

*Jewish Community Federation
of Richmond*

FINANCIAL REPORT

JUNE 30, 2020

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PILC &
MOSELEY, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Community Federation of Richmond
Richmond, Virginia

We have audited the accompanying financial statements of the Jewish Community Federation of Richmond, which comprise the statements of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Federation's June 30, 2019 financial statements and, in our report dated September 9, 2019, we expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Community Federation of Richmond as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

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

Pile & Mouley, LLC

Richmond, Virginia
September 16, 2020

FINANCIAL STATEMENTS

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2020

With Comparative Amounts as of June 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 217,974	\$ 71,664
Short-term investments, at market value	227,164	359,183
Accounts receivable	56,156	77,186
Pledges receivable		
Annual Welfare Fund Campaign, net of reserve of \$434,770 in 2020 and \$414,127 in 2019	1,675,665	1,657,591
Supplemental Campaign, net of reserve of \$0 in 2020 and 2019	58,841	46,720
Emergency Campaign, net of reserve of \$0 in 2020 and 2019	31,774	250
Notes receivable, current portion	5,000	5,000
Prepaid expenses and other current assets	<u>95,053</u>	<u>35,398</u>
 Total current assets	 <u>2,367,627</u>	 <u>2,252,992</u>
 FURNITURE AND EQUIPMENT, NET	 <u>46,128</u>	 <u>26,863</u>
 OTHER ASSETS		
Long-term investments, at market value	1,657,248	1,654,969
Long-term campaign endowments	25,400	24,242
Long-term notes receivable	<u>15,000</u>	<u>20,000</u>
 Total other assets	 <u>1,697,648</u>	 <u>1,699,211</u>
 Total assets	 <u>\$ 4,111,403</u>	 <u>\$ 3,979,066</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2020

With Comparative Amounts as of June 30, 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 50,470	\$ 16,753
Paycheck Protection Program loan	118,253	-
Allocations payable	2,317,756	2,500,963
Deferred revenue	124,220	27,000
Defined benefit pension liability	<u>75,147</u>	<u>75,145</u>
Total current liabilities	<u>2,685,846</u>	<u>2,619,861</u>
NET ASSETS		
Without donor restrictions		
Operating	623,384	707,067
Board designated for special programs	<u>447,661</u>	<u>471,044</u>
Total without donor restrictions	1,071,045	1,178,111
With donor restrictions	<u>354,512</u>	<u>181,094</u>
Total net assets	<u>1,425,557</u>	<u>1,359,205</u>
Total liabilities and net assets	<u>\$ 4,111,403</u>	<u>\$ 3,979,066</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions			Total	
	Operating Fund	Plant Fund	With Donor Restrictions	2020	2019
SUPPORT AND OTHER REVENUE					
Annual Welfare Campaign Fund - current year	\$ 2,397,114	\$ -	\$ 337,000	\$ 2,734,114	\$ 2,752,990
Annual Welfare Campaign Fund - future year	-	-	8,662	8,662	67,800
Supplemental Campaign - Local	27,220	-	114,957	142,177	69,602
Supplemental Campaign - Overseas	6,626	-	2,378	9,004	5,945
Emergency Campaign	87,313	-	90,933	178,246	7,218
Endowments	-	-	103,719	103,719	1,030
Prior years' pledges and collections over estimated value	63,837	-	-	63,837	52,739
Program income	42,135	-	-	42,135	28,762
Reflector income	43,960	-	-	43,960	41,599
Mission income	-	-	-	-	7,096
Investment income, net	2,850	-	-	2,850	47,211
Grants	18,181	-	-	18,181	30,018
Richmond Jewish Foundation reimbursement	37,204	-	-	37,204	36,400
Miscellaneous	28,015	-	1,117	29,132	27,498
In-kind contributions	740	-	-	740	5,685
Loss on disposal of property and equipment	-	-	-	-	(5,796)
Net assets released from restrictions	<u>485,348</u>	<u>-</u>	<u>(485,348)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>3,240,543</u>	<u>-</u>	<u>173,418</u>	<u>3,413,961</u>	<u>3,175,797</u>
EXPENSES AND OTHER DEDUCTIONS					
Allocations, organizations, and programs	2,109,542	-	-	2,109,542	2,022,795
Program services					
Jewish community relations	97,024	-	-	97,024	92,587
Richmond Jewish Foundation	37,299	-	-	37,299	28,565
Outreach and engagement	153,467	-	-	153,467	126,789
Reflector	88,542	-	-	88,542	103,702
Richmond community Jewish education	23,339	-	-	23,339	24,324
Management and general	212,154	-	-	212,154	198,529
Fundraising	606,077	-	-	606,077	662,355
Depreciation	<u>20,165</u>	<u>-</u>	<u>-</u>	<u>20,165</u>	<u>22,061</u>
Total expenses and other deductions	<u>3,347,609</u>	<u>-</u>	<u>-</u>	<u>3,347,609</u>	<u>3,281,707</u>

