Jewish Federation of San Antonio

Financial Report

June 30, 2022

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Independent Auditor's Report

To the Board of Directors
Jewish Federation of San Antonio
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Jewish Federation of San Antonio (the Federation) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

The Board of Directors
Jewish Federation of San Antonio

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

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

Other Matter – Report on Summarized Comparative Information

We have previously audited the Federation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas
December 13, 2022

Jewish Federation of San Antonio

Statement of Financial Position June 30, 2022
(With Summarized Comparative Totals for 2021)

	General Fund	Endowment Fund	2022 Total	2021 Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 425,687	$ 612,865	$ 1,038,552	$ 774,796
Pledges receivable - net	221,146	-	221,146	269,701
Other receivables	2,085	5,462	7,547	28,471
Interfund receivables - net	(2,950)	2,950	-	-
Prepaid expenses	23,878	-	23,878	29,041
TOTAL CURRENT ASSETS	669,846	621,277	1,291,123	1,102,009
LONG-TERM ASSETS				
Loan receivable - net	-	1,963,100	1,963,100	2,000,000
Investments - carried at fair value:				
Investments	1,522	10,766,370	10,767,892	12,973,971
Cash surrender value of life insurance	-	207,352	207,352	218,334
Amounts held for others	-	905,921	905,921	1,076,900
Assets held in charitable trusts	-	103,040	103,040	132,941
Beneficial interest in perpetual trusts	-	9,973,978	9,973,978	11,350,775
Other investments:				
Investments - carried at cost	-	392,309	392,309	506,547
Investment in real estate	1	-	1	1
Leasehold improvements and software - net	98,472	-	98,472	119,570
TOTAL LONG-TERM ASSETS	99,995	24,312,070	24,412,065	28,379,039
TOTAL ASSETS	$ 769,841	$ 24,933,347	$ 25,703,188	$ 29,481,048
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ 22,194	$ -	$ 22,194	$ 6,892
Accrued expenses	69,557	-	69,557	96,019
Deferred income	366,636	-	366,636	290,772
Grants and allocations payable	799,683	5,000	804,683	737,039
TOTAL CURRENT LIABILITIES	1,258,070	5,000	1,263,070	1,130,722
Grants payable - long-term	-	-	-	50,000
Amounts held for others	-	905,921	905,921	1,076,900
Liabilities under agency relationships	-	30,255	30,255	143,963
Liabilities under trust and annuity agreements	-	234,995	234,995	246,127
TOTAL LONG-TERM LIABILITIES	-	1,171,171	1,171,171	1,516,990
TOTAL LIABILITIES	1,258,070	1,176,171	2,434,241	2,647,712
NET ASSETS				
Without donor restrictions	(488,229)	5,166,722	4,678,493	5,460,601
With donor restrictions				
Purpose restricted	-	3,757,860	3,757,860	5,242,780
Perpetually restricted	-	14,832,594	14,832,594	16,129,955
Total with donor restrictions	-	18,590,454	18,590,454	21,372,735
TOTAL NET ASSETS	(488,229)	23,757,176	23,268,947	26,833,336
TOTAL LIABILITIES AND NET ASSETS	$ 769,841	$ 24,933,347	$ 25,703,188	$ 29,481,048

The Notes to Financial Statements
are an integral part of these statements.

Jewish Federation of San Antonio

Statement of Activities and Changes in Net Assets
for the Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

	General Fund			Endowment Fund				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total	2021 Total
OPERATING SUPPORT AND REVENUE								
Campaign pledges	$ 1,404,930	$ -	$ 1,404,930	$ -	$ -	$ -	$ 1,404,930	$ 1,275,784
Contribution, grants, and other pledges	171,621	292,000	463,621	422,225	236,970	659,195	1,122,816	1,053,612
Investment income (loss), net	14,729	-	14,729	(330,456)	(1,109,678)	(1,440,134)	(1,425,405)	2,854,109
Program fees and other	268,561	-	268,561	-	-	-	268,561	374,294
Gain (loss) on assets held in perpetual trusts	-	-	-	-	(1,376,797)	(1,376,797)	(1,376,797)	1,490,867
Advertising - *Jewish Journal*	18,434	-	18,434	-	-	-	18,434	24,102
Misc Income	6,517	-	6,517	-	-	-	6,517	2,043
Change in value of split interest agreements	-	-	-	10,937	195	11,132	11,132	270,886
	1,884,792	292,000	2,176,792	102,706	(2,249,310)	(2,146,604)	30,188	7,345,697
Net assets released from restrictions	292,000	(292,000)	-	532,971	(532,971)	-	-	-
TOTAL OPERATING SUPPORT AND REVENUE	2,176,792	-	2,176,792	635,677	(2,782,281)	(2,146,604)	30,188	7,345,697
OPERATING EXPENSES								
Allocations and awards	1,093,604	-	1,093,604	576,066	-	576,066	1,669,670	1,298,223
Program services	899,249	-	899,249	-	-	-	899,249	802,414
Supporting services:								
Administration	375,139	-	375,139	-	-	-	375,139	331,446
Fundraising	416,283	-	416,283	-	-	-	416,283	376,290
Endowment	92,758	-	92,758	124,609	-	124,609	217,367	183,380
TOTAL OPERATING EXPENSES	2,877,033	-	2,877,033	700,675	-	700,675	3,577,708	2,991,753
Change in net assets before interfund transfers, campaign allocation to operating fund, and endowment transfers	(700,241)	-	(700,241)	(64,998)	(2,782,281)	(2,847,279)	(3,547,520)	4,353,944
Interfund transfers, campaign allocation to operating fund, and endowment transfers	(326,462)	-	(326,462)	309,593	-	309,593	(16,869)	(93,379)
CHANGE IN NET ASSETS	(1,026,703)	-	(1,026,703)	244,595	(2,782,281)	(2,537,686)	(3,564,389)	4,260,565
NET ASSETS, BEGINNING OF YEAR	538,474	-	538,474	4,922,127	21,372,735	26,294,862	26,833,336	22,572,771
NET ASSETS, END OF YEAR	$ (488,229)	$ -	$ (488,229)	$ 5,166,722	$ 18,590,454	$ 23,757,176	$ 23,268,947	$ 26,833,336

