

**Jewish Federation  
of Greater Ann Arbor, Inc.**  
(a nonprofit Michigan corporation)  
Ann Arbor, Michigan

**Financial Statements**

August 31, 2020 and 2019

# Jewish Federation of Greater Ann Arbor, Inc.

## Table of Contents

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<b>Independent Auditors' Report</b> .....	Pages 1-2
<b>Statements of Financial Position - All Funds</b> August 31, 2020 and 2019 .....	Page 3
<b>Statements of Activities - All Funds</b> Year ended August 31, 2020 .....	Page 4
<b>Statements of Activities - All Funds</b> Year ended August 31, 2019 .....	Page 5
<b>Statements of Functional Expenses - All Funds</b> Year ended August 31, 2020 .....	Page 6
<b>Statements of Functional Expenses - All Funds</b> Year ended August 31, 2019 .....	Page 7
<b>Statements of Cash Flows - All Funds</b> Years ended August 31, 2020 and 2019 .....	Page 8
<b>Notes to Financial Statements</b> .....	Pages 9-22

## **Independent Auditors' Report**

To the Board of Directors  
Jewish Federation of Greater Ann Arbor, Inc.  
Ann Arbor, Michigan

We have audited the accompanying financial statements of Jewish Federation of Greater Ann Arbor (a nonprofit organization), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

**Independent Auditors' Report (continued)**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Greater Ann Arbor as of August 31, 2020 and 2019, 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.

*Altruic Advisors, CPAs*

Certified Public Accountants

Ann Arbor, Michigan  
January 21, 2021

# Jewish Federation of Greater Ann Arbor, Inc.

## Statements of Financial Position - All Funds

August 31	2020		
ASSETS	Federation Fund	Foundation Fund	Total
Cash and cash equivalents	\$ 1,112,473	\$ -	\$ 1,112,473
Prepaid expenses and other assets	12,046	-	12,046
Unconditional promises to give, net	409,657	2,255	411,912
Investments at fair value, restricted and unrestricted	146,497	5,680,684	5,827,181
Property and equipment, net	587	-	587
Cash surrender value of life insurance	-	335,310	335,310
Total assets	<u>\$ 1,681,260</u>	<u>\$ 6,018,249</u>	<u>\$ 7,699,509</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Grants and allocations payable	908,283	-	908,283
Assets held as agency funds	-	1,725,902	1,725,902
Notes payable	91,299	-	91,299
Total liabilities	<u>999,582</u>	<u>1,725,902</u>	<u>2,725,484</u>
<b>Net Assets</b>			
Without donor restrictions			
Board-designated for the following purposes:			
Donor-advised funds	-	1,544,857	1,544,857
Board discretionary funds	-	238,100	238,100
Internal programs	31,753	-	31,753
Undesignated	240,268	335,311	575,579
Total without donor restrictions	<u>272,021</u>	<u>2,118,268</u>	<u>2,390,289</u>
With donor restrictions	<u>409,657</u>	<u>2,174,079</u>	<u>2,583,736</u>
Total net assets	<u>681,678</u>	<u>4,292,347</u>	<u>4,974,025</u>
Total liabilities and net assets	<u>\$ 1,681,260</u>	<u>\$ 6,018,249</u>	<u>\$ 7,699,509</u>

2019

Federation Fund	Foundation Fund	Total
\$ 1,406,454	\$ -	\$ 1,406,454
1,234	-	1,234
308,305	3,981	312,286
146,293	5,356,350	5,502,643
1,060	-	1,060
-	321,444	321,444
<u>\$ 1,863,346</u>	<u>\$ 5,681,775</u>	<u>\$ 7,545,121</u>

\$ 25,459	\$ -	\$ 25,459
894,508	-	894,508
-	1,550,089	1,550,089
-	-	-
<u>919,967</u>	<u>1,550,089</u>	<u>2,470,056</u>

-	1,528,218	1,528,218
-	195,275	195,275
18,146	-	18,146
616,928	321,445	938,373
635,074	2,044,938	2,680,012
<u>308,305</u>	<u>2,086,748</u>	<u>2,395,053</u>
<u>943,379</u>	<u>4,131,686</u>	<u>5,075,065</u>
<u>\$ 1,863,346</u>	<u>\$ 5,681,775</u>	<u>\$ 7,545,121</u>

