expense of approximately \$20,000 on priority fund pledges receivable.

Capital Campaign

Capital campaign pledges receivable are summarized as follows:

<i>June 30,</i>	2022	2021
Gross pledges receivable	\$ 355,644	\$ 855,130
Less: Allowance for doubtful accounts	(147,774)	(378,006)
Capital campaign pledges receivable, net	\$ 207,870	\$ 477,124

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

<i>June 30,</i>	
2023	\$ 355,644
	<hr/> \$ 355,644

During the years ended June 30, 2022 and 2021, the Federation recorded bad debt (recovery) expense of approximately \$(200,000) and \$15,000, respectively.

Annual campaign and priority fund pledges receivable with payment terms in excess of one year have been discounted using a market rate of interest (approximately 3.11% and 0.87% as of June 30, 2022, and 2021, respectively) to reflect their estimated present value. Annual campaign, priority fund, and capital campaign pledges receivable are unsecured and are primarily from South Florida residents.

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6. Transactions With Agencies

Mandel Jewish Community Center of the Palm Beaches, Inc.

The balance due from the Mandel JCC, a beneficiary agency of the Federation, was approximately \$5,360,000 and \$5,395,000 as of June 30, 2022 and 2021. The note receivable accrues interest and requires monthly interest payments at the same rate as the Federation's line of credit with its financial institution (2.08% and 1.11% as of June 30, 2022 and 2021, respectively). The note does not require principal payments. The note is collateralized by the Mandel JCC's building and building improvements located in Palm Beach Gardens. Total interest income for the years ended June 30, 2022 and 2021 was approximately \$83,000 and \$64,000, respectively. The original maturity date of the note was in October 2022. In September 2022, the Federation extended the maturity date one year to October 2023.

During the year ended June 30, 2013, the Federation and the Mandel JCC entered into a 25-year land lease, of which the Federation is the lessor, and the Mandel JCC is the lessee. The lease has an option to extend the lease for a total of ninety-nine years. The Federation has estimated the fair market value of the lease as \$1,113,785 per year. During each of the years ended June 30, 2022 and 2021, the Federation recorded in-kind income of \$1,113,785, which is included within "In-kind rental income," and a corresponding expense, which is included within "Grants and allocations," on the Consolidated Statements of Activities.

Due to the conditional nature of the ninety-nine year lease, the donated use of land is evaluated on an annual basis by the Federation to determine if the Mandel JCC has met the conditions stipulated in the lease agreement. On October 12, 2017, the Federation and the Mandel JCC amended the ground lease which specified that if there was any default under any term, covenant or condition with the note receivable agreement, then the lease shall terminate and ownership of all fixtures and improvements, including the building shall immediately become the property of the Federation.

Arthur Meyer Academy

On October 10, 2013, the Federation and the Academy entered into an annual lease with automatic renewals, based on certain conditions, for a new building in Palm Beach Gardens, whereby the Federation is the lessor, and the Academy is the lessee. The initial term of the lease may extend to June 30, 2112. The Federation has estimated the fair market value of the lease as \$1,138,456 per year. During each of the years ended June 30, 2022 and 2021, the Federation recorded in-kind rent income of \$1,138,456 which is included within "In-kind rental income," and a corresponding expense, which is included within "Grants and allocations," on the Consolidated Statements of Activities. Due to the conditional nature of the ninety-nine-year lease, the donated use of the property is evaluated on an annual basis by the Federation to determine if the Academy has met the conditions stipulated in the lease agreement.

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Notes to Consolidated Financial Statements

7. Property and Equipment, net

Property and equipment, net consists of the following:

<i>June 30,</i>	Useful Lives	2022	2021
Land	-	\$ 6,805,073	\$ 6,805,073
Land improvements	10-15 years	3,740,361	3,739,803
Buildings	30 years	34,349,615	34,144,557
Furniture and equipment	5-10 years	2,106,114	2,579,520
Computer software	5 years	346,515	346,515
Total		47,347,678	47,615,468
Less: Accumulated depreciation and amortization		(15,918,056)	(14,962,570)
		\$ 31,429,622	\$ 32,652,898

Depreciation and amortization expense on property and equipment was approximately \$1,526,000 and \$1,566,000 for the years ended June 30, 2022 and 2021, respectively.

8. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consists of the following:

<i>June 30,</i>	2022	2021
Insurance policies - cash surrender value	\$ 624,323	\$ 618,761
Prepays and deposits	422,416	417,597
Other receivables	393,953	405,026
Employee loans	58,579	69,039
	\$ 1,499,271	\$ 1,510,423

9. Line of Credit

The Federation has a revolving line of credit. The credit line has a borrowing capacity up to \$7,500,000. Bank advances on the credit line carry an interest rate of 1.02% per annum plus the one-month LIBOR rate (2.08% and 1.11% as of June 30, 2022 and 2021, respectively). The original maturity date on the line of credit was March 31, 2014; however, the line was extended and is now set to mature on March 31, 2023. The line of credit is in the process of being renewed as of the date the financial statements are available to be issued. The credit line is unsecured and guaranteed by the Campus Corporation and the North Campus. As of June 30, 2022 and 2021, the Federation had \$2,826,596 outstanding on the line of credit. Interest expense under the line of credit for the years ended June 30, 2022 and 2021 was approximately \$35,000 and \$33,000, respectively.

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The line of credit agreement requires the Federation to meet certain financial covenants. As of June 30, 2022, the Federation is in compliance with all of these covenants.

10. Loan Payable

Colorado Educational and Cultural Facilities Authority, Series P-2 Loan

On September 10, 2013, the Federation entered into an agreement with the Colorado Education and Cultural Facilities Authority (the “Issuer”) for the purpose of issuing Colorado Educational and Cultural Facilities Authority Variable Rate Demand Tax Exempt Loan Series P-2 in the aggregate principal amount of \$15,000,000 (“Series P-2”). The Series P-2 loan is provided by a financial institution. The proceeds were loaned by the Issuer to the Federation to pay for the constructing and equipping of the Academy, and to pay certain costs of issuance.

Principal is paid in semi-annual principal installments and runs through September 2043. Interest is paid monthly until the loan maturity date at which time all outstanding and unpaid principal and all accrued but unpaid interest shall be due and payable in full. The interest rate is variable at 71% of the one-month LIBOR rate plus .89% (1.64% and 0.98% as of June 30, 2022 and 2021, respectively). The financial institution has the option to call the loan in the three-month period preceding and succeeding the 7th anniversary, the 14th anniversary, the 21st anniversary, and the 28th anniversary of the loan. As of June 30, 2022 and 2021, the outstanding balance on this loan was approximately \$11,316,000 and \$11,842,000, respectively.

Approximate future principal payments on the loan payable as of June 30, 2022 are due as follows:

Years ending June 30,

2023	\$	526,000
2024		526,000
2025		526,000
2026		526,000
2027		526,000
Thereafter		8,686,000

\$ 11,316,000

The series P-2 loan requires the Federation to meet certain financial covenants. The Federation must maintain a ratio of unrestricted liquid assets to the aggregate principal amount of all outstanding indebtedness of not less than 1.00 to 1.00. The Federation is in compliance with this covenant as of June 30, 2022.

During the years ended June 30, 2022 and 2021, interest and administrative fees of approximately \$139,000 and \$138,000, respectively, related to the loan payable was expensed and is reflected in the Consolidated Statements of Functional Expenses within the caption “Interest.”

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Notes to Consolidated Financial Statements

11. Capital Leases Payable

The Federation leases software and equipment under capital leases expiring August 2021 through April 2023. The leases are collateralized by software and property and equipment with total costs of approximately \$132,000 and \$1,053,000 as of June 30, 2022 and 2021, respectively, and accumulated amortization on the capital leases of approximately \$79,000 and \$954,000 as of June 30, 2022 and 2021, respectively. The interest rate on the capital leases ranges from 1.55% to 3.05%. Interest expense on the capital leases amounted to approximately \$3,000 and \$4,000 for the years ended June 30, 2022 and 2021, respectively.

Total minimum future lease payments for capital leases as of June 30, 2022 are as follows:

<i>Years ending June 30,</i>		
2023	\$	30,187
Total minimum lease payments		30,187
Present value of net minimum capital lease payments		(609)
Total		\$ 29,578

12. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following:

<i>June 30,</i>	2022	2021
Net assets with time or purpose restrictions:		
Cash surrender values of donated life insurance policies	\$ 277,004	\$ 280,122
Appreciation in designated endowment funds not appropriated	1,554,204	6,075,839
Appreciation in annual campaign endowment funds not appropriated	4,001,215	6,938,223
Split-interest agreements and interest in trusts	2,515,756	3,587,593
Annual campaign contributions for future years	3,804,647	2,427,118
Other funds	2,572,863	1,457,103
Net assets to be held in perpetuity:		
Cash surrender values of donated life insurance policies	347,320	338,639
Split-interest agreements	463,479	656,829
Designated endowment funds	20,992,274	22,192,374
Annual campaign endowment funds	17,104,173	16,438,716
	\$53,632,935	\$ 60,392,556

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A designated endowment fund is established for specific charitable purposes. An annual campaign endowment fund is established to allow the donor to make annual campaign contributions, in perpetuity, while the corpus remains permanently invested.