The Notes to Financial Statements
are an integral part of these statements.

Jewish Federation of San Antonio

Statement of Functional Expenses
for the Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

		Program Services						Supporting Services					
	Allocations and Awards	Community Relations Council	*Jewish Journal*	Holocaust	Life & Legacy	Other	Total Program Services	Administration	Fundraising	Endowment	Total Supporting Services	2022 Total	2021 Total
OPERATING EXPENSES													
Salaries	$ -	$ 60,626	$ 97,755	$ 225,773	$ 79,041	$ 48,300	$ 511,495	$ 153,598	$ 294,232	$ 71,475	$ 519,305	$ 1,030,800	$ 900,725
Payroll taxes and benefits	-	6,773	12,817	25,702	11,033	5,851	62,176	16,074	42,276	12,003	70,353	132,529	138,530
Total payroll expenses	-	67,399	110,572	251,475	90,074	54,151	573,671	169,672	336,508	83,478	589,658	1,163,329	1,039,255
Program and event expenses	-	8,506	-	55,345	42,465	49,511	155,827	29,075	10,874	-	39,949	195,776	163,280
Occupancy - rent	-	4,176	4,175	36,531	3,132	2,088	50,102	36,532	13,569	4,176	54,277	104,379	104,376
Administrative expenses	-	44	257	383	33	22	739	3,836	19,357	87,709	110,902	111,641	100,206
Contract labor	-	-	8,000	3,413	-	15,990	27,403	-	-	485	485	27,888	18,730
Printing and stationary	-	-	5,473	341	1,596	-	7,410	1,279	6,354	374	8,007	15,417	16,014
Professional fees	-	-	-	-	-	-	-	35,123	-	-	35,123	35,123	37,303
Conferences	-	110	1,603	569	988	1,746	5,016	6,679	3,333	-	10,012	15,028	720
Postage	-	80	2,321	93	1,239	-	3,733	741	4,419	38	5,198	8,931	7,248
Maintenance and rentals	-	893	892	7,806	669	446	10,706	7,809	2,900	893	11,602	22,308	23,170
Supplies	-	-	499	1,147	259	-	1,905	7,003	1,026	-	8,029	9,934	13,683
IT and network support	-	1,750	1,749	17,457	1,312	876	23,144	13,985	5,684	1,750	21,419	44,563	34,315
Insurance	-	327	328	3,814	246	164	4,879	3,486	1,064	1,564	6,114	10,993	10,338
Marketing	-	-	7,641	125	1,312	-	9,078	5,231	6,275	-	11,506	20,584	21,621
Publications	-	-	4,079	2,464	3,575	-	10,118	4,605	449	-	5,054	15,172	9,691
Depreciation	-	-	-	-	-	-	-	39,898	-	-	39,898	39,898	48,097
Telephone	-	300	600	1,273	600	-	2,773	2,398	525	-	2,923	5,696	7,288
Local travel	-	143	-	1,013	693	-	1,849	64	92	-	156	2,005	1,161
Uncollectible receivables	-	-	(50)	6,000	4,946	-	10,896	-	3,854	36,900	40,754	51,650	23,705
Federation web expenses	-	-	-	-	-	-	-	7,597	-	-	7,597	7,597	13,192
Miscellaneous expenses	-	-	-	-	-	-	-	126	-	-	126	126	137
	-	83,728	148,139	389,249	153,139	124,994	899,249	375,139	416,283	217,367	1,008,789	1,908,038	1,693,530
Allocations and awards	1,093,604	-	-	-	-	-	-	-	-	576,066	576,066	1,669,670	1,298,223
TOTAL OPERATING EXPENSES	$ 1,093,604	$ 83,728	$ 148,139	$ 389,249	$ 153,139	$ 124,994	$ 899,249	$ 375,139	$ 416,283	$ 793,433	$ 1,584,855	$3,577,708	$2,991,753

The Notes to Financial Statements
are an integral part of these statements.