(Continued)

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

(Concluded)

	<u>Without Donor Restrictions</u>			<u>Total</u>	
	<u>Operating Fund</u>	<u>Plant Fund</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
Deficiency of support and other revenue over expenses and other deductions before transfers	<u>(107,066)</u>	<u>-</u>	<u>173,418</u>	<u>66,352</u>	<u>(105,910)</u>
TRANSFERS	<u>(19,265)</u>	<u>19,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS					
Without donor restrictions	<u>(126,331)</u>	<u>19,265</u>	<u>-</u>	<u>(107,066)</u>	<u>(240,096)</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>173,418</u>	<u>173,418</u>	<u>134,186</u>
Increase (decrease) in net assets	<u>(126,331)</u>	<u>19,265</u>	<u>173,418</u>	<u>66,352</u>	<u>(105,910)</u>
Net assets at beginning of year	<u>1,151,248</u>	<u>26,863</u>	<u>181,094</u>	<u>1,359,205</u>	<u>1,465,115</u>
Net assets at end of year	<u>\$ 1,024,917</u>	<u>\$ 46,128</u>	<u>\$ 354,512</u>	<u>\$ 1,425,557</u>	<u>\$ 1,359,205</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Program		
	Jewish Community Relations	Richmond Jewish Foundation	Outreach and Engagement
Salaries			
Professional salaries	\$ 60,079	\$ -	\$ 69,688
Staff salaries	703	-	6,887
Total salaries	<u>60,782</u>	-	<u>76,575</u>
Defined benefit pension	-	-	-
Fringe benefits and related expenses	<u>12,715</u>	-	<u>11,392</u>
Total salaries and related expenses	<u>73,497</u>	-	<u>87,967</u>
Program/meetings	7,840	-	44,230
PJ Library program	-	-	12,440
Reflector publishing	-	-	-
Printing and photography	1,394	-	158
Information systems / technology	2,538	663	2,496
Leadership development	-	-	109
Postage	213	1,881	257
Missions	-	-	-
Telephone	584	1,680	578
Auto	485	4	485
Office supplies	382	1,137	363
Occupancy	3,173	16,229	3,173
Payroll preparation / bank fees	-	274	-
Marketing / website	-	-	-
Equipment maintenance	325	2,080	330
Staff / volunteer conferences	334	-	507
Professional fees	-	-	-
Insurance	2,468	1,851	-
Subscriptions	81	-	-
Dues / sponsorships	-	10,000	-
Staff recruiting	3,040	-	-
Security	670	1,500	374
Credit card fees	-	-	-
	<u>23,527</u>	<u>37,299</u>	<u>65,500</u>
Total functional expenses	<u>\$ 97,024</u>	<u>\$ 37,299</u>	<u>\$ 153,467</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