13. Grants and Allocations

Grants and allocations include the following:

<i>Year ended June 30,</i>	2022	2021
The Jewish Federation of North America	\$ 4,557,626	\$ 4,489,484
Board approved agency allocations:		
Mandel Jewish Community Center of the Palm Beaches, Inc.	2,095,785	2,430,905
Arthur I. Meyer Jewish Academy, Inc.	1,742,953	1,644,266
Jewish Family and Children's Service of Palm Beach County, Inc.	721,318	1,163,274
Senior Service Subsidies	579,297	979,813
Various other agencies	1,768,991	541,851
Total board approved allocations (including in-kind rent allocation of approximately \$2,252,000 for 2022 and 2021, respectively)	6,908,344	6,760,109
Grants from Planned Giving, Philanthropic and Endowment Funds:		
Overseas Jewish organizations	2,459,519	4,122,005
Local beneficiary agency	1,160,921	4,329,815
Other local Jewish organizations	525,608	466,127
Local secular organizations	701,795	447,940
National Jewish organizations	617,313	295,970
National secular organizations	1,536,456	1,344,361
Other miscellaneous	453,985	64,229
Total grants from Planned Giving, Philanthropic and Endowment Funds:	7,455,597	11,070,447
Total Grants and Allocations	\$ 18,921,567	\$ 22,320,040

14. Employee Benefit Plan

The Federation sponsors a 401(k) plan covering substantially all employees. Employees are eligible to participate in the plan on the 1st of the month following their date of employment.

In addition to a 3% safe harbor non-elective contribution, the Federation contributes 2% to the employee 401(k) with an additional 3% dollar for dollar match. For new staff, contributions start on January 1 or July 1 after the person has completed 6 months of employment. All employee contributions and safe harbor contributions vest immediately. Matching and employer contributions vest after three years of service. The amount of expense related to the Money Purchase Plan and Safe Harbor Plan amounted to approximately \$461,000 and \$446,000 for the years ended June 30, 2022 and 2021, respectively, and are included in the caption "Retirement and health" in the accompanying Consolidated Statements of Functional Expenses.

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15. Endowments

The Federation's endowments consist of individual funds established for a variety of purposes. Its endowments are comprised of funds without donor restrictions, including funds designated by the board of directors to function as endowments, and funds with donor restrictions. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors 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 the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. 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, 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 net assets:

<i>June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Perpetual endowment funds	\$ -	\$ 38,096,447	\$ 38,096,447
Accumulated investment earnings on perpetual endowment funds	-	5,555,419	5,555,419
Board-designated endowment funds	19,136,510	-	19,136,510
Total endowment net assets	\$ 19,136,510	\$ 43,651,866	\$ 62,788,376

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<i>June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Perpetual endowment funds	\$ -	\$ 38,631,090	\$ 38,631,090
Accumulated investment earnings on perpetual endowment funds	-	13,014,062	13,014,062
Board-designated endowment funds	21,579,422	-	21,579,422
Total endowment net assets	\$ 21,579,422	\$ 51,645,152	\$ 73,224,574

Changes in endowment net assets:

<i>Year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ 21,579,422	\$ 51,645,152	\$ 73,224,574
Investment loss, net	(1,857,848)	(6,503,554)	(8,361,402)
Contributions	548,673	915,959	1,464,632
Amounts appropriated for expenditure	(1,110,888)	(2,169,053)	(3,279,941)
Investment fees	(22,849)	(236,638)	(259,487)
Endowment net assets, June 30, 2022	\$ 19,136,510	\$ 43,651,866	\$ 62,788,376

<i>Year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 14,654,924	\$ 39,475,561	\$ 54,130,485
Investment income, net	4,473,295	12,693,177	17,166,472
Contributions	3,261,808	1,698,996	4,960,804
Amounts appropriated for expenditure	(789,768)	(2,010,700)	(2,800,468)
Investment fees	(20,837)	(211,882)	(232,719)
Endowment net assets, June 30, 2021	\$ 21,579,422	\$ 51,645,152	\$ 73,224,574

Endowment net assets to be held in perpetuity

<i>June 30,</i>	2021	2020
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA	\$ 39,810,456	\$ 38,895,497

Other Assets Held in Perpetuity

Split-interest agreements and cash surrender values of donated life insurance policies are part of permanently restricted net assets but are managed separately from permanent fund endowments. Therefore, these instruments are not included in the spending calculation for the permanent fund or in the endowment net assets reported.

