

Memphis Jewish Federation

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024



REYNOLDS BONE & GRIESBECK PLC
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Memphis Jewish Federation
Memphis, Tennessee

Opinion

We have audited the accompanying financial statements of Memphis Jewish Federation (the Federation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Reynolds, Bone & Grisebeck PLC

May 18, 2026

STATEMENTS OF FINANCIAL POSITION

Memphis Jewish Federation
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 3,516,134	\$ 2,425,636
Pledges receivable, net	2,306,839	2,543,967
Other receivables	22,753	7,762
Related party receivables	342,475	563,765
Prepaid expenses	13,255	26,030
Investments	21,641,742	19,777,810
Beneficial interest in trust	671,172	641,446
Cash surrender life insurance	15,988	45,611
Property and equipment, net	1,354,545	1,227,656
Total assets	<u>\$ 29,884,903</u>	<u>\$ 27,259,683</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 15,205	\$ 89,662
Related party payable	-	28,077
Allocations payable	1,876,388	1,786,714
Total liabilities	<u>1,891,593</u>	<u>1,904,453</u>
Net assets		
Net assets without donor restrictions		
Undesignated	3,157,591	2,228,761
Board designated endowment	3,812,970	3,441,190
Net assets with donor restrictions	<u>21,022,749</u>	<u>19,685,279</u>
Total net assets	<u>27,993,310</u>	<u>25,355,230</u>
Total liabilities and net assets	<u>\$ 29,884,903</u>	<u>\$ 27,259,683</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

Memphis Jewish Federation
Year Ended June 30, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and other support:			
Campaign revenues	\$ -	\$ 3,899,112	\$ 3,899,112
Contributions of cash and other financial assets	613,768	142,904	756,672
In-kind contributions	147,985	-	147,985
Fundraising	71,685	-	71,685
Net realized and unrealized investment gains	367,328	2,067,285	2,434,613
Change in value of trust	-	29,726	29,726
Other income	234,172	-	234,172
Net assets released from restrictions	4,801,557	(4,801,557)	-
Total revenues, gains and other support	6,236,495	1,337,470	7,573,965
Expenses:			
Program services			
Allocations to agencies	2,625,206	-	2,625,206
Hillel of Memphis	169,221	-	169,221
Other programs	1,067,809	-	1,067,809
Total program services	3,862,236	-	3,862,236
Supporting services			
General and administrative	528,217	-	528,217
Fundraising	545,432	-	545,432
Total supporting services	1,073,649	-	1,073,649
Total expenses	4,935,885	-	4,935,885
Change in net assets	1,300,610	1,337,470	2,638,080
Net assets at beginning of year	5,669,951	19,685,279	25,355,230
Net assets at end of year	\$ 6,970,561	\$ 21,022,749	\$ 27,993,310

Continued

STATEMENTS OF ACTIVITIES

Memphis Jewish Federation
Year Ended June 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and other support:			
Campaign revenues	\$ -	\$ 3,507,579	\$ 3,507,579
Contributions of cash and other financial assets	462,200	145,971	608,171
In-kind contributions	165,150	-	165,150
Fundraising	60,120	-	60,120
Net realized and unrealized investment gains	227,221	1,732,890	1,960,111
Change in value of trust	-	51,113	51,113
Other income	255,966	-	255,966
Net assets released from restrictions	4,358,547	(4,358,547)	-
Total revenues, gains and other support	5,529,204	1,079,006	6,608,210
Expenses:			
Program services			
Allocations to agencies	2,299,106	-	2,299,106
Hillel of Memphis	123,189	-	123,189
Other programs	1,063,123	-	1,063,123
Total program services	3,485,418	-	3,485,418
Supporting services			
General and administrative	441,818	-	441,818
Fundraising	429,406	-	429,406
Total supporting services	871,224	-	871,224
Total expenses	4,356,642	-	4,356,642
Change in net assets	1,172,562	1,079,006	2,251,568
Net assets at beginning of year	4,497,389	18,606,273	23,103,662
Net assets at end of year	\$ 5,669,951	\$ 19,685,279	\$ 25,355,230