Reflector	Services			Total		
	Rich. Comm. Jewish Education	Total Program Services	Management and General	Fundraising	2020	2019
\$ 6,290	\$ -	\$ 136,057	\$ 116,325	\$ 300,962	\$ 553,344	\$ 519,223
<u>26,311</u>	-	<u>33,901</u>	<u>17,857</u>	<u>22,058</u>	<u>73,816</u>	<u>109,377</u>
32,601	-	169,958	134,182	323,020	627,160	628,600
-	-	-	22,544	52,603	75,147	75,150
<u>4,308</u>	-	<u>28,415</u>	<u>21,903</u>	<u>45,877</u>	<u>96,195</u>	<u>91,905</u>
<u>36,909</u>	-	<u>198,373</u>	<u>178,629</u>	<u>421,500</u>	<u>798,502</u>	<u>795,655</u>
-	23,339	75,409	-	65,684	141,093	136,454
-	-	12,440	-	-	12,440	19,892
40,385	-	40,385	-	-	40,385	45,267
1,289	-	2,841	774	6,650	10,265	12,468
4,056	-	9,753	12,595	16,273	38,621	24,605
-	-	109	-	-	109	1,144
427	-	2,778	711	5,545	9,034	10,448
-	-	-	-	10,948	10,948	21,918
280	-	3,122	840	1,783	5,745	5,760
-	-	974	734	3,332	5,040	5,806
200	-	2,082	1,099	1,275	4,456	5,660
2,736	-	25,311	5,647	23,782	54,740	59,462
-	-	274	1,949	1,876	4,099	4,517
-	-	-	-	15,430	15,430	23,620
409	-	3,144	1,703	2,872	7,719	7,916
-	-	841	-	7,302	8,143	17,445
970	-	970	4,580	5,050	10,600	9,540
617	-	4,936	2,143	-	7,079	11,933
14	-	95	-	15	110	252
-	-	10,000	-	3,000	13,000	5,910
-	-	3,040	-	2,745	5,785	851
250	-	2,794	750	2,310	5,854	2,334
-	-	-	-	8,705	8,705	7,994
<u>51,633</u>	<u>23,339</u>	<u>201,298</u>	<u>33,525</u>	<u>184,577</u>	<u>419,400</u>	<u>441,196</u>
<u>\$ 88,542</u>	<u>\$ 23,339</u>	<u>\$ 399,671</u>	<u>\$ 212,154</u>	<u>\$ 606,077</u>	<u>\$ 1,217,902</u>	<u>\$ 1,236,851</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Cash Flows

For the Year Ended June 30, 2020

With Comparative Amounts for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 66,352	\$ (105,910)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	20,165	22,061
Unrealized loss on investments	21,853	3,861
Realized (gain) loss on sale of investments	4,212	(18,560)
Loss on disposal of property and equipment	-	5,796
Changes in assets and liabilities:		
Campaign endowments	(1,158)	(1,029)
Accounts receivable	21,030	(9,057)
Pledges receivable		
Annual Welfare Fund Campaign	(18,074)	65,447
Supplemental Campaign	(12,121)	(46,720)
Emergency Campaign	(31,524)	(250)
Other receivables	-	9,058
Prepaid expenses and other current assets	(59,655)	2,456
Notes receivable interest	(563)	(787)
Accounts payable and accrued expenses	33,717	(8,051)
Allocations payable	(183,207)	59,976
Deferred revenue	97,220	27,000
Defined benefit pension liability	2	1,045
Net cash provided by (used in) operating activities	<u>(41,751)</u>	<u>6,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments on notes receivable	5,563	5,787
Proceeds from maturity of investments	731,097	767,612
Purchase of investments	(629,252)	(897,469)
Investment fees paid	1,830	1,764
Purchase of furniture and equipment	<u>(39,430)</u>	<u>(19,226)</u>
Net cash provided by (used in) investing activities	<u>69,808</u>	<u>(141,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>118,253</u>	-
Net cash provided by financing activities	<u>118,253</u>	-
Net increase (decrease) in cash and cash equivalents	<u>146,310</u>	<u>(135,196)</u>
CASH AND CASH EQUIVALENTS		
Beginning	<u>71,664</u>	<u>206,860</u>
Ending	<u>\$ 217,974</u>	<u>\$ 71,664</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

The Jewish Community Federation of Richmond (the "Federation") is a nonprofit corporation organized under the laws of the State of Virginia for the purpose of fund-raising. The federation responds to the community's evolving needs by planning strategically with ongoing evaluations, raising, and allocating funds for communal priorities and building community relations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Accordingly, these financial statements reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned, and expenses are recognized when incurred.

Information regarding the Federation's financial position and activities are reported according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. These net assets may be used at the discretion of the Federation's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or by the passage of time.