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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. As of June 30, 2022 and 2021, the fair market value of donor restricted endowments that fell below the amount required to be held in perpetuity was approximately \$8,466,000 and \$1,871,000, respectively. These donor restricted endowments were below the amount required to be held in perpetuity by approximately \$1,714,000 and \$264,000 as of June 30, 2022 and 2021, respectively. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Federation.

Return Objectives and Risk Parameters

The Federation has adopted investment policies for endowment assets with its primary objective to provide for long-term growth of principal and income within reasonable risk tolerances enabling the Federation to make grants on a continuing and consistent basis. The focus is on reasonable and consistent long-term capital appreciation. Primary emphasis is placed on maintaining real growth of assets net of inflation and fees.

Strategies Employed for Achieving Objectives

To satisfy its investment objectives, the Federation has adopted an investment strategy emphasizing broad diversification. Diversification helps to reduce portfolio volatility (variability of returns) and maximize investment returns at appropriate levels of risk over time. Diversification of assets are achieved by allocating assets to multiple asset classes, allocating assets among various investment styles and retaining investment management firms with complementary investment philosophies, styles and approaches.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Federation has a policy of appropriating distributions based on written agreements with the donors. In most, but not all cases, the agreements reflect distributions each year of 5% of the average fair value of a thirty six month period through the period preceding when the distributions will be made. In establishing this 5% spending policy, the Federation considered the long-term growth of assets. Accordingly, over the long term, the Federation expects the current spending policy to allow its endowment to maintain real growth of assets.

16. Paycheck Protection Program Loan

On April 17, 2020, the Federation received a loan of approximately \$1,420,000 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 Federation used the funds for payroll, rent, utilities, and other forgivable expenses. The proceeds from the loan were originally recognized as a financial liability in accordance with FASB ASC 470. On June 7, 2021, the Federation was granted forgiveness and legally released from the obligation by the Small Business Administration and recognized the

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proceeds as revenue for the year ended June 30, 2021. The forgiveness of approximately \$1,420,000, which also includes interest incurred and forgiven on the loan, is reflected on the accompanying Consolidated Statements of Activities within the caption “Paycheck Protection Program loan forgiveness.”

17. 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	\$ 2,252,241	\$ 2,252,241	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.

18. Commitments and Contingencies

Operating Leases - Lessor

In August 2016, the Federation inherited a lease agreement with a tenant who was leasing space in the building that was purchased at One Harvard Circle. The lease was set to expire on March 31, 2021; however, on September 24, 2020, the tenant exercised an option, and the lease was extended through March 31, 2024. The tenant has an additional 3-year option to extend the lease through March 31, 2027. The monthly base rent is approximately \$32,000. Rental income related to this tenant was approximately \$374,000 and \$364,000 for the years ended June 30, 2022 and 2021, respectively, which is reflected within “Rental income” on the Consolidated Statements of Activities.

Approximate future rental income as of June 30, 2022 is as follows:

<i>Years ending June 30,</i>	
2023	\$ 386,000
2024	296,000
	\$ 682,000

Shared Insurance Premium Commitments

In March 2016, the Federation established a shared premium insurance policy program. As of June 30, 2022, there were eight universal life insurance policies for the benefit of the Federation with a collective face value of approximately \$3,647,000. In total, there are eight required premium payments of approximately \$170,000. The donor pays the first five years of annual life insurance premiums and the subsequent five annual premiums will be paid by the Federation as long as the insurance policies continue to be in force. In the event the policies remain in force, the Federation is committed to pay a maximum of approximately \$852,000 as of June 30, 2022. These policies have no cash surrender value.

Jewish Federation of Palm Beach County, Inc. and Affiliates

Notes to Consolidated Financial Statements

Litigation

The Federation is exposed to various asserted and un-asserted potential claims encountered in the normal course of business. In the opinion of management, the resolution will not have a material effect on the Federation's Consolidated Statements of Financial Position or Consolidated Statements of Activities.

19. Subsequent Events

The Federation has evaluated subsequent events through December 15, 2022, which is the date the consolidated financial statements are available to be issued.