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

*Memphis Jewish Federation
Year Ended June 30, 2025*

	Program Services			Support Services			Grand Total
	Allocations	Hillel of Memphis	Other Programs	Total	General and Administrative	Fundraising	
Allocations to recipient agencies	\$ 2,625,206	\$ -	\$ -	\$ 2,625,206	\$ -	\$ -	\$ 2,625,206
Management fees - personnel costs	-	90,979	541,749	632,728	327,128	286,237	1,246,093
Senior meals	-	-	193,043	193,043	-	-	193,043
Occupancy	-	17,911	55,894	73,805	12,806	10,662	97,273
Donated facilities	-	-	49,215	49,215	50,663	44,873	144,751
Supplies	-	3,476	19,497	22,973	11,773	10,301	45,047
Computer software and maintenance	-	3,206	54,426	57,632	32,865	28,756	119,253
Meetings and events	-	20,738	13,225	33,963	7,986	6,988	48,937
Bank and credit card fees	-	-	4,967	4,967	2,999	2,624	10,590
Professional fees	-	-	104,759	104,759	63,257	55,350	223,366
Telephone	-	2,413	1,342	3,755	810	709	5,274
Printing and postage	-	-	2,865	2,865	1,730	1,514	6,109
Fundraising events	-	-	-	-	-	83,243	83,243
Dues and subscriptions	-	-	1,369	1,369	827	724	2,920
Miscellaneous	-	4,511	22,002	26,513	13,286	11,625	51,424
Depreciation	-	25,987	3,456	29,443	2,087	1,826	33,356
Total	\$ 2,625,206	\$ 169,221	\$ 1,067,809	\$ 3,862,236	\$ 528,217	\$ 545,432	\$ 4,935,885

Continued

STATEMENTS OF FUNCTIONAL EXPENSES

*Memphis Jewish Federation
Year Ended June 30, 2024*

	Program Services			Support Services			Grand Total
	Allocations	Hillel of Memphis	Other Programs	General and Administrative	Fundraising	Total	
	\$ 2,299,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,299,106
Allocations to recipient agencies	-	83,079	494,744	298,745	261,402	560,147	1,137,970
Management fees - personnel costs	-	-	210,395	-	-	-	210,395
Senior meals	-	21,234	53,831	11,560	9,573	21,133	96,198
Occupancy	-	-	49,215	50,663	44,873	95,536	144,751
Donated facilities	-	-	26,875	9,435	8,256	17,691	45,084
Supplies	-	518	34,183	20,641	18,060	38,701	74,049
Computer software and maintenance	-	1,165	36,472	2,009	1,757	3,766	50,058
Meetings and events	-	9,820	5,555	3,354	2,935	6,289	11,844
Bank and credit card fees	-	-	119,577	25,924	22,684	48,608	168,185
Professional fees	-	-	1,335	806	706	1,512	5,336
Telephone	-	2,489	4,197	2,534	2,218	4,752	8,949
Printing and postage	-	-	-	-	42,813	42,813	42,813
Fundraising events	-	-	2,195	1,325	1,160	2,485	4,680
Dues and subscriptions	-	-	20,760	12,535	10,968	23,503	49,147
Miscellaneous	-	4,884	3,789	2,287	2,001	4,288	8,077
Depreciation	-	-	-	-	-	-	-
Total	\$ 2,299,106	\$ 123,189	\$ 1,063,123	\$ 441,818	\$ 429,406	\$ 871,224	\$ 4,356,642

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Memphis Jewish Federation
Years Ended June 30, 2025 and 2024

	2025	2024
Operating activities		
Change in net assets	\$ 2,638,080	\$ 2,251,568
Adjustments to reconcile the change in net assets to net cash equivalents provided by (used in) operating activities:		
Depreciation	33,356	8,077
Bad debt recoveries	(50,519)	(5,323)
Net realized and unrealized investment gains	(2,434,613)	(1,960,111)
Change in beneficial interest in trust	(29,726)	(51,113)
Changes in operating assets and liabilities:		
Pledges receivable	287,647	(425,249)
Other receivables	(14,991)	(694)
Related party receivables	221,290	64,507
Prepaid expenses	12,775	15,654
Cash surrender life insurance	29,623	5,688
Accounts payable and accrued expenses	(74,457)	71,437
Related party payable	(28,077)	(28,077)
Allocations payable	89,674	(322,441)
Net cash provided by (used in) operating activities	680,062	(376,077)
Investing activities		
Purchase of investments	(1,089,499)	(234,360)
Proceeds from sale of investments	1,660,180	1,383,595
Purchase of property and equipment	(160,245)	(734,645)
Net cash provided by investing activities	410,436	414,590
Net change in cash and cash equivalents	1,090,498	38,513
Cash and cash equivalents at beginning of year	2,425,636	2,387,123
Cash and cash equivalents at end of year	\$ 3,516,134	\$ 2,425,636

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The primary focus of Memphis Jewish Federation (the Federation), a nonprofit organization, is to connect philanthropy with the needs of Jewish families and individuals. This mission is at the heart of the Federation's work. Through its annual community-driven fundraising campaign, the Federation raises the resources needed to address current needs while helping build a vibrant future for the Jewish community in Memphis, Israel, and around the world.