The accompanying Notes are an integral  
part of these financial statements

# Jewish Federation of Greater Ann Arbor, Inc.

## Statements of Activities - All Funds

Year ended August 31, 2020

	Federation Fund		
	Without Donor Restrictions	With Donor Restrictions	Fund Total
	Total	Annual Campaign	
<b>Operating Support, Revenue, and Transfers</b>			
<b>Support</b>			
Contributions (exclusive of transfers from donor advised funds)	\$ 18,643	\$ 1,245,114	\$ 1,263,757
Transfers from donor advised funds	106,621	-	106,621
Total support	125,264	1,245,114	1,370,378
<b>Revenue</b>			
Program service revenue	3,309	-	3,309
Other revenue	3,824	-	3,824
Total revenue	7,133	-	7,133
<b>Transfers</b>			
Transfers (to) from other funds	(67,726)	-	(67,726)
Net assets released from restrictions			
Satisfaction of program restrictions	-	-	-
Expiration of time restrictions	1,147,743	(1,143,762)	3,981
	1,147,743	(1,143,762)	3,981
Total operating support, revenue, and transfers	1,212,414	101,352	1,313,766
<b>Operating Expenses</b>			
Program services	1,168,471	-	1,168,471
Supporting services			
General and administrative	172,388	-	172,388
Fundraising	235,865	-	235,865
Total operating expenses	1,576,724	-	1,576,724
Total operating support, revenues, and transfers in excess (deficit) of operating expenses	(364,310)	101,352	(262,958)
<b>Other Changes</b>			
Investment and interest income	1,257	-	1,257
Net realized and unrealized gains on investments	-	-	-
Increase of cash surrender value of life insurance	-	-	-
Total other changes	1,257	-	1,257
<b>Change in Net Assets</b>	(363,053)	101,352	(261,701)
<b>Net Assets, Beginning of Year</b>	635,074	308,305	943,379
<b>Net Assets, End of Year</b>	\$ 272,021	\$ 409,657	\$ 681,678

<b>Foundation Fund</b>					
<b>Without Donor Restrictions</b>			<b>With Donor Restrictions</b>	<b>Fund Total</b>	<b>2020 Total</b>
<b>Donor Advised Funds</b>	<b>All Other</b>	<b>Total</b>	<b>Total</b>		
\$ 606,397	\$ -	\$ 606,397	\$ 23,241	\$ 629,638	\$ 1,893,395
(106,621)	-	(106,621)	-	(106,621)	-
<u>499,776</u>	<u>-</u>	<u>499,776</u>	<u>23,241</u>	<u>523,017</u>	<u>1,893,395</u>
-	-	-	-	-	3,309
-	24,264	24,264	-	24,264	28,088
-	24,264	24,264	-	24,264	31,397
-	67,726	67,726	-	67,726	-
-	128,728	128,728	(128,728)	-	-
-	-	-	(3,981)	(3,981)	-
-	128,728	128,728	(132,709)	(3,981)	-
<u>499,776</u>	<u>220,718</u>	<u>720,494</u>	<u>(109,468)</u>	<u>611,026</u>	<u>1,924,792</u>
621,568	192,653	814,221	-	814,221	1,982,692
-	-	-	-	-	172,388
-	-	-	-	-	235,865
<u>621,568</u>	<u>192,653</u>	<u>814,221</u>	<u>-</u>	<u>814,221</u>	<u>2,390,945</u>
<u>(121,792)</u>	<u>28,065</u>	<u>(93,727)</u>	<u>(109,468)</u>	<u>(203,195)</u>	<u>(466,153)</u>
51,061	-	51,061	74,730	125,791	127,048
87,370	14,760	102,130	122,069	224,199	224,199
-	13,866	13,866	-	13,866	13,866
<u>138,431</u>	<u>28,626</u>	<u>167,057</u>	<u>196,799</u>	<u>363,856</u>	<u>365,113</u>
16,639	56,691	73,330	87,331	160,661	(101,040)
<u>1,528,218</u>	<u>516,720</u>	<u>2,044,938</u>	<u>2,086,748</u>	<u>4,131,686</u>	<u>5,075,065</u>
<u>\$ 1,544,857</u>	<u>\$ 573,411</u>	<u>\$ 2,118,268</u>	<u>\$ 2,174,079</u>	<u>\$ 4,292,347</u>	<u>\$ 4,974,025</u>

The accompanying Notes are an integral part of these financial statements



# Jewish Federation of Greater Ann Arbor, Inc.

## Statements of Activities - All Funds

Year ended August 31, 2019

	Federation Fund		
	Without Donor Restrictions	With Donor Restrictions	Fund Total
	Total	Annual Campaign	
Operating Support, Revenue, and Transfers			
Support			
Contributions (exclusive of transfers from donor advised funds)	\$ 18,087	\$ 1,172,547	\$ 1,190,634
Transfers from donor advised funds	379,402	-	379,402
Total support	<u>397,489</u>	<u>1,172,547</u>	<u>1,570,036</u>
Revenue			
Program service revenue	794	-	794
Other revenue	20,618	-	20,618
Special events, net of expenses of \$36,463	619	-	619
Total revenue	<u>22,031</u>	<u>-</u>	<u>22,031</u>
Transfers			
Transfers (to) from other funds	<u>(86,129)</u>	<u>-</u>	<u>(86,129)</u>
Net assets released from restrictions			
Satisfaction of program restrictions	10,097	(10,097)	-
Expiration of time restrictions	1,153,969	(1,153,969)	-
	<u>1,164,066</u>	<u>(1,164,066)</u>	<u>-</u>
Total operating support, revenue, and transfers	<u>1,497,457</u>	<u>8,481</u>	<u>1,505,938</u>
Operating Expenses			
Program services	1,114,950	-	1,114,950
Supporting services			
General and administrative	155,081	-	155,081
Fundraising	236,735	-	236,735
Total operating expenses	<u>1,506,766</u>	<u>-</u>	<u>1,506,766</u>
Total operating support, revenues, and transfers in excess (deficit) of operating expenses	<u>(9,309)</u>	<u>8,481</u>	<u>(828)</u>
Other Changes			
Investment and interest income	3,128	-	3,128
Net realized and unrealized gains (losses) on investments	1,245	-	1,245
Increase of cash surrender value of life insurance	-	-	-
Total other changes	<u>4,373</u>	<u>-</u>	<u>4,373</u>
Change in Net Assets	(4,936)	8,481	3,545
Net Assets, Beginning of Year	<u>640,010</u>	<u>299,824</u>	<u>939,834</u>
Net Assets, End of Year	<u>\$ 635,074</u>	<u>\$ 308,305</u>	<u>\$ 943,379</u>

