Jewish Federation of San Antonio

Financial Report
June 30, 2023

Assurance • Tax • Advisory

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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, 2023, 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, 2023, 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 Federation'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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 12, 2023

Jewish Federation of San Antonio

Statement of Financial Position June 30, 2023
(With Summarized Comparative Totals for 2022)

	General Fund	Endowment Fund	2023 Total	2022 Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 606,159	$ 343,428	$ 949,587	$ 1,038,552
Pledges receivable - net	460,919	-	460,919	221,146
Other receivables	12,180	93,457	105,637	7,547
Interfund receivables - net	(12,311)	12,311	-	-
Investments - available-for-sale	384,708	11,786,278	12,170,986	10,767,892
Prepaid expenses	53,363	-	53,363	23,878
TOTAL CURRENT ASSETS	1,505,018	12,235,474	13,740,492	12,059,015
LONG-TERM ASSETS				
Loan receivable:				
Loan receivable - gross	-	2,000,000	2,000,000	2,000,000
Loan receivable - allowance	-	(73,042)	(73,042)	(36,900)
Investments - carried at fair value:				
Cash surrender value of life insurance	-	195,552	195,552	207,352
Amounts held for others	-	1,021,387	1,021,387	905,921
Assets held in charitable trusts	-	94,254	94,254	103,040
Beneficial interest in perpetual trusts	-	11,000,606	11,000,606	9,973,978
Other investments:				
Investments - carried at cost	-	315,539	315,539	392,309
Investment in real estate	1	-	1	1
Property, plant, and equipment - net	97,385	-	97,385	98,472
TOTAL LONG-TERM ASSETS	97,386	14,554,296	14,651,682	13,644,173
TOTAL ASSETS	$ 1,602,404	$ 26,789,770	$ 28,392,174	$ 25,703,188
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ 12,741	$ -	$ 12,741	$ 22,194
Accrued expenses	85,268	-	85,268	69,557
Deferred income	329,493	-	329,493	366,636
Grants and allocations payable	739,102	-	739,102	804,683
TOTAL CURRENT LIABILITIES	1,166,604	-	1,166,604	1,263,070
LONG-TERM LIABILITIES				
Amounts held for others	-	1,021,387	1,021,387	905,921
Liabilities under agency relationships	-	53,611	53,611	30,255
Liabilities under trust and annuity agreements	-	225,259	225,259	234,995
TOTAL LONG-TERM LIABILITIES	-	1,300,257	1,300,257	1,171,171
TOTAL LIABILITIES	1,166,604	1,300,257	2,466,861	2,434,241
NET ASSETS				
Without donor restrictions	143,252	5,219,392	5,362,644	4,678,493
With donor restrictions				
Purpose restricted	292,548	4,422,916	4,715,464	3,757,860
Perpetually restricted	-	15,847,205	15,847,205	14,832,594
Total with donor restrictions	292,548	20,270,121	20,562,669	18,590,454
TOTAL NET ASSETS	435,800	25,489,513	25,925,313	23,268,947
TOTAL LIABILITIES AND NET ASSETS	$ 1,602,404	$ 26,789,770	$ 28,392,174	$ 25,703,188

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, 2023
(With Summarized Comparative Totals for 2022)