Each year, through its annual community campaign, the Federation raises funds and provides grants to support programs focused on social services, senior care, Jewish identity, and Jewish engagement, including Jewish day schools, Jewish camp scholarships, leadership development initiatives, and community security efforts.

In addition, the Federation serves as a community convenor and administers a variety of programs focused on leadership development, young adult and young family outreach and engagement, Holocaust awareness, and education and advocacy related to the State of Israel. The Federation also administers Hillel at the University of Memphis, Hillel at Rhodes College, PJ Library, the Community Security Council, and the Community Relations Council, while conducting planning initiatives designed to broaden understanding of community trends and long-term needs.

Use of Estimates

Accounting principles generally accepted in the United States of America (U.S. GAAP) require 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. Significant financial statement estimates include the allowance for uncollectible pledges receivable and the fair value of investments, beneficial interest in trust, and cash surrender life insurance. The allowance for uncollectible pledges receivable is recorded based upon management's estimate of uncollectible accounts determined by analysis of specific balances and a general reserve based upon the total outstanding balances. See Note 4 for discussions of fair value measurements. Management believes that its estimates provided in the financial statements are reasonable. However, actual results could differ from those estimates.

Financial Statements

The Federation prepares its financial statements on the accrual basis of accounting to focus on the Federation as a whole by presenting balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions.

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are 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. Expiration of net assets with donor restrictions (i.e., the donor-imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Federation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which governs the state of Tennessee, the provisions of which apply to its endowment funds. Based on its interpretation of the provisions of UPMIFA, the Federation is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. Interest and dividend income from the endowment funds are recorded as income on net assets with or without donor restrictions depending on the donor stipulations.

Statements of Cash Flows

For purposes of the statements of cash flows, the Federation classifies cash on hand, in checking, savings, certificates of deposit and treasury bills with an original maturity of 90 days or less as cash and cash equivalents.

Campaign Revenues and Pledges Receivable, Net

The Federation conducts an annual campaign to raise funds primarily for distribution to various Jewish charitable undertakings and organizations and for its own programs. Contributions are recognized as revenues when they are received or unconditionally pledged. Conditional promises are not recognized as revenue until the conditions are substantially met.

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

All pledges receivable are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as support from net assets with donor restrictions. When a temporary restriction expires, 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.

Pledges receivable are recorded at net present value of estimated cash flows, which approximates fair value.

Contributions of Other Financial Assets

With respect to contributions of publicly traded equity securities, fair values are deemed to be the average of high and low quoted trading prices on the date of the gift. It is the Federation's policy to show restricted contributions, whose restrictions are met in the same reporting period as unrestricted support.

Investments

Investments with readily determinable fair values are reported at their fair values in the statements of financial position. Net realized and unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Long-Lived Assets

Property and equipment purchased by the Federation are recorded at cost, less accumulated depreciation. The Federation capitalizes expenditures for property and equipment in excess of \$2,500. Donated equipment is recorded at its estimated fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets which range from 3 to 40 years. Upon the disposal of property and equipment, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in the statements of activities. Maintenance, repairs, and renewals that neither materially add to the value of the property and equipment nor appreciably prolong its life are charged to expense as incurred.

The Federation reviews its long-lived assets, including property and equipment, for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Pursuant to U.S. GAAP, impairment is determined by comparing the carrying value of these long-lived assets to management's best estimate of the weighted average future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. In the event an impairment exists, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset. No impairment has been recognized in the accompanying statements of activities for the years ended June 30, 2025 and 2024.

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Income Taxes

The Internal Revenue Service has ruled that the Federation qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to federal income tax under present income tax laws.

In accordance with U.S. GAAP, if applicable, the Federation recognizes interest expense and penalties related to uncertain tax positions as interest expense and penalties in operating expenses. No amounts have been recognized in expenses for 2025 and 2024. The Federation is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Concentrations of Credit Risk

Due to the nature of its business and the volume of revenue activity, the Federation can accumulate, from time to time, bank balances in excess of the insurance provided by federal deposit insurance authorities. The risk of maintaining deposits in excess of amounts insured by federal deposit authorities is managed by maintaining such deposits in high quality financial institutions.

Functional Allocation of Expenses

The costs of providing the program and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs have been allocated among the program and support services benefited. Expenses directly related to specific programs are allocated directly to the related program. Management personnel costs are allocated by estimated percent of the staff's time spent on program and supporting activities.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation without any effect on previously reported net assets or change in net assets.