Foundation Fund					
Without Donor Restrictions			With Donor Restrictions	Fund Total	2019 Total
Donor Advised Funds	All Other	Total	Total		
\$ 249,305	\$ -	\$ 249,305	\$ 132,249	\$ 381,554	\$ 1,572,188
(379,402)	-	(379,402)	-	(379,402)	-
(130,097)	-	(130,097)	132,249	2,152	1,572,188
-	-	-	-	-	794
-	3,666	3,666	-	3,666	24,284
-	-	-	-	-	619
-	3,666	3,666	-	3,666	25,697
-	86,129	86,129	-	86,129	-
-	108,113	108,113	(108,113)	-	-
-	-	-	-	-	-
-	108,113	108,113	(108,113)	-	-
(130,097)	197,908	67,811	24,136	91,947	1,597,885
1,099,759	195,061	1,294,820	-	1,294,820	2,409,770
-	-	-	-	-	155,081
-	-	-	-	-	236,735
1,099,759	195,061	1,294,820	-	1,294,820	2,801,586
(1,229,856)	2,847	(1,227,009)	24,136	(1,202,873)	(1,203,701)
91,376	-	91,376	-	91,376	94,504
(88,042)	(23,650)	(111,692)	65,907	(45,785)	(44,540)
-	15,971	15,971	-	15,971	15,971
3,334	(7,679)	(4,345)	65,907	61,562	65,935
(1,226,522)	(4,832)	(1,231,354)	90,043	(1,141,311)	(1,137,766)
2,754,740	521,552	3,276,292	1,996,705	5,272,997	6,212,831
<u>\$ 1,528,218</u>	<u>\$ 516,720</u>	<u>\$2,044,938</u>	<u>\$ 2,086,748</u>	<u>\$ 4,131,686</u>	<u>\$ 5,075,065</u>

The accompanying Notes are an integral  
part of these financial statements

# Jewish Federation of Greater Ann Arbor, Inc.

## Statements of Functional Expenses - All Funds

Year ended August 31, 2020

	Program Services		
	Overseas	Local Services	Total
Allocations to national organizations	\$ 310,929	\$ -	\$ 310,929
Allocations to local organizations	-	600,336	600,336
Donor-advised payments	-	-	-
Total grants and allocations	<u>310,929</u>	<u>600,336</u>	<u>911,265</u>
Salaries and wages	-	160,411	160,411
Fringe benefits	-	8,362	8,362
Payroll taxes	-	12,165	12,165
Total personnel costs	<u>-</u>	<u>180,938</u>	<u>180,938</u>
Occupancy	-	13,624	13,624
Supplies	-	6,395	6,395
Administrative fees	-	-	-
Program expenses	-	26,743	26,743
Legal and professional	-	-	-
Conferences, conventions, and meetings	-	14,012	14,012
Website	-	2,150	2,150
Miscellaneous	-	7,391	7,391
Bank and merchant fees	-	2,428	2,428
Advertising	-	-	-
Postage and shipping	-	2,051	2,051
Printing and publications	-	49	49
Insurance	-	873	873
Telephone	-	552	552
Other fundraising	-	-	-
Dues and subscriptions	-	-	-
Total before noncash expenses	<u>310,929</u>	<u>857,542</u>	<u>1,168,471</u>
Bad debt expense	-	-	-
Depreciation	-	-	-
Total expenses	<u>\$ 310,929</u>	<u>\$ 857,542</u>	<u>\$ 1,168,471</u>

Federation Fund			Jewish Community Foundation		
Supporting Services			Fund Total	Fund Total	All Funds Total
General and Administrative	Fundraising	Total			
\$ -	\$ -	\$ -	\$ 310,929	\$ -	\$ 310,929
-	-	-	600,336	91,478	691,814
-	-	-	-	605,876	605,876
-	-	-	911,265	697,354	1,608,619
91,879	160,790	252,669	413,080	63,515	476,595
4,756	9,445	14,201	22,563	3,774	26,337
6,972	12,201	19,173	31,338	4,819	36,157
103,607	182,436	286,043	466,981	72,108	539,089
9,225	15,382	24,607	38,231	6,153	44,384
23,312	5,892	29,204	35,599	3,311	38,910
1,332	-	1,332	1,332	32,646	33,978
-	-	-	26,743	-	26,743
17,699	-	17,699	17,699	-	17,699
-	-	-	14,012	-	14,012
7,955	2,602	10,557	12,707	981	13,688
1,324	701	2,025	9,416	1,081	10,497
-	7,773	7,773	10,201	-	10,201
-	7,428	7,428	7,428	-	7,428
2,928	181	3,109	5,160	-	5,160
1,334	3,243	4,577	4,626	3	4,629
1,921	1,073	2,994	3,867	334	4,201
318	623	941	1,493	250	1,743
-	1,468	1,468	1,468	-	1,468
960	-	960	960	-	960
171,915	228,802	400,717	1,569,188	814,221	2,383,409
-	7,063	7,063	7,063	-	7,063
473	-	473	473	-	473
\$ 172,388	\$ 235,865	\$ 408,253	\$ 1,576,724	\$ 814,221	\$ 2,390,945