Jewish Federation of San Antonio

Statement of Cash Flows
for the Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

	General Fund	Endowment Fund	2022 Total	2021 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ (1,026,703)	$ (2,537,686)	$ (3,564,389)	$ 4,260,565
Adjustments to reconcile changes in net assets to net cash provided by (used in) operations				
Amortization of premium on debt securities	-	114,238	114,238	-
Depreciation	39,898	-	39,898	48,097
Net loss (gain) in value of securities	(56,982)	1,962,349	1,905,367	(2,520,501)
Net loss (gain) on assets held in perpetual trusts	-	1,376,797	1,376,797	(1,490,867)
Change in cash surrender value of life insurance	-	10,982	10,982	(5,039)
Change in value of split interest agreements	-	(11,132)	(11,132)	(270,886)
Change in interfund receivables	98,692	(98,692)	-	-
Change in liabilities under agency relationships	-	(113,708)	(113,708)	48,275
Change in assets and liabilities				
Receivables	74,941	31,438	106,379	(41,499)
Prepaid expenses	5,163	-	5,163	32,106
Accounts payable	15,302	-	15,302	(29,013)
Accrued expenses	(26,462)	-	(26,462)	49,272
Grants and allocations payable	97,644	(80,000)	17,644	177,730
Deferred income	75,864	-	75,864	82,618
Net cash provided by (used in) operating activities	(702,643)	654,586	(48,057)	340,858
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of securities	(186,523)	(4,289,105)	(4,475,628)	(5,677,464)
Sales of securities	1,174,259	3,631,982	4,806,241	5,407,149
Purchases of fixed assets	(18,800)	-	(18,800)	(14,125)
Net cash provided by (used in) investing activities	968,936	(657,123)	311,813	(284,440)
CASH FLOWS FROM FINANCING ACTIVITIES				
PPP Loan Forgiveness	-	-	-	(170,100)
Net cash provided by (used in) financing activities	-	-	-	(170,100)
Net change in cash and cash equivalents	266,293	(2,537)	263,756	(113,682)
CASH AND CASH EQUIVALENTS, beginning of year	159,394	615,402	774,796	888,478
CASH AND CASH EQUIVALENTS, end of year	$ 425,687	$ 612,865	$ 1,038,552	$ 774,796

The Notes to Financial Statements
are an integral part of these statements.

Jewish Federation of San Antonio
Notes to Financial Statements

Note 1. Summary of Accounting Policies

Organization

The Jewish Federation of San Antonio (the "Federation") is a Texas not-for-profit organization that is the coordinating and convening body dedicated to building the Jewish community, nurturing the quality of Jewish life, and securing a favorable Jewish future in San Antonio, Israel, and worldwide, inspired by Jewish religious teachings. The Federation achieves this by conducting programs and related events in the areas of community relations, Jewish education, Holocaust awareness, Jewish leadership development, and the publication of a monthly newsletter, *The Jewish* Journal, via the Federation's website. Additionally, the Federation conducts an annual fundraising campaign and maintains and manages assets in endowment funds to provide funding for the benefit of local, state, national, and international agencies, and for other programs which serve the San Antonio Jewish community and the community as a whole.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting records are maintained on a fund accounting basis, which establishes separate, self-balancing sets of accounts in order to achieve proper segregation and fair presentation of resources to be used for unspecified and multi-specified purposes.

The major fund groups of the Federation are as follows:

General Fund - Accounts for the programmatic, administrative, and fundraising activities of the Federation; as well as accounting for all annual campaign funds raised and allocations made annually to provide funding for Federation operations and to provide annual allocations/awards to other local and national not-for-profit organizations.

Endowment Fund - Accounts for endowment gifts, the investment of endowment assets, and distributions to other funds and outside non-for-profit entities. The endowment fund group also accounts for interests in split interest agreements and trust interests.

Support and revenue are reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Basis of Presentation

The Federation is required to report information regarding its financial position and activities according to two classes of net assets.

Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Trustees (the "Board") are reported as net assets without donor restrictions, board-designated.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than the Federation's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash Equivalents

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

Investments

Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value, in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment securities received as contributions are sold immediately, with the net proceeds being recognized as a contribution. Other investments, State of Israel bonds, and non-derivative instruments are recorded at their face value and are held to maturity. Investment income, unless restricted by a donor, is available for operating purposes. Marketable investment securities are not required to be collateralized and are held for trade.

The Federation has an investment policy that sets guidelines and constraints to ensure the portfolio is appropriately diversified.

Pledges Receivable

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Collection

The Federation has a collection of works of art and similar assets that are not valued or capitalized. Purchases of collections are reported in the year of acquisition as decreases in net assets without donor restrictions or in net assets with donor restrictions if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. The Federation preserves and cares for the collections continuously. The Federation has established a collection plan and policy and stewardship procedures for the acquisition, accession, deaccession, loan and care of the collections.

Depreciation

Property and equipment are stated at cost, if purchased, or fair value, if donated. Depreciation is calculated on the straight-line method based on the following estimated useful lives: furniture, software, and equipment – 3 to 10 years and leasehold improvements – 15 to 20 years. The Federation uses a $5,000 threshold for asset capitalization.