Subsequent Events

Management has reviewed events occurring through May 18, 2026, the date the financial statements were available to be issued, and no subsequent events occurred requiring accrual or disclosure.

2. LIQUIDITY AND AVAILABILITY

The Federation has a policy to manage its liquidity and reserves following three guiding principles: (1) operating within a prudent range of financial stability, (2) maintaining adequate liquidity to fund near-term operations, and (3) maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

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NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

The following table reflects the Federation's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general expenditures within one year:

	<u>2025</u>	<u>2024</u>
Financial assets to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 3,516,134	\$ 2,425,636
Pledges receivable, current portion	2,307,881	2,530,911
Other receivables	22,753	7,762
Related party receivables	342,475	563,765
Investments	<u>21,641,742</u>	<u>19,777,810</u>
	27,830,985	25,305,884
Less assets not available for general expenditures within one year:		
Donor restricted investments	(17,916,904)	(16,367,218)
Donor restricted cash - Hillel of Memphis	<u>(127,834)</u>	<u>(132,648)</u>
Total financial assets to meet cash needs for general expenditures within one year	<u>\$ 9,786,247</u>	<u>\$ 8,806,018</u>

The Federation's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statements of financial position date and amounts set aside for long-term investing in endowments.

3. PLEDGES RECEIVABLE, NET

Pledges receivable, net, consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Amounts due in:		
One year	\$ 2,307,881	\$ 2,530,911
Two to five years	82,100	144,050
More than five years	-	-
	<u>2,389,981</u>	<u>2,674,961</u>
Allowance for uncollectible pledges receivable	<u>(83,142)</u>	<u>(130,994)</u>
	<u>\$ 2,306,839</u>	<u>\$ 2,543,967</u>

Continued

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Pledges receivable represent unconditional promises from Federation supporters to make contributions to the Federation in future periods, usually over a three-year period. The contractual terms of each pledge determines its past due status. After exhausting all collection efforts, pledges deemed uncollectible are then charged-off.

4. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value and establishes a framework for measuring fair value. Fair value measurements apply to financial assets and liabilities, as well as non-financial assets and liabilities which are re-measured at least annually.

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable market data, when available, and minimizes the use of unobservable inputs when determining fair value. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Federation's assumptions about the assumptions market participants would use in pricing an asset or liability based on the best information available in the circumstances.

The Federation groups its assets and liabilities measured at fair value in three levels based on the reliability of valuation inputs used to determine fair value. The proper level of fair value measurement is determined based on the lowest level of significant input. The levels are as follows:

- Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 valuations are based on inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. markets in which there are few transactions for the assets or liabilities, the prices are not current, or price quotes vary substantially either over time or among market makers), and modeling techniques based on inputs that are observable for the assets or liabilities.
- Level 3 valuations are based on modeling techniques using significant assumptions that are not observable in the market. The assumptions reflect the Federation's own assumptions that market participants would use in pricing the assets or liabilities.

The availability of observable inputs varies from product to product and is affected by a variety of factors, including the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Federation in determining fair value is greatest for instruments categorized in Level 3.

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NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Financial assets and liabilities measured at fair value on a recurring basis include the following:

Mutual funds: Includes international and domestic equities and fixed income funds that are valued at the price reported in the active market in which the individual securities are traded.

Beneficial interest in trust: Includes primarily equities and fixed income securities and valued primarily on the fair market of the underlying investments, which is based on unobservable inputs.

Cash surrender life insurance: Estimated fair value is determined by considering the current surrender charges and the underlying value of the policy as of the statements of financial position date.

Information pertaining to investments measured at fair value as of June 30, on a recurring basis aggregated by valuation input level follows:

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market	\$ 12,245	\$ -	\$ -	\$ 12,245
Domestic equity	8,290,237	-	-	8,290,237
International equity	5,434,388	-	-	5,434,388
Domestic fixed income	5,228,994	-	-	5,228,994
International fixed income	2,675,878	-	-	2,675,878
Beneficial interest in trust	-	671,172	-	671,172
Cash surrender life insurance	-	-	15,988	15,988
Total	<u>\$ 21,641,742</u>	<u>\$ 671,172</u>	<u>\$ 15,988</u>	<u>\$ 22,328,902</u>
	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Domestic equity	\$ 7,348,886	\$ -	\$ -	\$ 7,348,886
International equity	4,674,639	-	-	4,674,639
Domestic fixed income	5,154,265	-	-	5,154,265
International fixed income	2,600,020	-	-	2,600,020
Beneficial interest in trust	-	641,446	-	641,446
Cash surrender life insurance	-	-	45,611	45,611
Total	<u>\$ 19,777,810</u>	<u>\$ 641,446</u>	<u>\$ 45,611</u>	<u>\$ 20,464,867</u>

Level 3 Investments

For the years ended June 30, 2025 and 2024, there were no significant transfers into or out of Level 3 of the fair value hierarchy. Additionally, there were no purchases or issues of Level 3 assets or liabilities.