The accompanying Notes are an integral part of these financial statements

# Jewish Federation of Greater Ann Arbor, Inc.

## Statements of Functional Expenses - All Funds

Year ended August 31, 2019

	Program Services		
	Overseas	Local Services	Total
Allocations to national organizations	\$ 344,807	\$ -	\$ 344,807
Allocations to local organizations	-	528,334	528,334
Donor-advised payments	-	-	-
Total grants and allocations	<u>344,807</u>	<u>528,334</u>	<u>873,141</u>
Salaries and wages	-	139,062	139,062
Contracted staff	-	-	-
Fringe benefits	-	9,335	9,335
Payroll taxes	-	10,656	10,656
Total personnel costs	<u>-</u>	<u>159,053</u>	<u>159,053</u>
Occupancy	-	14,419	14,419
Program expenses	-	33,198	33,198
Supplies	-	6,603	6,603
Advertising	-	10,250	10,250
Conferences, conventions, and meetings	-	8,065	8,065
Bank and merchant fees	-	2,941	2,941
Legal and professional	-	-	-
Administrative fees	-	-	-
Printing and publications	-	318	318
Miscellaneous	-	3,622	3,622
Website	-	1,867	1,867
Postage and shipping	-	20	20
Insurance	-	678	678
Telephone	-	775	775
Other fundraising	-	-	-
Dues and subscriptions	-	-	-
Total before noncash expenses	<u>344,807</u>	<u>770,143</u>	<u>1,114,950</u>
Bad debt expense	-	-	-
Depreciation	-	-	-
Total expenses	<u>\$ 344,807</u>	<u>\$ 770,143</u>	<u>\$ 1,114,950</u>

Federation Fund			Jewish Community Foundation		
Supporting Services			Fund Total	Fund Total	All Funds Total
General and Administrative	Fundraising	Total	Fund Total	Fund Total	All Funds Total
\$ -	\$ -	\$ -	\$ 344,807	\$ -	\$ 344,807
-	-	-	528,334	98,797	627,131
-	-	-	-	1,099,759	1,099,759
-	-	-	873,141	1,198,556	2,071,697
88,140	155,274	243,414	382,476	62,202	444,678
-	3,675	3,675	3,675	-	3,675
6,183	10,176	16,359	25,694	7,875	33,569
6,723	11,817	18,540	29,196	4,747	33,943
101,046	180,942	281,988	441,041	74,824	515,865
9,361	13,630	22,991	37,410	5,260	42,670
-	-	-	33,198	-	33,198
14,031	7,574	21,605	28,208	2,953	31,161
1,986	4,317	6,303	16,553	338	16,891
-	6,506	6,506	14,571	-	14,571
-	11,455	11,455	14,396	-	14,396
13,197	-	13,197	13,197	-	13,197
257	-	257	257	10,499	10,756
4,153	3,225	7,378	7,696	13	7,709
332	1,392	1,724	5,346	807	6,153
673	2,641	3,314	5,181	720	5,901
4,381	660	5,041	5,061	176	5,237
2,698	766	3,464	4,142	321	4,463
1,490	875	2,365	3,140	353	3,493
-	2,114	2,114	2,114	-	2,114
1,003	-	1,003	1,003	-	1,003
154,608	236,097	390,705	1,505,655	1,294,820	2,800,475
-	638	638	638	-	638
473	-	473	473	-	473
\$ 155,081	\$ 236,735	\$ 391,816	\$ 1,506,766	\$ 1,294,820	\$ 2,801,586

The accompanying Notes are an integral part of these financial statements

# Jewish Federation of Greater Ann Arbor, Inc.

## Statements of Cash Flows - All Funds

Increase (Decrease) in Cash and Cash Equivalents

Years ended August 31	2020	2019
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (101,040)	\$ (1,137,766)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	473	473
Net unrealized gains on investments	(224,199)	(45,785)
Realized gain on sale of investments	-	(1,245)
Increase of cash value of life insurance	(13,866)	(15,971)
Increase (decrease) from changes in assets and liabilities		
Prepaid expenses and other assets	(10,812)	17,366
Net unconditional promises to give	(99,626)	(14,726)
Accounts payable and accrued expenses	(25,459)	22,300
Grants and allocations payable	13,775	84,232
Assets held as agency funds	175,813	149,869
Net cash used by operating activities	<u>(284,941)</u>	<u>(941,253)</u>
<b>Cash Flows From Investing Activities</b>		
Net investment sales (purchases and reinvestments)	<u>(100,339)</u>	1,015,115
Net cash provided (used) by investing activities	<u>(100,339)</u>	<u>1,015,115</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from notes payable	<u>91,299</u>	-
Net cash provided by financing activities	<u>91,299</u>	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(293,981)</b>	73,862
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,406,454</u>	<u>1,332,592</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,112,473</u>	<u>\$ 1,406,454</u>

The accompanying Notes are an integral  
part of these financial statements

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 1 – Nature of Federation and Significant Accounting Policies

*Nature of Operations.* The Jewish Federation of Greater Ann Arbor ("the Federation") is a Michigan non-profit corporation organized to provide support for charitable, religious, and educational organizations. The Federation was formed effective January 1, 1987 through the combination of the United Jewish Appeal of Washtenaw County and the Jewish Community Council of Washtenaw County. The Federation's primary sources of support and revenue are private and public contributions, grants, and investment income.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Basis of Accounting.* The financial statements of the Federation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Fund Financial Statements.* Fund financial statements are designed to group related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements for the Federation include two funds: the Federation Fund and the Foundation Fund.