	General Fund			Endowment Fund				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total	2022 Total
OPERATING SUPPORT AND REVENUE								
Campaign pledges	$ 1,314,910	$ -	$ 1,314,910	$ -	$ -	$ -	$ 1,314,910	$ 1,404,930
Contribution, grants, and other pledges	572,772	292,548	865,320	743,787	146,412	890,199	1,755,519	1,122,816
Special events, net of expenses of $115,877 for the year ended June 30, 2023	707,672	-	707,672	-	-	-	707,672	-
Investment income (loss), net	13,062	-	13,062	443,901	598,732	1,042,633	1,055,695	(1,425,405)
Program fees and other	97,747	-	97,747	-	-	-	97,747	268,561
Gain (loss) on assets held in perpetual trusts	-	-	-	-	1,026,628	1,026,628	1,026,628	(1,376,797)
Advertising - *Jewish Journal*	23,394	-	23,394	-	-	-	23,394	18,434
Misc Income	42,131	-	42,131	-	-	-	42,131	6,517
Change in value of split interest agreements	-	-	-	-	9,736	9,736	9,736	11,132
	2,771,688	292,548	3,064,236	1,187,688	1,781,508	2,969,196	6,033,432	30,188
Net assets released from restrictions	-	-	-	362,396	(362,396)	-	-	-
TOTAL OPERATING SUPPORT AND REVENUE	2,771,688	292,548	3,064,236	1,550,084	1,419,112	2,969,196	6,033,432	30,188
OPERATING EXPENSES								
Allocations and awards	988,454	-	988,454	214,603	-	214,603	1,203,057	1,669,670
Program services	1,099,095	-	1,099,095	105,788	-	105,788	1,204,883	1,116,616
Supporting services:								
Administration	409,600	-	409,600	-	-	-	409,600	375,139
Fundraising	514,479	-	514,479	-	-	-	514,479	416,283
TOTAL OPERATING EXPENSES	3,011,628	-	3,011,628	320,391	-	320,391	3,332,019	3,577,708
Change in net assets before interfund transfers, campaign allocation to operating fund, and endowment transfers	(239,940)	292,548	52,608	1,229,693	1,419,112	2,648,805	2,701,413	(3,547,520)
Interfund transfers, campaign allocation to operating fund, and endowment transfers	871,421	-	871,421	(1,177,023)	260,555	(916,468)	(45,047)	(16,869)
CHANGE IN NET ASSETS	631,481	292,548	924,029	52,670	1,679,667	1,732,337	2,656,366	(3,564,389)
NET ASSETS, BEGINNING OF YEAR	(488,229)	-	(488,229)	5,166,722	18,590,454	23,757,176	23,268,947	26,833,336
NET ASSETS, END OF YEAR	$ 143,252	$ 292,548	$ 435,800	$ 5,219,392	$ 20,270,121	$ 25,489,513	$ 25,925,313	$ 23,268,947

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, 2023
(With Summarized Comparative Totals for 2022)

		Program Services							Supporting Services				
	Allocations and Awards	**Community Relations Council**	***Jewish Journal***	**Holocaust**	**Life & Legacy**	**Endowment**	**Other**	**Total Program Services**	**Administration**	**Fundraising**	**Total Supporting Services**	**2023 Total**	**2022 Total**
OPERATING EXPENSES													
Salaries	$ -	$ 92,419	$ 49,730	$ 216,309	$ 124,228	$ 73,093	$ 95,998	$ 651,777	$ 127,125	$ 354,498	$ 481,623	$ 1,133,400	$ 1,030,800
Payroll taxes and benefits	-	10,772	6,934	37,932	14,427	11,934	13,448	95,447	24,908	48,469	73,377	168,824	132,529
Total payroll expenses	-	103,191	56,664	254,241	138,655	85,027	109,446	747,224	152,033	402,967	555,000	1,302,224	1,163,329
Program and event expenses	-	16,133	-	55,493	14,484	-	78,947	165,057	23,597	27,964	51,561	216,618	195,776
Occupancy - rent	-	4,175	4,175	36,536	3,131	4,175	2,088	54,280	36,532	13,569	50,101	104,381	104,379
Administrative expenses	-	52	52	455	39	69,934	26	70,558	2,756	23,499	26,255	96,813	111,641
Contract labor	-	-	8,250	1,980	-		9,217	19,447	-	-	-	19,447	27,888
Printing and stationary	-	-	6,146	295	2,339	225	-	9,005	-	10,280	10,280	19,285	15,417
Professional fees	-	-	-	-	-	-	-	-	48,453	-	48,453	48,453	35,123
Conferences	-	3,723	6,126	1,257	5,624	-	4,026	20,756	11,019	3,731	14,750	35,506	15,028
Postage	-	-	2,022	261	853	202	-	3,338	2,640	1,758	4,398	7,736	8,931
Maintenance and rentals	-	631	631	5,982	473	631	316	8,664	5,524	2,052	7,576	16,240	22,308
Supplies	-	67	79	2,025	2,020	19	-	4,210	6,363	449	6,812	11,022	9,934
IT and network support	-	2,622	2,622	22,953	1,967	2,622	1,311	34,097	22,951	8,524	31,475	65,572	44,563
Insurance	-	353	353	3,963	265	3,163	177	8,274	3,093	1,149	4,242	12,516	10,993
Marketing	-	-	274	1,705	5,279	-	-	7,258	3,244	1,202	4,446	11,704	20,584
Publications	-	115	5,850	3,643	695	434	-	10,737	5,246	42	5,288	16,025	15,172
Donation to other non-profits	-	-	-	-	-	-	-	-	52,729	-	52,729	52,729	-
Depreciation	-	-	-	-	-	-	-	-	29,370	-	29,370	29,370	39,898
Telephone	-	300	800	900	600	-	-	2,600	2,519	600	3,119	5,719	5,696
Local travel	-	634	15	239	-	-	181	1,069	172	293	465	1,534	2,005
Uncollectible receivables	-	-	-	-	2,167	36,142	-	38,309	-	16,400	16,400	54,709	51,650
Federation web expenses	-	-	-	-	-	-	-	-	-	-	-	-	7,597
Miscellaneous expenses	-	-	-	-	-	-	-	-	1,359	-	1,359	1,359	126
	-	131,996	94,059	391,928	178,591	202,574	205,735	1,204,883	409,600	514,479	924,079	2,128,962	1,908,038
Allocations and awards	988,454	-	-	-	-	214,603	-	214,603	-	-	-	1,203,057	1,669,670
TOTAL OPERATING EXPENSES	$ 988,454	$ 131,996	$ 94,059	$ 391,928	$ 178,591	$ 417,177	$ 205,735	$ 1,419,486	$ 409,600	$ 514,479	$ 924,079	$ 3,332,019	$ 3,577,708