Continued

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NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

When a determination is made to classify a financial instrument as Level 3 of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement. Unobservable inputs take into account such factors as the financial condition of each investee, economic and market conditions affecting their operations, any changes in management, the length of time since the initial investment, recent arm's length transactions involving securities of the investee, the value of similar securities issued by companies in the same or similar businesses, and limited marketability of the portfolio. Management reviews and evaluates the values provided by the insurance carrier and agrees with the valuation methods and assumptions used in determining the fair value of the cash surrender life insurance.

5. BENEFICIAL INTEREST IN TRUST

The Federation received a gift of beneficial interest in a trust that is held by others. Under the terms of the trust, the Federation has the irrevocable right to receive a percentage of the income on the trust assets until April 15, 2042, at which time all assets will be liquidated and transferred to the organizations in the same percentage as they are currently receiving income. The beneficial interest is reported at fair value in the statements of financial position, with the change in fair value reported as an increase or decrease in net assets with donor restrictions in the statements of activities. Annual distributions from the trust are reported as unrestricted income based upon donor designations.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following as of June 30:

	2025	2024
Computer equipment	\$ 200,042	\$ 200,042
Buildings and improvements - Hillel of Memphis	1,238,435	164,422
Building rights - MJCC office space	470,289	459,536
Land - Hillel of Memphis	40,748	40,748
Furniture and equipment	125,022	100,501
Construction in progress	124,971	1,074,013
	<u>2,199,507</u>	<u>2,039,262</u>
Accumulated depreciation	(844,962)	(811,606)
Total property and equipment, net	<u>\$ 1,354,545</u>	<u>\$ 1,227,656</u>

Depreciation totaled \$33,356 and \$8,077 for the years ended June 30, 2025 and 2024, respectively.

Continued

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Pursuant to an agreement with the Federation dated October 2, 1972, the Leo Levy Wing was added to the Memphis Jewish Community Center (MJCC) building for the Federation's use. This agreement provided that the Federation pay for the total cost of the two-story wing in return for perpetual rent-free office space. The first floor is being used rent-free by the Federation and utilities and maintenance costs are allocated between the agencies. For the years ended June 30, 2025 and 2024, the Federation reimbursed MJCC \$62,752 and \$61,404, respectively, for these costs and is recognized in the statements of activities. The agreement further provides that title to the wing will remain with the Federation, but in the event of sale or destruction of the wing, the Federation will be allocated certain specified amounts as reimbursement of the cost.

7. NATURE AND AMOUNTS OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2025</u>	<u>2024</u>
Subject to the passage of time:		
Pledges receivable to give that are not restricted by donors but are unavailable due to time restrictions	\$ 2,306,839	\$ 2,543,967
Subject to expenditure for a specified purpose:		
Hillel of Memphis	127,834	132,648
Endowment:		
Not subject to the Federation's spending policy and appropriation - investments in perpetuity	5,184,840	4,816,937
Subject to expenditure for a specified purpose:		
Abe Lemsky fund	11,959,620	11,109,296
Unspent endowment appreciation	772,444	440,985
	<u>12,732,064</u>	<u>11,550,281</u>
Subject to time restrictions - Idalia Roth	<u>671,172</u>	<u>641,446</u>
Total endowment with donor restrictions	<u>18,588,076</u>	<u>17,008,664</u>
Total net assets with donor restrictions	<u>\$ 21,022,749</u>	<u>\$ 19,685,279</u>

Continued

NOTES TO FINANCIAL STATEMENTS

*Memphis Jewish Federation
June 30, 2025 and 2024*

8. ENDOWMENT

During 1993, 2002, and 2003, the Federation received funds from the Abe Lemsky trust which were restricted by the donor for Israel and Israel-related programs. The Board of Directors used the gift to establish an endowment to preserve and invest these funds and other Federation assets for future use. Additionally, there are fifteen other donor-restricted endowment funds that have been established over the years for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Federation has interpreted UPMIFA 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 the following net assets with donor restrictions:

1. The original value of gifts donated to the donor restricted endowment;
2. The subsequent gifts to the donor restricted endowment; and
3. Accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as board designated net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Federation considers the following factors in making decisions related to appropriations for expenditures or accumulations of donor restricted endowment funds:

1. The duration and preservation of the various funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Federation; and
7. The Federation's investment policies.