*Federation Fund.* Used to account for all Federation activities that are not included in the Foundation Fund. The majority of the Federation Fund's support is derived from the Federation's annual campaign. All grants awarded by the Federation are paid out of the Federation Fund, with the exception of those grants awarded through the Foundation Fund's donor advised funds. All other Federation expenses are paid out of the Federation Fund.

*Jewish Community Foundation Fund ("the Foundation Fund").* Holds all investments of the Federation, including the donor advised fund and the restricted endowment funds. Contributions received and investment earnings are used to fund various grants and allocations.

*Endowments.* The State of Michigan enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was effective September 10, 2009. The provisions of this law apply to endowment funds existing on or established after that date. The Board of Directors, has determined that all of the Federation's current net assets with donor restrictions in perpetuity meet the definition of endowment funds under UPMIFA, requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary.



# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 1 – Nature of Federation and Significant Accounting Policies (continued)

The Federation's endowment funds consist of a variety of individual funds established for a variety of purposes and include both funds with donor restrictions in perpetuity and other funds with donor restrictions. As a result of the Federation's interpretation of UPMIFA, it generally classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the endowment restricted in perpetuity, (b) the original value of subsequent gifts to the endowment restricted in perpetuity, and (c) accumulations to the endowment restricted in perpetuity 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 in net assets with donor restrictions in perpetuity is classified as other net assets with donor restrictions until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, The Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the 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.

*Endowment Investment Policies.* The Federation has adopted investment policies that include a conservative risk tolerance to ensure the long-term stability of its endowment funds and to attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

*Endowment Spending Policies.* The Federation determines endowment distributions by June 30 of each year. This calculation is based on 5.5% of the average fund balance for the previous four calendar quarters (or current fund balance if the fund is less than one year old). The Federation will then have the following options:

- 1) Receive the calculated distribution as a lump sum in August.
- 2) Receive quarterly distributions during the ensuing fiscal year.
- 3) Transfer the calculated distribution into an agency account held by the Jewish Community Foundation of Greater Ann Arbor, which is a fund of the Federation.
- 4) Keep the calculated distribution in the endowment fund, at which time it will become part of the endowment corpus and not available for further distribution.

Distributions will not be made if doing so would bring the account value below the original permanently restricted endowment investment amount. Also, the executive director and/or board of directors may opt out of this annual transfer if the account value has recently fallen and/or for any other reason that is deemed to be in the best interests of the Federation and/or the endowment principal in the account.

*Cash and Cash Equivalents.* The Federation considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

*Unconditional Promises to Give.* Contributions are recognized as support in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 1 – Nature of Federation and Significant Accounting Policies (continued)

*Allowance for Doubtful Pledges.* Unconditional promises to give are stated net of allowances for doubtful pledges. Management provides for probable doubtful pledges through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual pledges. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to unconditional promises to give.

*Allowance for Donor Advised Transfers.* Unconditional promises to give are stated net of allowances for donor advised transfers. Management provides for probable donor advised transfers through a reduction of contributions and a corresponding adjustment to the allowance account based on its assessment of how individual pledges will be paid by donors.

*Property and Equipment.* It is the Federation's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value on the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are currently calculated at five to ten years for equipment, furniture, and fixtures, and three to five years for software. Depreciation expense was \$473 for each of the years ended August 31, 2020 and 2019.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended August 31, 2020 and 2019.

*Investments.* The Federation's investments consist of funds held within the United Jewish Federation of Greater Pittsburgh's Balanced Investment Portfolio ("the Fund"), which consists of equity securities, debt securities, hedge funds, funds of funds, and private equity investments. The Federation's investments are stated at fair value. Fair value is 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. The Federation's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements*.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

*Fair Value Measurements.* The Federation reports using fair value measurements which requires enhanced investment disclosures that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 1 – Nature of Federation and Significant Accounting Policies (continued)

#### *Fair Value Measurements (continued)*

*Level 1.* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

*Level 2.* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; 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.

The following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

*Pooled Debt and Pooled Equity Securities and Mutual Funds.* The Federation invests in pooled funds managed by the Jewish Federation of Greater Pittsburgh which contain securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, the Federation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in methodologies used as of August 31, 2020 and 2019.

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 1 – Nature of Federation and Significant Accounting Policies (continued)

In general, investments are exposed to various risks such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

*Donor Advised Funds.* Individuals may establish donor advised funds, whereby each fund and its related earnings may be distributed to charities recommended by the donor. The final distributions are subject to the approval of the Federation. Donor advised funds are classified as net assets without donor restrictions in the accompanying financial statements.

*Assets Held as Agency Funds.* A fund established with a contribution from an organization for the benefit of the contributing organization is classified as an agency fund. The activity in agency funds is reported as a change in the liability account "assets held as agency funds."

*Basis of Net Presentation.* The Federation reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, receiving rents, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

*Contributions.* Contributions are recognized when donations are received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

*Contributed Services.* The Federation records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. During each of the years ended August 31, 2020 and 2019, the Federation did not receive contributed services. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

*Advertising.* The Federation expenses advertising costs, including donated advertising, as incurred. Total advertising expense for the years ended August 31, 2020 and 2019 was \$7,428 and \$16,891, respectively.