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

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Federation, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund, however in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Federation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Pledges, Allocations, and Expenses

Pledges are recorded when made, and an allowance is provided for estimated uncollectible campaign pledges (i.e. reserve). Collections on pledges in excess of estimated collectible amounts are recorded as additional public support in the year received. Allocations to agencies, other organizations and programs of the Federation are recorded when the commitment is made. Other expenses are recorded when incurred.

Donor Restricted Gifts

The Federation reports its contributions in accordance with FASB ASC 958-605-50-1 (formally SFAS No. 116) "Accounting for Contributions Received and Contributions Made." In accordance with FASB ASC 958-605-50-1, contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction or compliance with the purpose restriction.

Investments

Investments are carried in the financial statements at fair value. Investments held to maturity in excess of one year are reported as long-term investments. Unrealized holding gains and losses are reported in net investment income.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture, and Equipment

Equipment and furniture are stated at cost if purchased or at the approximate fair market value at the date of donation for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>
Furniture and equipment	5-7 years

Functional Expenses

The cost of providing the various services and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time and effort.

Income Taxes

The Federation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

The Federation follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Management evaluated the Federation's tax position and concluded that the Federation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Federation is no longer subject to examination by tax authorities for periods before 2016. The Federation is not currently under audit by any tax jurisdiction.

Donated Services

A substantial number of volunteers have donated their time to Federation activities. \$740 has been recorded for in-kind rent for the year ended June 30, 2020.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Estimates

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

Concentration of Credit Risk

The Federation's financial instruments that are exposed to concentrations of credit risk consist of cash, cash equivalents, and investments. The Federation maintains cash equivalents in excess of federally insured limits. The Federation's cash, cash equivalents, and investments are in institutions whose credit ratings are monitored by the Federation. This policy limits exposure to concentrations of credit risk.

Subsequent Events

Subsequent events were evaluated through September 16, 2020, which is the date the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2020, net assets with donor restrictions are available for their intended purposes as such expenditures are incurred, except for pledges receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred. Likewise, as of June 30, 2020, all net assets without donor restrictions are available to meet cash needs for general expenditures of the organization within one year.

NOTE 4. FURNITURE AND EQUIPMENT

The cost of furniture and equipment and accumulated depreciation thereon is as follows at June 30, 2020.

Furniture and equipment	\$ 133,762
Less: Accumulated depreciation	<u>(87,634)</u>
Furniture and equipment, net	<u>\$ 46,128</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 5. SHORT-TERM INVESTMENTS

Short-term investments at June 30, 2020, consist of the following.

	<u>Available for Operations</u>	<u>Held for Campaign Endowments</u>	<u>Total</u>
Money market funds	\$ 227,164	\$ -	\$ 227,164
Corporate bonds	344,495	-	344,495
Government agency bonds	400,566	-	400,566
Israel bonds	28,541	-	28,541
Other investments	883,646	-	883,646
Cash surrender value of life insurance	-	25,400	25,400
	<u>1,884,412</u>	<u>25,400</u>	<u>1,909,812</u>
Less: long-term investments	<u>1,657,248</u>	<u>25,400</u>	<u>1,682,648</u>
	<u>\$ 227,164</u>	<u>\$ -</u>	<u>\$ 227,164</u>

The stated cost for investments is \$1,914,967 at June 30, 2020.

Investment income for the year ended June 30, 2020 consists of the following:

Interest and dividend income	\$ 36,951
Net realized loss	(4,212)
Net unrealized loss	(21,853)
Investment fees – Caprin	(1,830)
Investment fees – RJF	<u>(6,206)</u>
	<u>\$ 2,850</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 6. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate bonds	\$ 344,495	\$ 344,495	\$ -	\$ -
Government agency bonds	400,566	400,566	-	-
Israel bonds	28,541	-	28,541	-
Other investments	883,646	733,000	112,193	38,453
Cash surrender value of life insurance	<u>25,400</u>	<u>-</u>	<u>-</u>	<u>25,400</u>
	<u>\$ 1,682,648</u>	<u>\$ 1,478,061</u>	<u>\$ 140,734</u>	<u>\$ 63,853</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Cash surrender value of life insurance</u>	<u>Private equity investments</u>
July 1, 2019	\$ 24,242	\$ 43,377
Unrealized gain (loss)	<u>1,158</u>	<u>(4,924)</u>
June 30, 2020	<u>\$ 25,400</u>	<u>\$ 38,453</u>

Unrealized gains and losses included in unrestricted net assets for the year are reported in investment income.