Continued

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Spending Policy

The Federation has a distribution policy for endowments that follows each endowment's governing documents. The distributions are based on a percentage of fair value that varies from 4% to 6% over a measurement date that varies from a single specified annual date to a five year average. The Federation considered long-term expected rate of return and market volatility before accepting the terms of each endowment.

Endowment Investment Policy

The Federation's Investment Committee (the Committee) maintains an actively managed and diversified asset allocation strategy commensurate with its long-term investment objective of earning a total return capable of meeting expenditures, maintaining purchasing power and providing reasonable growth expectations with acceptable risk parameters. The Committee has established the following target allocation percentages to facilitate meeting its objectives:

	<u>Target Allocation</u>	<u>Maximum Allocation</u>
Public equity - long only	60%	80%
Private equity	0%	10%
Real assets	0%	10%
Hedge funds and absolute return	0%	25%
Fixed income and cash	40%	80%

The following table presents changes in endowment net assets for the year ended June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2024	\$ 3,260,589	\$ 17,008,664	\$ 20,269,253
Contributions	45,975	417,903	463,878
Investment income, net of expenses	173,846	777,996	951,842
Net appreciation	264,693	1,269,015	1,533,708
Reclassification due to underwater endowments	63,832	(63,832)	-
Appropriation for expenditure	(112,734)	(821,670)	(934,404)
Endowment net assets, June 30, 2025	<u>\$ 3,696,201</u>	<u>\$ 18,588,076</u>	<u>\$ 22,284,277</u>

Continued

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

The following table presents changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	\$ 3,027,432	\$ 16,379,833	\$ 19,407,265
Contributions	53,435	271,321	324,756
Investment income, net of expenses	105,154	490,220	595,374
Net appreciation	278,832	1,336,086	1,614,918
Reclassification due to underwater endowments	60,168	(60,168)	-
Appropriation for expenditure	(264,432)	(1,408,628)	(1,673,060)
Endowment net assets, June 30, 2024	<u>\$ 3,260,589</u>	<u>\$ 17,008,664</u>	<u>\$ 20,269,253</u>

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor restricted	\$ -	\$ 18,588,076	\$ 18,588,076
Federation operations	(116,769)	-	(116,769)
Board designated	3,812,970	-	3,812,970
Endowment net assets, June 30, 2025	<u>\$ 3,696,201</u>	<u>\$ 18,588,076</u>	<u>\$ 22,284,277</u>

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor restricted	\$ -	\$ 17,008,664	\$ 17,008,664
Federation operations	(180,601)	-	(180,601)
Board designated	3,441,190	-	3,441,190
Endowment net assets, June 30, 2024	<u>\$ 3,260,589</u>	<u>\$ 17,008,664</u>	<u>\$ 20,269,253</u>

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NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Federation to retain as a fund of perpetual duration. Deficiencies of this nature are reported by a change to net assets with donor restrictions. At June 30, 2025 and 2024, all endowment funds distributions were in accordance with the applicable governing documents and no deficiencies were in violations of those documents. At June 30, 2025 and 2024, endowment deficiencies were as follows:

	<u>2025</u>	<u>2024</u>
Fair value at end of year	\$ 924,889	\$ 1,159,442
Original gifts	<u>(1,041,658)</u>	<u>(1,340,043)</u>
Endowment deficiencies	<u>\$ (116,769)</u>	<u>\$ (180,601)</u>

9. CONCENTRATIONS

The Federation receives its funding from the Jewish community in and around Memphis, Tennessee. This geographical concentration could significantly impact the operations of the Federation should the economy or financial viability of the donors experience economic problems.

10. IN-KIND CONTRIBUTIONS

The Federation's office lease is paid by management company Jewish Community Partners, Inc. The estimated value of the donated facilities is \$144,751 for the years ended June 30, 2025 and 2024.

In addition to donated facilities, the Federation received other in-kind contributions consisting of various other services with an estimated value of \$3,234 and \$20,399 for the years ended June 30, 2025 and 2024, respectively.

Donated office space was valued using estimate average U.S. prices of identical or similar property under a "like-kind" methodology, considering the utility of the goods and services at the time of the contribution.