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, 2023
(With Summarized Comparative Totals for 2022)

	General Fund	Endowment Fund	2023 Total	2022 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ 924,029	$ 1,732,337	$ 2,656,366	$ (3,564,389)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operations				
Amortization of premium on debt securities	-	76,770	76,770	114,238
Depreciation	29,370	-	29,370	39,898
Net loss (gain) in value of securities	-	(692,244)	(692,244)	1,905,367
Net loss (gain) on assets held in perpetual trusts	-	(1,026,628)	(1,026,628)	1,376,797
Change in cash surrender value of life insurance	-	11,800	11,800	10,982
Change in value of split interest agreements	-	(9,736)	(9,736)	(11,132)
Change in interfund receivables	9,361	(9,361)	-	-
Change in liabilities under agency relationships	-	23,356	23,356	(113,708)
Change in assets and liabilities				
Receivables	(249,868)	(51,853)	(301,721)	106,379
Prepaid expenses	(29,485)	-	(29,485)	5,163
Accounts payable	(9,453)	-	(9,453)	15,302
Accrued expenses	15,711	-	15,711	(26,462)
Grants and allocations payable	(60,581)	(5,000)	(65,581)	17,644
Deferred income	(37,143)	-	(37,143)	75,864
Net cash provided by (used in) operating activities	591,941	49,441	641,382	(48,057)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of securities	(383,186)	(5,327,460)	(5,710,646)	(4,475,628)
Sales of securities	-	5,008,582	5,008,582	4,806,241
Purchases of fixed assets	(28,283)	-	(28,283)	(18,800)
Net cash provided by (used in) investing activities	(411,469)	(318,878)	(730,347)	311,813
Net change in cash and cash equivalents	180,472	(269,437)	(88,965)	263,756
CASH AND CASH EQUIVALENTS, beginning of year	425,687	612,865	1,038,552	774,796
CASH AND CASH EQUIVALENTS, end of year	$ 606,159	$ 343,428	$ 949,587	$ 1,038,552

The Notes to Financial Statements
are an integral part of these 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 investments 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 un-collectability 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, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

The Federation's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At June 30, 2023 and 2022, 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:

<u>*Contributions and Grants*</u> – 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.

<u>*Interest and Dividend Income*</u> – 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 ASU No. 2016-02, *Leases* (Topic 842), which is intended to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In order to meet that objective, the new standard requires recognition of the assets and liabilities that arise from leases. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Accounting by lessors will remain largely unchanged from current generally accepted accounting principles in the United States of America (GAAP). ASU 2016-02 is effective for the Federation beginning in fiscal year 2023. The Federation has adopted ASU 2016-02 and determined that the impact to its financial statements is not material.

In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 seeks to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The amendment also includes updated disclosure requirements, including disaggregation, qualitative information, policies, and donor-imposed restriction with regard to contributed nonfinancial assets. ASU 2020-07 is effective for the Federation beginning in fiscal year 2023. The Federation has adopted ASU 2020-07 and determined that the impact to its financial statements is not material.

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, 2023, through December 12, 2023, 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 Federation has beneficial interests in perpetual trusts managed by a third-party. The Federation will never receive the trusts' assets, therefore, the beneficial interests are classified as Level 3. Assets held within the trusts consist mostly of common stocks and bonds with readily determinable fair values, along with a few investments that are valued using various discount rates and are recorded at amortized cost.