Federal Income Tax

The Federation is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. As such, no provision for federal income taxes has been made in the accompanying financial statements. The Federation is also exempt from sales taxes. As of June 30, 2022, the tax years that remain subject to examination by taxing authorities begin with 2019.

The Federation's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At June 30, 2022 and 2021, no interest or penalties have been or are required to be accrued.

Revenue Recognition

The Federation recognizes revenue for each of its primary revenue streams as follows:

Contributions and Grants – Revenue from contributions and grants is recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Interest and Dividend Income – Interest is earned on interest-bearing cash accounts and debt investments included within investments reported on the Statements of Financial Position. Dividends are earned on equity investments held within the investments reported on the Statements of Financial Position. Revenue is recognized as interest and dividend payments are received or when accrued at the end of the period for payments to be received in the subsequent period.

Net Realized and Unrealized Gain/Loss on Investments – Realized and unrealized gain/loss is recorded for debt and equity investments held and sold by the Federation. Realized gain/loss is recognized on the date an investment is sold based on proceeds received in excess or below the cost of the investment. Unrealized gain/loss is recognized based on the fair market value of an investment being in excess or below the cost of an investment at a certain point in time. Due to the frequent changes in fair market value information, the Federation records unrealized gain/loss on a monthly basis on investments held based on the change in fair value at the end of the month compared to the previous month.

Gain/Loss in Value of Perpetual Trusts – A gain/loss is recognized when there is a change in the fair value of beneficial interests in perpetual trusts. For the Federation, the gain/loss recorded is based on the change in fair value that occurred during the reporting period presented in the Statement of Activities.

Special Events – Revenue from these events are recognized when cash or an unconditional promise to give is made. These amounts are netted against their related expenses on the Statement of Activities.

New Accounting Pronouncements

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021, as amended. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as occupancy-rent, professional fees, maintenance and rentals, and various other expenses which are allocated on square footage or some other reasonable basis.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Federation, but which will only be resolved when one or more future events occur or fail to occur. The Federation's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Federation or unasserted claims that may result in such proceedings, the Federation's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Federation's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Subsequent Events

The Federation's management has evaluated subsequent events that occurred after June 30, 2022, through December 13, 2022, the date which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 2. Fair Value Measurements

The Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 provides a framework for measuring fair value, establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and requires consideration of the counterparty's creditworthiness when valuing certain assets.

The three level fair value hierarchies for disclosure of fair value measurements defined by ASC 820 are as follows:

Level 1 Quoted prices for identical instruments in active markets at the measurement date.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar instruments 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; and
- 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.

Investments in short term investments, equity and bond mutual funds, and common stocks are valued based on unadjusted quoted market prices in active markets and are classified within Level 1.

Investments in government and agency obligations, corporate obligations, certificates of deposits, insurance policies and perpetual trusts are valued based on dealer quotations and are classified as Level 2.

The following table represents assets measured at fair value as reported on the statement of financial position as of June 30, as well as by level within the fair value measurement hierarchy:

	Total Fair Value Measurement at June 30, 2022	Level 1	Level 2	Level 3
Assets				
Common stock	$ 7,446,573	$ 7,446,573	$ -	$ -
Mutual funds	1,522	1,522	-	-
Bonds	4,328,758	-	4,328,758	-
Cash surrender value of life insurance	207,352	-	207,352	-
Beneficial interest in perpetual trusts	9,973,978	-	9,973,978	-
Total fair value	$ 21,958,183	$ 7,448,095	$ 14,510,088	$ -

	Total Fair Value Measurement at June 30, 2021	Level 1	Level 2	Level 3
Assets				
Common stock	$ 9,330,189	$ 9,330,189	$ -	$ -
Mutual funds	96,026	96,026	-	-
Exchange-traded & closed end funds	237,504	237,504	-	-
Bonds	4,520,093	-	4,520,093	-
Cash surrender value of life insurance	218,334	-	218,334	-
Beneficial interest in perpetual trusts	11,350,775	-	11,350,775	-
Total fair value	$ 25,752,921	$ 9,663,719	$ 16,089,202	$ -

Note 3. Investments

Investments at June 30, 2022 consisted of the following:

	Cost	Fair Value	Carrying Value
General Fund			
Mutual funds	$ 1,522	$ 1,522	$ 1,522
Endowment Fund			
Common stock	6,349,282	7,446,573	7,446,573
Bonds	4,678,419	4,328,758	4,328,758
State of Israel bonds	392,309	-	392,309
Cash surrender value of life insurance	207,352	207,352	207,352
Beneficial interest in perpetual trusts	9,973,978	9,973,978	9,973,978
Total investments	$ 21,602,862	$ 21,958,183	$ 22,350,492

Jewish Federation of San Antonio

Notes to Financial Statements

Investments at June 30, 2021 consisted of the following:

	Cost	Fair Value	Carrying Value
General Fund			
Common Stock	$ 314,263	$ 324,789	$ 324,789
Mutual funds	62,291	69,020	69,020
Bonds	300,767	300,962	300,962
Exchange-traded & closed end funds	213,051	237,504	237,504
Endowment Fund			
Common stock	5,773,960	9,005,400	9,005,400
Mutual funds	27,202	27,006	27,006
Bonds	4,159,954	4,219,131	4,219,131
State of Israel bonds	506,547	-	506,547
Cash surrender value of life insurance	218,334	218,334	218,334
Beneficial interest in perpetual trusts	11,350,775	11,350,775	11,350,775
Total investments	$ 22,927,144	$ 25,752,921	$ 26,259,468

Investment income for the year ended June 30, 2022 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 200,269	$ 72,739	273,008
Realized gains	575,318	208,959	784,277
Unrealized losses	(1,050,954)	(1,376,717)	(2,427,671)
Investment fees	(40,360)	(14,659)	(55,019)
Total investment income	$ (315,727)	$ (1,109,678)	$ (1,425,405)

Investment income for the year ended June 30, 2021 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 73,077	$ 205,290	$ 278,367
Realized gains	163,273	216,407	379,680
Unrealized gains	1,220,694	1,022,474	2,243,168
Investment fees	(8,855)	(38,251)	(47,106)
Total investment income	$ 1,448,189	$ 1,405,920	$ 2,854,109

Note 4. Concentrations of Credit Risk

The Federation maintains cash in checking and money market accounts at various financial institutions. The Federation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to a maximum of $250,000 per bank. At June 30, 2022 and 2021, the Federation had approximately $195,748 and $350,067 respectively, in excess of FDIC insured limits, not including reconciling items. The Federation has not experienced any losses in such accounts.

Note 5. Pledges Receivable

Pledges receivable at June 30, 2022 consisted of the following:

	General Fund	Endowment Fund	Total
Gross amounts due in:			
Unconditional promises to give	$ 227,799	$ -	$ 227,799
Less allowance for uncollectible promises	(6,653)	-	(6,653)
Net unconditional promises to give	$ 221,146	$ -	$ 221,146

Pledges receivable at June 30, 2021 consisted of the following:

	General Fund	Endowment Fund	Total
Gross amounts due in:			
Unconditional promises to give	$ 279,063	$ -	$ 279,063
Less allowance for uncollectible promises	(9,362)	-	(9,362)
Net unconditional promises to give	$ 269,701	$ -	$ 269,701

Note 6. Loan Receivable

On December 9, 2014, the Board approved an interest-only loan from the Federation to the Campus of the San Antonio Jewish Community (the Campus) in the amount of $2,000,000, which will be payable over 20 years at a five-year fixed rate of 1.75% over LIBOR. In August 2020, The Board of Directors approved an amendment to the loan agreement effective January 1, 2020, which modified the interest of 1.75% over LIBOR, being assessed on a quarterly basis versus a five-year period. The loan receivable was $2,000,000 at June 30, 2022 and 2021 with interest receivable of $0 and $0 at June 30, 2022 and 2021, respectively. An allowance of $36,900 was recorded as of June 30, 2022.

Note 7. Investment in Real Estate

Donated real properties held for investment are recorded at fair market value when fair market can be obtained. A nominal accounting value of $1 is assigned to those real properties when fair market values cannot be obtained. There were no material investments in real estate at June 30, 2022 and June 30, 2021.

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Notes to Financial Statements

Note 8. Life Insurance Policies

The Federation is the sole beneficiary and owner of twelve life insurance policies. As of June 30, 2022 and 2021, the cash surrender values of these policies, accounted for in the endowment funds, totaled $207,352 and $218,334, respectively.

Note 9. Amounts Held for Others

Amounts held for others represent assets transferred by other nonprofit corporations to the Federation for investment management. These funds are invested in cash and mutual funds and are carried at fair value. The entity that transferred these assets to the Federation did not convey variance power over their use.

The balances in the asset and liability accounts as of June 30, 2022 and 2021 were as follows:

	2022	2021
Barshop Maintenance Fund/Hebrew Free Loan Fund/ Hirsh Chabad Lubavitch Fund (asset)	$ 905,921	$ 1,076,900
Barshop Maintenance Fund/Hebrew Free Loan Fund/ Hirsh Chabad Lubavitch Fund (liability)	$ 905,921	$ 1,076,900

Note 10. Assets/Liabilities under Trust and Annuity Agreements

The Federation is the remainder beneficiary and trustee of two charitable remainder annuity trusts. As of June 30, 2022 and 2021, the assets of these trusts are comprised of cash, publicly traded mutual funds, and government securities with a total fair value of $103,040 and $132,941, respectively. The terms of the trusts provide for total annualized distributions of $13,800 to the income beneficiaries. Total future distributions to the income beneficiaries, over their expected remaining lives, are discounted to reflect present value using a discount rate of 5.0%. As of June 30, 2022 and 2021, the present value of the future distributions, net of the discounts, totaled $103,318 and $107,295, respectively.

In accordance with GAAP, the assets of the trusts are recorded as "assets held in charitable trusts." The present value of future distributions to the beneficiaries, other than to the Federation, is recorded as "liabilities under trust and annuity agreements."