NOTES TO FINANCIAL STATEMENTS

Memphis Jewish Federation
June 30, 2025 and 2024

11. RELATED PARTY TRANSACTIONS

Jewish Community Partners, Inc. is a Tennessee for-profit corporation that provides management services to the Federation and the Jewish Foundation of Memphis. Jewish Community Partners, Inc. operates all programs and manages activities of both organizations. Some board members of the Federation serve on the Board of Trustees for Jewish Community Partners, Inc. and on the Board of Directors for the Jewish Foundation of Memphis.

Management fees for personnel costs paid by the Federation to Jewish Community Partners, Inc. for the years ended June 30, 2025 and 2024, totaled \$1,246,093 and \$1,137,970, respectively. Jewish Community Partners, Inc. owed \$273,451 and \$563,765 to the Federation at June 30, 2025 and 2024, respectively. The Jewish Foundation of Memphis owed \$69,024 to the Federation at June 30, 2025, for reimbursement of expenses. The Federation owed The Jewish Foundation of Greater Memphis \$28,077 at June 30, 2024, for reimbursement of expenses. These amounts are included in related party receivables and payable in the statements of financial position. The accompanying financial statements may not be indicative of the conditions that would have existed or results of operations if the Federation operated independently.

Pledges receivable from board members was approximately \$260,000 and \$276,000 as of June 30, 2025 and 2024, respectively.



May 18, 2026

To the Board of Directors
Memphis Jewish Federation
Memphis, Tennessee

We have audited the financial statements of the Memphis Jewish Federation (the Federation) (a nonprofit organization) for the year ended June 30, 2025, and we will issue our report thereon dated May 18, 2026. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 23, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Federation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by the Federation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for uncollectible pledges receivable and the fair value of investments, beneficial interest in trust, and cash surrender life insurance. The methods and significant assumptions used for estimations are as follows:

Allowance for uncollectible pledges receivable: Determined by analysis of specific balances and a general reserve based upon the total outstanding balances.

Mutual funds: Includes international and domestic equities and fixed income funds that are valued at the price reported in the active market in which the individual securities are traded.

Beneficial interest in trust: Includes primarily equities and fixed income securities and valued primarily on the fair market of the underlying investments, which is based on unobservable inputs.



Memphis Jewish Federation
May 18, 2026
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Cash surrender life insurance: Estimated fair value is determined by considering the current surrender charges and the underlying value of the policy as of the statements of financial position date.

We evaluated the methods, assumptions, and data used to develop the allowance for uncollectible pledges receivable and fair value measurements in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, the timing of the issuance of the audit report was delayed due to a number of proposed significant journal entries, which are discussed in a separate letter to you dated May 18, 2026.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The adjustments to the accounting records that were proposed and recorded during the audit of the June 30, 2025, financial statements are attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 18, 2026.



Memphis Jewish Federation
May 18, 2026
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Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Federation’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Federation’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Federation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Reynolds, Bone & Griesbeck PLC



Memphis Jewish Federation
Listing of Adjusting Entries
June 30, 2025

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1			
To adjust pledges to actual amounts and adjust allowance to MJF policy			
101199	Allowance for Doubtful Accounts	47,852.00	
103011	Campaign Pledges	11,402.00	
101111	Pledges Receivable - Current		11,402.00
105617	Bad Debt Expense		47,852.00
Total		<u>59,254.00</u>	<u>59,254.00</u>
Adjusting Journal Entries JE # 2			
To recognize depreciation expense			
107012	Depreciation Expense	7,369.00	
507012	Depreciation Expense	25,987.00	
101581	Accum Depreciation - Furniture & Fixtures		7,369.00
501561	Accum Depreciation - Building		22,558.00
501581	Accum Depreciation - Furniture & Fixtures		3,429.00
Total		<u>33,356.00</u>	<u>33,356.00</u>
Adjusting Journal Entries JE # 3			
To adjust allocations payable to actual amounts			
102011	Allocations Payable	1,251,962.00	
702011	Allocations Payable	231,500.00	
107999	Grants Paid		1,251,962.00
707999	Grants Paid		231,500.00
Total		<u>1,483,462.00</u>	<u>1,483,462.00</u>
Adjusting Journal Entries JE # 4			
To record donated rent and in-kind contributions			
105311	MJCC Occupancy	144,750.00	
106101	Donor Cultivation	3,235.00	
103013	In Kind		147,985.00
106204	Israel Advocacy		
Total		<u>147,985.00</u>	<u>147,985.00</u>
Adjusting Journal Entries JE # 5			
To adjust beneficial interest in trust as of FMV 6.30.25			
201250	Beneficial Interest in Trust	29,726.00	
707050	Change in Value of Trust		29,726.00
Total		<u>29,726.00</u>	<u>29,726.00</u>