*Income Taxes.* The Federation is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 1 – Nature of Federation and Significant Accounting Policies (continued)

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Description of Program Services:*

*Overseas* - The Federation's overseas funding supports the absorption of immigrants from around the world and their integration into Israeli society. This funding also supports impoverished Jewish communities in over 60 countries.

*Local Services* - Local allocations support a network of beneficiary agencies in Ann Arbor and throughout Washtenaw County to support local Jewish life.

*Jewish Community Foundation* - The Federation's Jewish Community Foundation offers the Federation's members an opportunity to engage in planned giving and to make contributions beyond the scope of the Federation's annual campaign.

*Description of Supporting Services:*

*General and Administrative* - Includes the functions necessary to provide support to the Federation's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

*Fundraising* - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

*Subsequent Events.* The Federation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through January 21, 2021, the date at which the financial statements were available for release.

### Note 2 – Unconditional Promises to Give

Unconditional promises to give at August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give due in less than one year	\$ 676,060	\$ 437,701
Unconditional promises to give due in one to five years	12,865	41,960
Less: allowance for donor advised transfers	(225,449)	(117,375)
Less: allowance for uncollectible pledges	(51,564)	(50,000)
Net unconditional promises to give	<u>\$ 411,912</u>	<u>\$ 312,286</u>

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

### Note 3 – Fair Value Measurements

The following table summarizes the Federation's fair value of assets measured on a recurring basis by fair value hierarchy as of August 31, 2020 and 2019:

<u>As of August 31, 2020:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled equity fund	\$ 4,055,486	\$ -	\$ -	\$ 4,055,486
Pooled fixed income fund	1,625,198	-	-	1,625,198
Certificates of deposit	146,497	-	146,497	-
	<u>\$ 5,827,181</u>	<u>\$ -</u>	<u>\$ 146,497</u>	<u>\$ 5,680,684</u>

  

<u>As of August 31, 2019:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled equity fund	\$ 3,826,020	\$ -	\$ -	\$ 3,826,020
Pooled fixed income fund	1,530,330	-	-	1,530,330
Certificates of deposit	146,293	-	146,293	-
	<u>\$ 5,502,643</u>	<u>\$ -</u>	<u>\$ 146,293</u>	<u>\$ 5,356,350</u>

The changes in the investments for which the Federation's Foundation Fund has used Level 3 inputs to determine fair values are as follows:

	<u>Pooled Equity Fund</u>	<u>Pooled Fixed Income Fund</u>	<u>Total</u>
Balance at September 1, 2019	\$ 3,826,020	\$ 1,530,330	\$ 5,356,350
Purchase of investments	747,242	308,931	1,056,173
Sale of investments	(629,620)	(260,302)	(889,922)
Investment fees	(46,777)	(19,339)	(66,116)
Net appreciation	158,621	65,578	224,199
Balance at August 31, 2020	<u>\$ 4,055,486</u>	<u>\$ 1,625,198</u>	<u>\$ 5,680,684</u>
Balance at September 1, 2018	\$ 4,491,160	\$ 1,800,952	\$ 6,292,112
Purchase of investments	534,221	217,356	751,577
Sale of investments	(1,182,824)	(481,250)	(1,664,074)
Investment fees	(49,081)	(19,969)	(69,050)
Net appreciation	32,544	13,241	45,785
Balance at August 31, 2019	<u>\$ 3,826,020</u>	<u>\$ 1,530,330</u>	<u>\$ 5,356,350</u>

*Changes in Fair Value Levels.* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Federation evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits.

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 3 – Fair Value Measurements (continued)

Net investment earnings consisted of the following for the years ended August 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 125,995	\$ 92,408
Realized and unrealized gains (losses) on investments	<u>224,199</u>	<u>(44,540)</u>
	<u>\$ 350,194</u>	<u>\$ 47,868</u>

### Note 4 – Cash Surrender Value of Life Insurance

Several donors have purchased life insurance policies, naming the Federation as owner of these policies. The donors pay the premiums as they become due, with the Federation retaining all rights of ownership with respect to each policy. Upon death of the covered donor, the proceeds are payable to the Federation. The amounts of the premiums attributable to the economic benefits of these policies were \$13,866 and \$15,971 and were recorded as income in the statements of activities for the years ended August 31, 2020 and 2019, respectively. The Federation incurred no life insurance expense with respect to these plans for the years then ended.

As owner of these policies, the Federation may, at its discretion, surrender these policies for their respective cash value. The total cash surrender value of these policies was \$335,130 and \$321,444 as of August 31, 2020 and 2019, respectively.

### Note 5 - Funds Invested on Behalf of Other Organizations

Included within the Federation's investments are funds held for other organizations which are on deposit with the United Jewish Federation of Greater Pittsburgh. The amounts of \$1,725,902 and \$1,550,089 are recorded as liabilities in the accompanying statements of financial position as of August 31, 2020 and 2019, respectively.