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, 2023	Level 1	Level 2	Level 3
Assets				
Common stock	$ 7,940,215	$ 7,940,215	$ -	$ -
Bonds	4,992,147	-	4,992,147	-
Certificates of deposits	354,265	-	354,265	-
Cash surrender value of life insurance	195,552	-	195,552	-
Beneficial interest in perpetual trusts	11,000,606	-	-	11,000,606
Total fair value	$ 24,482,785	$ 7,940,215	$ 5,541,964	$ 11,000,606

	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	$ 4,536,110	$ 9,973,978

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

	Beneficial Interest In Perpetual Trusts
Balance, June 30, 2021	$ 11,350,775
Change in value	(1,376,797)
Balance, June 30, 2022	9,973,978
Change in value	1,026,628
Balance, June 30, 2023	$ 11,000,606

Note 3. Investments

Investments at June 30, 2023 consisted of the following:

	Cost	Fair Value	Carrying Value
General Fund			
Common stock	$ 11,108	$ 30,443	$ 30,443
Certificates of deposit	350,000	354,265	354,265
Endowment Fund			
Common stock	6,348,851	7,909,772	7,909,772
Bonds	5,282,621	4,992,147	4,992,147
State of Israel bonds	315,539	-	315,539
Cash surrender value of life insurance	195,552	195,552	195,552
Beneficial interest in perpetual trusts	11,000,606	11,000,606	11,000,606
Total investments	$ 23,504,277	$ 24,482,785	$ 24,798,324

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

Investment income for the year ended June 30, 2023 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 219,712	$ 168,611	388,323
Realized gains	84,638	119,698	204,336
Unrealized gains	177,047	323,779	500,826
Investment fees	(24,434)	(13,356)	(37,790)
Total investment income	$ 456,963	$ 598,732	$ 1,055,695

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)

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, 2023 and 2022, the Federation had approximately $33,739 and $195,748 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, 2023 consisted of the following:

	General Fund	Endowment Fund	Total
Gross amounts due in:			
Unconditional promises to give	$ 467,294	$ -	$ 467,294
Less allowance for uncollectible promises	(6,375)	-	(6,375)
Net unconditional promises to give	$ 460,919	$ -	$ 460,919

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

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 $63,207 and $0 at June 30, 2023 and 2022, respectively. An allowance of $73,042 and $36,900 was recorded as of June 30, 2023 and 2022, respectively.

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, 2023 and June 30, 2022.

Note 8. Life Insurance Policies

The Federation is the sole beneficiary and owner of nine life insurance policies. As of June 30, 2023 and 2022, the cash surrender values of these policies, accounted for in the endowment funds, totaled $195,552 and $207,352, 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, 2023 and 2022 were as follows:

	2023	2022
Barshop Maintenance Fund/Hebrew Free Loan Fund/ Hirsh Chabad Lubavitch Fund (asset)	$ 1,021,387	$ 905,921
Barshop Maintenance Fund/Hebrew Free Loan Fund/ Hirsh Chabad Lubavitch Fund (liability)	$ 1,021,387	$ 905,921

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, 2023 and 2022, the assets of these trusts are comprised of cash, publicly traded mutual funds, and government securities with a total fair value of $94,254 and $103,040, 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, 2023 and 2022, the present value of the future distributions, net of the discounts, totaled $100,142 and $103,318, 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, 2023 and 2022, 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 $125,117 and $131,677as of June 30, 2023 and 2022, 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, 2023 is as follows:

	Assets Held in Charitable Trusts	Liabilities Under Trust and Annuity Agreements
Charitable remainder annuity trusts	$ 94,254	$ 100,142
Charitable gift annuity agreements		125,117
Total		$ 225,259

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

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, 2023 and 2022, the Federation's interest in the assets of these trusts, at fair value, were valued at $11,000,006 and $9,973,978 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, 2023 and 2022, the fair value of the Federation's percentage interest in these assets increased by $1,026,628 and decreased by $1,376,797, 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. Property, Plant, and Equipment

Property, plant, and equipment consisted of the following at June 30:

	2023	2022
Leasehold improvements	$ 111,279	$ 111,279
Software	-	94,719
Technology	46,950	45,408
Furniture	22,765	22,765
Vehicles	26,740	-
Less accumulated depreciation	(110,349)	(175,699)
Total	$ 97,385	$ 98,472

Depreciation expense was $29,370 and $39,898 for the years ended June 30, 2023 and 2022, 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, 2023, and 2022, the fair value of these assets and offsetting liability totaled $53,611 and $30,255, respectively.

Note 14. 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, 2023 and 2022, the Federation contributed $21,747 and $11,002, respectively, into the plan.