Continued



<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Reclassifying Journal Entries JE # 6			
To reclass realized gains, dividends from unrealized gains/loss			
203213	Realized Gains/Losses	43,136.00	
203215	Unrealized Gains/Losses	908,705.00	
203211	Interest/Dividends		951,841.00
Total		<u>951,841.00</u>	<u>951,841.00</u>
Reclassifying Journal Entries JE # 7			
To reclass investment gains/losses recorded to endowment income			
203150	Contributions-Endowment Fund	373,466.46	
203215	Unrealized Gains/Losses		373,466.46
Total		<u>373,466.46</u>	<u>373,466.46</u>
Adjusting Journal Entries JE # 8			
To true up cash surrender value			
103113	Donor Directed Gifts	29,713.00	
103312	Miscellaneous Income	1,531.00	
201314	Cash Value of Life Insurance		31,244.00
Total		<u>31,244.00</u>	<u>31,244.00</u>
Adjusting Journal Entries JE # 10			
To reclass deposit for Security - Scan director to income vs. expense.			
773330	Security-SCAN director	74,392.00	
103113	Donor Directed Gifts		74,392.00
Total		<u>74,392.00</u>	<u>74,392.00</u>
Adjusting Journal Entries JE # 11			
To record donation (plus interest) from an agency fund at the Foundation that was not transferred to the Federation until after year end (\$120,000 donation plus \$26,718 interest)			
102021	Due To/From Jewish Foundation	146,718.00	
203150	Contributions-Endowment Fund		25,581.38
203215	Unrealized Gains/Losses		121,136.62
Total		<u>146,718.00</u>	<u>146,718.00</u>

Continued



<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 12			
To true up PPE			
101531	Building Improvements	84,599.00	
101541	Furniture & Fixtures	24,521.00	
105627	Miscellaneous	9,396.00	
101531	Building Improvements		59,258.00
103321	FedLed Income		59,258.00
Total		<u>118,516.00</u>	<u>118,516.00</u>
Adjusting Journal Entries JE # 13			
To move Hillel renovations to building and place in service			
501521	Building	1,074,013.00	
101555	Construction in Progress		1,074,013.00
Total		<u>1,074,013.00</u>	<u>1,074,013.00</u>
Adjusting Journal Entries JE # 14			
To move JCP expansion to CIP as certificate of occupancy as was not received until 7.29.25			
101555	Construction in Progress	124,971.00	
101556	JCP Office Expansion		124,971.00
Total		<u>124,971.00</u>	<u>124,971.00</u>



May 18, 2026

To the Board of Directors
Memphis Jewish Federation
Memphis, Tennessee

In planning and performing our audit of the financial statements of Memphis Jewish Federation (the Federation) (a non profit organization) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Federation's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Federation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Federation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Federation's internal control to be material weaknesses.

Financial Reporting Close Process

During our audit, we noted that several key accounts were not appropriately reconciled by the Federation, including pledge receivables, allowance for uncollectible pledges, related party receivables, beneficial interests in trusts, cash surrender value of life insurance, property and equipment, and allocations payable.

Additionally, we identified multiple instances where journal entries were recorded to incorrect income and expense accounts. Investment activity did not reconcile to recorded investment income, as certain transactions were improperly classified as contribution revenue. Furthermore, contributions received during the year were not consistently recorded as revenue; instead, they were, in some cases, used to offset related expenses or assets for which the contributions were designated.



Memphis Jewish Federation
May 18, 2026
Page 2

Proper and timely reconciliation of all accounts is a critical internal control necessary to ensure the accuracy and completeness of financial reporting. The absence of these reconciliations increases the risk that errors or misstatements may occur and remain undetected within the financial statements.

We recommend that the Federation implement procedures to ensure all accounts are reconciled in a timely manner, and that any discrepancies are promptly investigated and resolved. Strengthening this control will improve the reliability of financial reporting and reduce the risk of material misstatements.

Other Findings

The Federation has recorded an immaterial petty cash balance on the books at Hillel; however, no physical petty cash is maintained at this location. We recommend that management either establish and maintain appropriate controls over petty cash at this site or remove the balance from the accounting records to ensure accuracy.

During our audit procedures, we noted that supporting documentation could not be located for an item selected for testing. While this instance appears to be isolated, the absence of supporting documentation limits our ability to verify the transaction. We recommend management reinforce procedures to ensure all transactions are adequately supported and retained in accordance with recordkeeping policies.

This communication is intended solely for the information and use of management, those charged with governance, and others you deem appropriate within the Federation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Reynolds, Bone & Grisebeck PLC