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair values of level 3 assets were determined by direct confirmation with the annuity insurance company and the brokerage firm.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 7. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2020 from the annual welfare fund campaign are as follows:

Receivable in less than one year	\$ 2,110,435
Less: allowance for uncollectible pledges	<u>(434,770)</u>
Net pledges receivable at June 30, 2020	<u>\$ 1,675,665</u>

It is management's policy to report the allowance for uncollectible pledges cumulatively, regardless of the year the pledge was signed, until there is a determination that the pledge is uncollectible. Of the amount shown as "Net Pledges Receivable at June 30, 2020," a significant portion (\$640,000) is from five donors. These donors have a history of fulfilling their commitments in a timely fashion and management is confident in its ability to collect.

NOTE 8. NOTES RECEIVABLE

The Federation originated an unsecured note receivable on June 30, 2013 with an unrelated party in the amount of \$50,000 with interest at 2.25% per annum. \$563 in interest has been recorded for the year ended June 30, 2019. Principal payments of \$5,000 and accrued interest are payable annually beginning June 30, 2015. As of June 30, 2020 the balance on this note receivable was \$20,000. The note matures on June 30, 2024. No allowance for loan loss has been recorded as management believes the balance to be fully collectible.

Notes receivable are presented as follows:

Notes receivable at June 30, 2019	\$ 20,000
Less: notes receivable, current portion	<u>(5,000)</u>
Long-term notes receivable at June 30, 2020	<u>\$ 15,000</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 9. PAYCHECK PROTECTION PROGRAM LOAN

During March 2020, the COVID-19 virus was declared a global pandemic. In response to this, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was created. Among other things, the CARES Act outlines the provisions of the Payroll Protection Program (the "PPP"). The Organization determined that it met the criteria for eligibility to obtain a loan under the PPP since, in light of the COVID-19 outbreak and the uncertainty of economic conditions related thereto, the loan was necessary to support the Organization's ongoing operations.

On April 22, 2020 the Organization closed on a PPP loan in the amount of \$118,253, which was funded on April 23, 2020. The loan is administered by the Small Business Administration (the "SBA"). The Organization is eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements, which management feels have been met. The loan is uncollateralized and is fully guaranteed by the Federal government. Pending further guidance by the SBA, the Organization intends to apply for loan forgiveness at the earliest possible date. In the event the SBA determines the organization has not met the terms for forgiveness, the loan will be repaid with an interest rate of 1% over the course of 18 months, as per the terms of the agreement.

NOTE 10. SUMMARY OF ALLOCATIONS

The allocations to organizations for 2020 are summarized as follows:

Overseas	\$	768,861
Local		898,462
Non-local		137,040
Special allocations		96,003
Other allocations (donor restricted)		<u>337,000</u>
	\$	<u>2,237,366</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 11. NET ASSETS

Net assets with and without donor restrictions at June 30, 2020 are available for the following purposes:

Net assets without donor restrictions

Board Designated		
2020-2021 operating budget	\$	340,000
Richmond Community Jewish Education		32,867
Navigating the Future Initiative		50,000
Indigent funds		5,000
Teen Mission scholarships		5,000
Local agency capital need		<u>14,794</u>
		447,661
Operating		<u>623,384</u>
	\$	<u>1,071,045</u>

Net assets with donor restrictions

H. J. Levinson Maimonides Fund	\$	8,503
Campaign endowments		25,400
Special projects		1,117
Annual Welfare Fund Campaign - 2020		8,663
Emergency Campaign		90,932
Endowment		102,561
Supplemental Campaign - Local		114,958
Supplemental Campaign - Overseas		<u>2,378</u>
	\$	<u>354,512</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors at June 30, 2020 are as follows:

Donor designated gifts	\$ 337,000
Annual Welfare Fund Campaign – 2020	67,800
Maimonides	1,758
Supplemental Local	69,602
Supplemental Overseas	5,945
Special projects	<u>3,243</u>
	<u>\$ 485,348</u>

NOTE 13. PENSION RETIREMENT PLANS

Between 1970 and 2007, the Federation participated in a Mutual of America defined benefit pension plan administered by United Way of Greater Richmond and Petersburg to participating affiliated agencies. In 2007, United Way of Greater Richmond and Petersburg terminated this plan. On October 17, 2007, the Federation's Board of Directors approved a resolution to stop accruing employee benefits in this plan as of December 31, 2007.