Note 15. Allocations and Awards

At June 30, 2023 and 2022, the Federation had amounts due to the following not-for-profit organizations and programs for allocations awarded from its General Fund:

	2023	2022
Jewish Federations of North America	$ 240,529	$ 275,628
Jewish Family Service	147,018	155,018
Jewish Community Center	136,013	156,013
Torah Academy of San Antonio	45,000	55,000
UTSA Scholarships	-	10,000
Regional and others	109,440	142,115
Allocations for future years	61,102	5,909
Foundation Barshop Commitment	-	5,000
Total allocations and awards	$ 739,102	$ 804,683

Note 16. 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, 2023 and 2022, the outstanding balance of the note is $990,333 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 17. Interfund Transfers

For the years ended June 30, 2023 and 2022, the Federation, in accordance with the operating budget and the Board's actions, transferred monies within its respective funds for endowment transfers of $916,468 and $309,593, respectively.

Note 18. 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 2023 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 $104,381 and $104,379 for the years ended June 30, 2023 and 2022, 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 19. Operating Leases

The Federation implemented ASC 842, *Leases* in fiscal year 2023, as described in Note 1. However, due to the immaterial nature of the leases described below, management elected to continue disclosing information about operating leases under ASC 840, the previous lease accounting guidance.

The Federation leases equipment under various non-cancelable operating leases. Rent expense on operating leases totaled $16,240 and $22,308 for the years ended June 30, 2023 and 2022, respectively.

The following is a schedule of the operating lease obligations subsequent to June 30, 2023:

June 30,		
2024	$	8,772
2025		8,772
2026		8,772
2027		8,772
2028		3,151
	$	38,239

Note 20. Net Assets with Donor Restrictions

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

	2023	2022
Subject to Board appropriation	1,500,058	$ 1,074,858
Annual campaign - PACE gifts	733,733	625,906
Philanthropic giving	456,575	407,098
Scholarships/Jewish education	669,746	427,718
Senior citizens program	371,146	341,812
Holocaust Memorial Museum	526,629	511,552
Religious enhancement	138,991	133,814
Community relations	110,956	109,177
Leadership development	93,119	88,545
Library resources	66,155	34,030
Cultural Arts	3,356	3,350
Other	45,000	-
Total purpose restricted net assets	$ 4,715,464	$ 3,757,860

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

	2023	2022
Subject to Board appropriation	$ 11,792,517	$ 10,775,899
Philanthropic giving	1,237,760	1,239,767
Annual campaign - PACE gifts	1,171,892	1,171,892
Holocaust Memorial Museum	764,142	764,142
Scholarships/Jewish education	377,178	377,178
Community relations	189,596	189,596
Senior citizens program	120,000	120,000
Leadership development	173,549	173,549
Library resources	20,571	20,571
Total perpetually restricted net assets	$ 15,847,205	$ 14,832,594

Note 21. 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, 2023 and 2022 was $11,616 and $20,584, respectively.

Note 22. 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.

Endowment net asset composition by type of fund as of June 30, 2023 was as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Donor-restricted endowment funds	$ (162,060)	$ 4,422,916	$ 15,847,205	$ 20,108,061
Board-designated endowment funds	5,381,452	-	-	5,381,452
Total	$ 5,219,392	$ 4,422,916	$ 15,847,205	$ 25,489,513

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

Changes in endowment net assets for the year ended June 30, 2023 were as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$ 5,166,722	$ 3,757,860	$ 14,832,594	$ 23,757,176
Investment return:				
Interest and dividend income	211,262	167,981	-	379,243
Net gain on investments	233,269	430,121	-	663,390
Contributions to endowments	745,925	144,273	-	890,198
Gain on perpetual trust assets	-	10,011	1,016,618	1,026,629
Change in split interest agreements	9,538	198	-	9,736
Transfers	(382,506)	278,725	(2,007)	(105,788)
Amounts appropriated for expenditures	(764,818)	(366,253)	-	(1,131,071)
Endowment net assets, end of year	$ 5,219,392	$ 4,422,916	$ 15,847,205	$ 25,489,513

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	2,386	52,619	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	$ 3,757,860	$ 14,832,594	$ 23,757,176

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 $162,060 and $173,520 as of June 30, 2023 and 2022, 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 23. 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:

	2023	2022
Cash and cash equivalents	$ 949,587	$ 1,038,552
Investments	24,798,324	22,350,492
Pledges receivable - net	460,919	221,146
Other receivables	105,637	7,547
Total financial assets	26,314,467	23,617,737
Donor restrictions	(20,562,669)	(18,590,454)
Financial assets available to meet cash needs for expenditures within one year	$ 5,751,798	$ 5,027,283

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.