During the years ended June 30, 2022 and 2021, the Federation had seven charitable gift annuity agreements whereby the annuitants are to receive periodic distributions (an annual total of $29,095) over their lives. The present value of the estimated future distributions over the estimated lives of the annuitants (discounted using a 5.0% discount rate) totaled $131,677and $138,832 as of June 30, 2022 and 2021, respectively. Assets initially received from the annuitants are held in cash and/or in publicly traded mutual funds and are classified on the statement of financial position as a component of cash and cash equivalents and as investments.

A summary of assets and liabilities for the charitable remainder annuity trusts as of June 30, 2022 is as follows:

	Assets Held in Charitable Trusts	Liabilities Under Trust and Annuity Agreements
Charitable remainder annuity trusts	$ 103,040	$ 103,318
Charitable gift annuity agreements		131,677
Total		$ 234,995

A summary of assets and liabilities for the charitable remainder annuity trusts as of June 30, 2021 is as follows:

	Assets Held in Charitable Trusts	Liabilities Under Trust and Annuity Agreements
Charitable remainder annuity trusts	$ 132,941	$ 107,295
Charitable gift annuity agreements		138,832
Total		$ 246,127

Note 11. Beneficial Interests in Perpetual Trusts

The Federation is the income beneficiary of four perpetual trusts (Emma Freeman Foundation, Emma Freeman Trust, Freeman Education Foundation, and the Leonard and Shirley Sterling Charitable Fund) whose assets are held by a financial institution. As of June 30, 2022 and 2021, the Federation's interest in the assets of these trusts, at fair value, were valued at $9,973,978 and $11,350,775 respectively. The Federation's beneficial interest in these trusts (equivalent to the Federation's percentage interest of the fair value of the underlying assets held in trust) is limited to only the net income generated from the trust assets, as distributed by the trustee. In accordance with GAAP, this amount is included in "beneficial interest in perpetual trusts" and is classified as perpetually restricted.

The assets of the trusts consist of government securities, mutual funds, equity and debt securities, and real estate.

For the years ended June 30, 2022 and 2021, the fair value of the Federation's percentage interest in these assets decreased by $1,376,797 and increased by $1,490,867, respectively. These respective changes are recorded as "gain (loss) on assets held in perpetual trusts" in the statement of activities and changes in net assets.

Note 12. Leasehold Improvements and Software

Leasehold improvements consisted of the following at June 30:

	2022	2021
Leasehold improvements	$ 111,279	$ 111,279
Software	94,719	94,719
Technology	45,408	36,968
Furniture	22,765	12,405
Less accumulated depreciation	(175,699)	(135,801)
Total	$ 98,472	$ 119,570

Depreciation expense was $39,898 and $48,097 for the years ended June 30, 2022 and 2021, respectively.

Note 13. Liabilities under Agency Relationships

The Federation holds assets consisting of cash and publicly traded mutual funds, the income from which benefits specified unaffiliated not-for-profit entities. The assets are comprised of cash and investments and are reflected accordingly as such in these financial statements. The Federation does not have variance power over the use of these assets, which are held in perpetuity.

As of June 30, 2022, and 2021, the fair value of these assets and offsetting liability totaled $30,255 and $143,963, respectively.

Note 14. Notes Payable

Paycheck Protection Program Loan

On April 9, 2020, the Company was granted a loan from Frost Bank, in the amount of $170,100, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was subsequently forgiven on April 22, 2021, and is included as program fees and other in the statement of activities and changes in net assets for the year ended June 30, 2021.

Note 15. Employee Benefit Plan

The Federation established a "SIMPLE IRA Plan" effective February 1, 2017. All employees receiving at least $5,000 in compensation during any two prior years and who are reasonably expected to receive at least $5,000 in compensation during the current year are eligible to participate in the plan. The Federation matches the employee contributions up to 3%, and all contributions are 100% vested. For the years ended June 30, 2022 and 2021, the Federation contributed $11,002 and $8,650, respectively, into the plan.

Note 16. Allocations and Awards

At June 30, 2022 and 2021, the Federation had amounts due to the following not-for-profit organizations and programs for allocations awarded from its General Fund:

	2022	2021
Jewish Federations of North America	$ 275,628	$ 238,000
Jewish Family Service	155,018	147,018
Jewish Community Center	156,013	131,013
Torah Academy of San Antonio	55,000	55,000
UTSA Scholarships	10,000	75,000
Regional and others	142,115	141,008
Carry over to FY23	5,909	-
Foundation Barshop Commitment	5,000	-
Total allocations and awards	$ 804,683	$ 787,039

Note 17. Commitments and Contingencies

The Federation is contingently at risk with regard to payments to be made to a donor under a charitable gift annuity. The Federation bears the risk should it default on its obligation to make payments to the annuitants (donors) under the terms of the annuity or if the beneficiary annuitant lives longer than the period of time provided for by the charitable gift annuity assets.