The economic recession depreciated the pension plan assets while at the same time the pension liability continues to grow as employees age in the plan and become closer to receiving a benefit. Additionally, at the direction of the United Way, the Federation did not make any contributions to the plan between 2003 and 2008. The July 1, 2002 funded status report calculates \$35.5M in assets and \$52.8 in liabilities resulting in a \$17.3M under funding. Contributions are required by each agency until the appropriate funding level is obtained. The underfunded amount will be recalculated each year as market interest rates change. The Federation's share of the underfunded liability payable for its 2019-2020 fiscal year is \$75,147. From 2020 through 2023, it is projected by the pension administrator that the annual pension liability will remain static, assuming no other participating agencies cease operations. If another agency were to shut down, the remaining participating agencies would absorb the underfunded liability of the defunct agency.

On July 1, 1998, the Federation established a defined contribution retirement plan. Currently, the Federation matches up to 4% of an employee's salary. Those employed on July 1, 1998 who were eligible for benefits were fully vested. New employees become fully vested in three years. The Federation's contributions to this plan were \$19,394 and \$15,299 for 2020 and 2019, respectively. During 2018-2019, forfeitures of \$7,342 were netted against the expense.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2020

NOTE 14. COMMITMENTS AND CONTINGENCIES

The Federation has an agreement with the Richmond Jewish Foundation whereby on an annual basis the Federation allocates a portion of certain overhead expenses to the Foundation. The Federation received \$37,204 for the year ended June 30, 2020, which includes dues to the Jewish Federations of North America.

Effective September 1, 2006, the Federation and the Weinstein Jewish Community Center entered into a formal lease agreement. The Federation will pay the Weinstein Jewish Community Center a yearly base rent of \$40,000. On September 1, 2008 and each September 1 thereafter for a period of twenty years, the base will increase by 2.5% annually to absorb any increased fixed or variable costs. Such charges amounted to \$53,482 for the year ended June 30, 2020

Following is a schedule of future lease commitments:

2021	54,819
2022	56,189
2023	57,594
2024	59,034
2025	60,510
Thereafter	<u>203,317</u>
	<u>\$ 491,463</u>

On March 31, 2020, the Federation entered into a computer services agreement with an unrelated local corporation for computer hardware and software support. This agreement currently requires monthly payments of \$1,386 through February 28, 2023. For the year ended June 30, 2020, the expense for these computer services was \$16,455.

On May 30, 2018, the Federation entered into an operating lease agreement with an unrelated corporation for office equipment. This agreement requires monthly payments of \$311 through April 30, 2023. For the year ended June 30, 2020, the expense for these services was \$3,731.

SUPPLEMENTARY INFORMATION

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2020

<u>Year</u>	<u>Total Campaign Pledges</u>	<u>Total Collections</u>	<u>Cancellations and Adjustments</u>
2020	\$ 3,144,936	\$ 1,305,253	\$ -
2019	2,936,844	2,810,240	(1,000)
2018	2,825,143	2,771,908	(28,592)
2017	3,081,760	2,994,351	(68,333)
2016 and prior	112,540,698	110,775,687	(1,572,965)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2020

Pledges Receivable at June 30, 2020

Gross	Reserve Allowance	Net	Percentage Collected To Date
\$ 1,839,683	\$ 100,000	\$ 1,739,683	42.0%
125,604	99,000	26,604	96.0%
24,643	24,643	-	98.0%
19,077	19,077	-	97.0%
192,046	192,046	-	98.0%