A summary of these funds, held for other organizations, is as follows at August 31:

	<u>2020</u>	<u>2019</u>
Beth Israel General Endowment Fund	\$ 632,286	\$ 491,198
Samuel and Jean Frankel Endowment Fund	434,989	424,239
Cantor Anne Rose Musical and Spirituality Endowment Fund of Temple Beth Emeth	322,678	311,555
Melvin and Lois Levy Endowment Fund	190,919	185,773
Jewish Cultural Society Facilities Fund	77,033	71,006
Gwen Budow Memorial Scholarship Fund	44,566	43,466
Rothchild Musical Instrument Endowment Fund	23,431	22,852
	<u>\$ 1,725,902</u>	<u>\$ 1,550,089</u>

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

### Note 6 – Paycheck Protection Program Loan

On April 21, 2020, the Foundation was granted a loan ("the Loan") from Bank of Ann Arbor in the amount of \$91,299, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"), which was enacted March 27, 2020.

The Loan, which was in the form of a promissory note dated April 21, 2020, matures on April 21, 2022 and bears interest at a rate of 1.00% per annum, payable in monthly installments of approximately \$5,138, commencing on October 21, 2020. The Note may be prepaid by the Federation at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before June 18, 2020, or through an alternate period as extended upon request of the Federation. The Federation used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

As of the date the accompanying financial statements were available for release, the bank has not required the aforementioned monthly payments to commence, nor have they accrued any interest on the balance.

Scheduled maturities of the PPP Loan are as follows at August 31, 2020:

Year ended September	Total
2021	\$ 55,908
2022	35,391
	<u>\$ 91,299</u>

### Note 7 - Net Assets with Donor Restrictions

The balances of net assets with donor restrictions are as follows:

	Sept 1, 2019 Balance	Additions	Releases	Aug 31, 2020 Balance
<u>Time Restrictions:</u>				
Annual Campaign (Federation)	\$ 308,305	\$ 1,245,114	\$ 1,143,762	\$ 409,657
Other Time Restrictions (Foundation)	3,981	2,255	3,981	2,255
<u>Purpose Restrictions:</u>				
Jewish Community Foundation of Greater Ann Arbor (Foundation)	1,423,545	211,601	128,728	1,506,418
Restrictions in Perpetuity (Foundation)	659,222	6,184	-	665,406
Total	<u>\$ 2,395,053</u>	<u>\$ 1,465,154</u>	<u>\$ 2,040,102</u>	<u>\$ 2,583,736</u>



# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

### Note 7 - Net Assets with Donor Restrictions (continued)

	Sept 1, 2018 <u>Balance</u>	<u>Additions</u>	<u>Releases</u>	Aug 31, 2019 <u>Balance</u>
<u>Time Restrictions:</u>				
Annual Campaign (Federation)	\$ 293,580	\$ 1,168,694	\$ 1,153,969	\$ 308,305
Other Time Restrictions (Foundation)	3,981	-	-	3,981
<u>Purpose Restrictions:</u>				
Purpose Restrictions (Federation)	6,244	3,853	10,097	-
Jewish Community Foundation of Greater Ann Arbor (Foundation)	1,337,340	194,318	108,113	1,423,545
Restrictions in Perpetuity (Foundation)	655,384	3,838	-	659,222
Total	<u>\$ 2,296,529</u>	<u>\$ 1,370,703</u>	<u>\$ 2,040,102</u>	<u>\$ 2,395,053</u>

### Note 8 – Endowment Funds

Changes in the endowment funds are as follows for the years ended August 31, 2020 and 2019:

	<u>Purpose Restricted Assets</u>	<u>Assets Restricted in Perpetuity</u>	<u>Total Endowment Assets</u>
Endowment net assets, September 1, 2019	\$ 493,672	\$ 659,222	\$ 1,152,894
Contributions	21,292	6,184	27,476
Investment return	44,838	-	44,838
Distributions	(40,721)	-	(40,721)
Fees and other changes	(4,192)	-	(4,192)
Endowment net assets, August 31, 2020	<u>\$ 514,889</u>	<u>\$ 665,406</u>	<u>\$ 1,180,295</u>
	<u>Purpose Restricted Assets</u>	<u>Assets Restricted in Perpetuity</u>	<u>Total Endowment Assets</u>
Endowment net assets, September 1, 2018	\$ 407,991	\$ 655,384	\$ 1,063,375
Contributions	100,000	3,838	103,838
Investment return	7,634	-	7,634
Distributions	(18,596)	-	(18,596)
Fees and other changes	(3,357)	-	(3,357)
Endowment net assets, August 31, 2019	<u>\$ 493,672</u>	<u>\$ 659,222</u>	<u>\$ 1,152,894</u>

### Note 9 - Distributions to Beneficiaries

Distributions are paid to beneficiaries from board-designated net assets (donor advised) and from other net assets without donor restrictions (transferred from net assets with donor restrictions) in satisfaction of specific donor restrictions. A summary of distributions paid during the years ended August 31, 2020 and 2019 is as follows:

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

### Note 9 - Distributions to Beneficiaries (continued)

	<u>2020</u>	<u>2019</u>
American Support for Israel	\$ -	\$ 5,000
Ann Arbor Orthodox Minyan	2,760	950
Beth Israel Congregation	13,386	12,103
Beth Shalom B'nai Israel	-	2,720
Boca Raton Museum of Art	25,000	25,000
Chabad House	1,182	4,240
Chabad Student Association Lubavitch	-	25,000
Congregation Beth Israel-Mateh Aharon	-	50,000
Conquer Cancer Foundation of America	20,300	-
Doctors without Borders USA	2,000	500
Eastern Michigan University	15,000	10,500
Family Learning Institute	1,300	2,000
Florida Atlantic University Foundation	50,000	50,000
Food Gatherers	2,980	-
Friends of the Forum	5,000	5,000
Friends of Lakeland Trail	-	327,504
Har Shalom Congregation	-	5,000
Hebrew Day School	5,580	-
Homeschool Learning Center	-	60,000
Jewish Community Center of Greater Ann Arbor	117,645	69,040
Jewish Family Services of Washtenaw County	77,230	61,180
Jewish Federations of North America	-	24,000
Jewish Federation of Sarasota-Manatee	12,268	8,000
Kehillat Etz Chayim	2,050	-
Massachusetts Institute Technology	2,500	2,500
MIBB Educational Foundation	10,000	10,000
Michigan State University	40,000	-
Michigan Theatre Foundation	3,600	3,300
Michigan Trails & Greenways Alliance	-	100,000
New Israel Fund	-	4,400
Planned Parenthood of America	2,150	11,650
Southern Poverty Law Center	-	5,500
Stand Among Friends	-	25,000
Temple Beth Emeth	8,100	6,952
Temple Emanu-el San Diego	3,600	-
Temple Shir Shalom	2,970	2,970
The St. Louis Center	75,000	50,000
United States Bridge Federation	-	10,000
University of Michigan - various other programs	9,605	10,700
U of M Hillel	51,300	51,750
US Vote Foundation	10,000	-
Washtenaw Community College	-	4,500
Wayne State University	2,000	4,000
Various other charities	31,370	48,800
	<u>\$ 605,876</u>	<u>\$ 1,099,759</u>

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 10 - Commitments

The Federation leases office space under an operating lease agreement. Effective September 1, 2014, this agreement became a month-to-month agreement with required current monthly payments of \$3,662. Rent expense, excluding utilities and other charges totaled \$43,949 and \$42,670 for the years ended August 31, 2020 and 2019, respectively.

*Other Operating Lease.* The Federation leases equipment under a noncancelable equipment lease. The lease requires monthly minimum payments of \$113 and expires in August 2021. Rent expense, excluding supplies and maintenance, under this lease agreement totaled \$1,358 for each of the years ended August 31, 2020 and 2019.

Future annual minimum lease payments required under the aforementioned equipment lease agreement are as follows at August 31, 2020:

Year ended August 31	Amount
2021	\$ 1,358

### Note 11 – Special Events

The Federation derived net revenue (loss) from the following special fundraising events during the year ended August 31, 2019:

	Main Event	Other Events	Total
Gross sales	\$ 29,286	\$ 7,796	\$ 37,082
Direct costs	(36,463)	-	(36,463)
Net revenue (loss)	\$ (7,177)	\$ 7,796	\$ 619

### Note 12 – Liquidity and Availability of Resources

The Federation receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for future years' allocations and for general expenditures. The Federation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Federation has a liquidity policy to maintain current financial assets less current liabilities at a minimum of six months budgeted operating expenses. To achieve this target, the Federation forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended August 31, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 12 – Liquidity and Availability of Resources (continued)

The Federation's financial assets available for general expenditures within one year are as follows at August 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,112,473	\$ 1,406,454
Investments	5,827,181	5,502,643
Unconditional promises to give, net	411,912	312,286
Prepaid expenses and other assets	12,046	1,234
	<u>7,363,612</u>	<u>7,222,617</u>
Less amounts not available to be used within one year:		
Financial assets designated by the board	(1,814,710)	(1,741,639)
Unconditional promises to give for long-term purposes	(12,865)	(41,960)
	<u>(1,827,575)</u>	<u>(1,783,599)</u>
Financial assets available for general expenditures within one year	<u>\$ 5,536,037</u>	<u>\$ 5,439,018</u>

### Note 13 – Retirement Plan

The Federation has a 403(b) plan covering substantially all of their employees. Employees are eligible to participate upon the date of hire. Contributions to the plan are made entirely at the discretion of the employee and are deducted, pre-tax, from the employee's paycheck. The Federation will match employee contributions to a maximum of 5% of the employee's salary. Federation contributions to the plan totaled \$20,839 and \$21,885 for the years ended August 31, 2020 and 2019, respectively.

### Note 14 – Concentration and Credit Risk

*Bank Deposits.* At certain times during the years ended August 31, 2020 and 2019, the Federation maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

*Major Donor.* The Foundation had one major individual donor who comprised approximately 18% and 12% of total support, revenue, and other changes for the years ended August 31, 2020 and 2019, respectively.

*Geographical Concentration.* The Federation receives a substantial amount of its support from within the area of Southeast Michigan.

# Jewish Federation of Greater Ann Arbor, Inc.

## Notes to Financial Statements

August 31, 2020 and 2019

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### Note 15 - Uncertainty Related to Virus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including Michigan, where the Federation is headquartered, have declared a state of emergency.

Potential impacts to the Federation include disruptions or restrictions on the Federation's ability to work which may include restrictions on its ability to provide services, raise funds, and perform necessary administrative tasks. The potential impacts of COVID-19 on the Federation's funders that may affect the funders' ability to continue supporting the Federation's operations are unknown.

COVID-19 may also adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could adversely impact the Federation's operating results. Although management continues to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.