The Federation is a guarantor on a note with a financial institution on behalf of the Campus, an affiliated agency. The note is fully collateralized with real estate. The original amount of the guarantee was $7,100,000. As of June 30, 2022 and 2021, the outstanding balance of the note is $1,146,333 and $1,146,333, respectively. The note had a principal payment of $156,000 plus all accrued interest due on November 1, 2022. The Campus has been making interest-only payments on the note for the past several years. The loan agreement was modified in October 2022 whereby interest only payments are made through January 1, 2023, and subsequent principal and interest payments are to be made until maturity date of January 1, 2025.

Note 18. Interfund Transfers

For the years ended June 30, 2022 and 2021, the Federation, in accordance with the operating budget and the Board's actions, transferred monies within its respective funds for endowment transfers of $309,593 and $589,489, respectively.

Note 19. Campus of the San Antonio Jewish Community

The Federation is one of three not-for-profit corporate members who maintain a voting position on the board of the Campus. The Campus is a not-for-profit corporation organized to operate a campus, which houses the operations of its corporate members.

The Federation, in conjunction with the other not-for-profit corporate members, leases space from the Campus under a lease agreement, which expired July 1, 2019. Although this lease has yet to be formally renewed for the 2022 fiscal year, management does not expect any changes in rent and has continued to pay the Campus for the leased space. Total rent expense incurred by the Federation totaled $104,379 and $104,376 for the years ended June 30, 2022 and 2021, respectively. Total lease expense is determined annually based upon the estimated total cost of maintaining the Campus facilities and the actual space utilized by the Federation. Commitments to lease space from the Campus are made annually based on a one-year lease period.

Note 20. Operating Leases

The Federation leases equipment under various non-cancelable operating leases. Rent expense on operating leases totaled $22,385 and $23,170 for the years ended June 30, 2022 and 2021, respectively.

The following is a schedule of the operating lease obligations subsequent to June 30, 2022:

June 30,		
2023	$	16,102
2024		1,512
2025		1,512
2026		1,512
	$	20,638

Jewish Federation of San Antonio

Notes to Financial Statements

Note 21. Net Assets with Donor Restrictions

Purpose restricted net assets consisted of the following at June 30:

	2022	2021
Subject to Board appropriation	$ 1,074,858	$ 1,601,230
Annual campaign - PACE gifts	625,906	947,372
Philanthropic giving	407,098	678,043
Scholarships/Jewish education	427,718	566,845
Senior citizens program	341,812	422,212
Holocaust Memorial Museum	511,552	524,651
Religious enhancement	133,814	156,549
Community relations	109,177	175,223
Leadership development	88,545	121,309
Library resources	34,030	49,346
Cultural Arts	3,350	-
Total purpose restricted net assets	$ 3,757,860	$ 5,242,780

Perpetually restricted net assets consisted of the following at June 30:

	2022	2021
Subject to Board appropriation	$ 10,775,899	$ 12,125,702
Philanthropic giving	1,239,767	1,237,267
Annual campaign - PACE gifts	1,171,892	1,171,892
Holocaust Memorial Museum	764,142	739,200
Scholarships/Jewish education	377,178	480,227
Community relations	189,596	164,596
Senior citizens program	120,000	120,000
Leadership development	173,549	70,500
Library resources	20,571	20,571
Total perpetually restricted net assets	$ 14,832,594	$ 16,129,955

Note 22. Marketing

The Federation purchases materials, banners, flyers, and invitations in order to promote events and activities throughout the year. Additionally, the Federation uses outside resources and/or consultants in conjunction with some of these events. These items are expensed as incurred. Marketing expense for the years end June 30, 2022 and 2021 was $20,584 and $21,621, respectively.

Note 23. Endowments

The Federation's endowments consist of a number of individual funds established for a variety of purposes. The Federation's endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of the Federation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act ("TXUPMIFA") 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 perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment if designated by the donor as perpetually restricted, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by TXUPMIFA.

In accordance with TXUPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Federation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Federation
- The investment policies of the Federation

Investment Policies and Objectives Governing Endowment Assets
The Federation, under its investment program, pools the endowment assets to achieve expanded diversification, more cost-efficient investment services, and access to professional management services that could not be achieved due to limited investment fund size. The Federation may select among several asset allocation options. The investment program shall be managed in compliance with all applicable laws, rules, and regulations, including TXUPMIFA.

The Federation acknowledges that the ultimate responsibility for satisfactory investment results rests with its Board. The Board believes this responsibility is best discharged by utilizing the advice of the Federation's Investment Committee and by delegating certain investment authority to certain banks, investment advisors, or investment managers as provided under Section 2.29 of the Texas Non-Profit Corporation Act.

The Federation has established the Investment Committee to provide oversight and review of the investment program. The Investment Committee of the Federation functions in an "advisory role" to the Board of the Federation. With the assistance of investment consultants, the Investment Committee is responsible for monitoring investment results; reviewing and recommending investment policies and strategies; reviewing and recommending investment managers and/or advisors and other fiduciaries; and monitoring the performance of the investment managers, advisors, and other fiduciaries.