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2020

	Allocation Payable June 30, 2019	2019-2020 Allocated	2019-2020 Payments and Unused Allocations	Allocation Payable June 30, 2020
OVERSEAS				
JFNA Welfare Fund	\$ 1,134,407	\$ 549,839	\$ 623,884	\$ 1,060,362
Overseas Electives	3,277	135,278	121,712	16,843
I & O US Based	7,875	21,074	17,706	11,243
	<u>1,145,559</u>	<u>706,191</u>	<u>763,302</u>	<u>1,088,448</u>
NON-LOCAL				
Aleph Bet Pre-school	13,750	15,000	13,750	15,000
Aleph Bet Pre-school Grant	-	10,000	-	10,000
BBYO	20,000	15,000	20,000	15,000
BBYO/VHM Impact Grant	10,000	-	10,000	-
Chabad Holiday Awareness Grant	-	3,000	-	3,000
Chabad Mezuzah Grant	-	1,000	-	1,000
Emek Sholom Cemetary Grant	-	2,500	-	2,500
Friendship Circle Inclusion Grant	6,850	2,000	6,850	2,000
Friendship Circle Day at Diamond Grant	-	5,000	-	5,000
Friendship Circle Birthday Circle Grant	-	5,000	-	5,000
GMU Hillel	5,000	5,000	5,000	5,000
Honeymoon Israel Grant	5,000	-	5,000	-
Interfaith Programming Impact Grant	15,000	-	15,000	-
JELF	1,500	540	1,500	540
Jewish Student Union	-	15,000	-	15,000
Jewish VCU	10,500	10,500	10,500	10,500
Jewish VCU Impact Grant	24,800	25,000	24,800	25,000
JMU Hillel	2,640	-	2,640	-
KBI/JSU Impact Grant	10,000	-	10,000	-
KBI Women's Leadership Grant	-	5,000	-	5,000
Kehillah Grant	4,000	-	4,000	-
Match Pool Grant	20,000	-	20,000	-
Radford Hillel	1,000	1,000	1,000	1,000
Taglit-Birthright Israel	11,500	1,000	11,500	1,000
Temple Beth-El Impact Grant	6,500	4,000	6,500	4,000
UVA Hillel	5,000	5,000	5,000	5,000
VA Tech Hillel	5,000	5,000	5,000	5,000
VAAD	500	500	500	500
William & Mary Hillel	1,000	1,000	1,000	1,000
	<u>179,540</u>	<u>137,040</u>	<u>179,540</u>	<u>137,040</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2020

(Concluded)

	Allocation Payable June 30, 2019	2019-2020 Allocated	2019-2020 Payments and Unused Allocations	Allocation Payable June 30, 2020
LOCAL				
Beth Sholom Home	212,783	170,000	212,783	170,000
Jewish Family Services	160,594	155,000	160,594	155,000
Rudlin Torah Academy	167,400	172,000	142,458	196,942
Weinstein Jewish Community Center	337,087	287,000	337,087	287,000
	<u>877,864</u>	<u>784,000</u>	<u>852,922</u>	<u>808,942</u>
SPECIAL				
Emergency (Covid-19 Relief)	-	178,246	178,246	
Indigent Funeral	-	1,500	1,500	-
JCFR Investment	-	92,153	92,153	-
Teen Mission Scholarships	-	2,350	2,350	-
	<u>-</u>	<u>274,249</u>	<u>274,249</u>	<u>-</u>
RESTRICTED				
American Red Magen David	-	8,000	8,000	-
Chabad Lubavitch	-	60,000	60,000	-
Haifa Women's Shelter	-	5,000	5,000	-
Interfaith Programming	10,000	-	1,673	8,327
JFNA - Neve Michael	10,000	5,000	15,000	-
Local Agency Specific	275,000	250,000	250,000	275,000
Richmond Ballet - Minds in Motion	-	5,000	5,000	-
Yad Vashem	-	4,000	4,000	-
Zaporozhye	3,000	-	3,000	-
	<u>298,000</u>	<u>337,000</u>	<u>351,673</u>	<u>283,327</u>
	<u>\$ 2,500,963</u>	<u>\$ 2,238,480</u>	<u>\$ 2,421,686</u>	<u>\$ 2,317,757</u>