Goals
The goal of the Federation, with respect to the investment policy, is to preserve and maintain the real purchasing power of the principal of the endowment assets after financial obligations, which consist of the Federation's financial needs and programs and administrative expenses. The desired investment objective is the realization of a long-term total rate of return for invested assets that is approximately 6% greater than the rate of inflation. The target rate of return is based upon the assumption that future real rates of return will be close to historical long run rates of return experienced for each asset class. It shall be the policy to invest assets with a class allocation to equities (50% to 80%), fixed income (20% to 50%), and alternatives (10% to 30%). The asset allocation represents a long-term perspective. As such, rapid and unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of these ranges. Accordingly, rebalancing among asset classes may be needed and will occur on a monthly basis (if required) to ensure target asset allocations are maintained.

Investments will be diversified within asset classes with the intent to minimize the risk of large losses. The portfolio is comprised primarily of mutual funds that are managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940.

Investment performance will be reviewed annually to determine the feasibility of achieving the above objective. Performance reviews will focus on comparisons of investment results to appropriate benchmarks, as well as market index returns in both equity and debt markets.

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Endowment net asset composition by type of fund as of June 30, 2022 was as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Donor-restricted endowment funds	$ (173,520)	$ 3,757,860	$ 14,832,594	$ 18,416,934
Board-designated endowment funds	5,340,242	-	-	5,340,242
Total	$ 5,166,722	$ 3,757,860	$ 14,832,594	$ 23,757,176

Endowment net asset composition by type of fund as of June 30, 2021 was as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Donor-restricted endowment funds	$ (248,018)	$ 5,242,780	$ 16,129,955	$ 21,124,717
Board-designated endowment funds	5,170,145	-	-	5,170,145
Total	$ 4,922,127	$ 5,242,780	$ 16,129,955	$ 26,294,862

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

	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$ 4,922,127	$ 5,242,779	$ 16,129,956	$ 26,294,862
Investment return:				
Interest and dividend income	79,260	64,009	87,519	230,788
Net loss on investments	(1,193,354)	(185,858)	(291,710)	(1,670,922)
Contributions to endowments	285,849	383,592	29,242	698,683
Loss on perpetual trust assets	-	(336,695)	(1,040,102)	(1,376,797)
Change in split interest agreements	10,937	195	-	11,132
Transfers	1,504,084	2,385	52,620	1,559,089
Amounts appropriated for expenditures	(442,181)	(1,412,548)	(134,930)	(1,989,659)
Endowment net assets, end of year	$ 5,166,722	$ 3,757,859	$ 14,832,595	$ 23,757,176

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

	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$ 3,424,037	$ 3,948,958	$ 14,530,607	$ 21,903,602
Investment return:				
Interest and dividend income	132,611	92,179	69,201	293,991
Net gain on investments	922,237	953,524	550,195	2,425,956
Contributions to endowments	788,188	15,750	105,014	908,952
Gain on perpetual trust assets	-	49,234	1,441,633	1,490,867
Change in split interest agreements	91,955	168,174	10,757	270,886
Transfers	262,909	293,450	(421,277)	135,082
Amounts appropriated for expenditures	(699,810)	(278,490)	(156,174)	(1,134,474)
Endowment net assets, end of year	$ 4,922,127	$ 5,242,779	$ 16,129,956	$ 26,294,862

Spending Policy

The distribution rate of the endowment assets that are owned by the Federation will be annually determined by the Board through the budgeting process or during the year on an as-needed basis, other than for donor advised funds. Donor advised funds, although available to the Board for distribution, typically are considered for distribution by the Board upon receipt of an advisement from the donor family which established the fund. Distributions from these funds are not subject to the same spending guidelines applied to the non-donor advised endowment funds. Parameters utilized for all other individual endowment funds are predicated on a net asset approach in determining the amount of funds available for appropriation and distribution. In general, total annual appropriations, not to exceed 4% of the net asset balance of each individual fund as of December 31 of each year, are considered as prudent by the Board with consideration of all factors, including donor restrictions, donor recommendations for donor-advised funds, and the requirements of TXUPMIFA and the Internal Revenue Service.

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 or TXUPMIFA requires the Federation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets of $173,520 and $240,018 as of June 30, 2022 and 2021, respectively. These deficiencies resulted from appropriations greater than investment income due to poor investment returns or unintended over distribution of the fund. Management expects to recover these market deficiencies with future investment returns, and there is potential to reduce the liability of the charitable gift annuities should the estimates not materialize.

Note 24. Liquidity and Availability of Financial Resources

The following reflects the Federation's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of donor-imposed restrictions or internal designations that are amounts set aside for operating and other reserves that could be drawn upon if the Federation's Board approves that action:

	2022	2021
Cash and cash equivalents	$ 1,038,552	$ 774,796
Investments	22,350,492	26,259,468
Pledges receivable - net	221,146	269,701
Other receivables	7,547	28,471
Total financial assets	23,617,737	27,332,436
Donor restrictions	(18,590,454)	(21,372,735)
Financial assets available to meet cash needs for expenditures within one year	$ 5,027,283	$ 5,959,701

The Federation's main sources of cash flows during the year are through the annual campaign, other contributions, and investment income. These sources provide a consistent inflow of cash to provide for the Federation's ongoing operations.