

Jewish Federation of Greater St. Paul

Financial Statements

April 30, 2020 and 2019



Jewish Federation of Greater St. Paul
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Independent Auditors' Report

To the Board of Directors
Jewish Federation of Greater St. Paul
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Federation of Greater St. Paul, which comprise the statements of financial position as of April 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of Jewish Federation of Greater St. Paul, as of April 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

BergankDV, Ltd.

St. Cloud, Minnesota
October 28, 2020

Jewish Federation of Greater St. Paul
Statements of Financial Position
As of April 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 393,435	\$ 161,178
Pledges receivable, less allowance for doubtful accounts	109,014	322,497
Prepaid expenses and other current assets	19,676	17,605
Contributed rent receivable, current portion	65,000	65,000
Total current assets	587,125	566,280
Investments		
Assets held in charitable remainder trusts	1,736,872	1,814,281
Assets held for others	611,170	689,233
Other investments	11,945,498	13,270,043
Beneficial interest in trust	60,238	60,040
Total investments	14,353,778	15,833,597
Property and equipment		
Furniture and equipment	58,375	58,375
Leasehold improvements	57,489	57,489
Total property and equipment	115,864	115,864
Less accumulated depreciation	107,034	102,265
Net property and equipment	8,830	13,599
Other noncurrent assets		
Contributed rent receivable, less current portion	-	61,905
Total assets	\$ 14,949,733	\$ 16,475,381
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ 39,996	\$ -
Accounts payable	82,779	138,020
Payable to JFNA	278,589	155,445
Passport to Israel	152,673	176,647
Fiscal agency liability	611,170	689,233
Deferred revenue	7,250	36,321
Other current liabilities	95,391	129,749
Total current liabilities	1,267,848	1,325,415
Long term liabilities		
Charitable remainder trust liability	684,577	746,650
Long-term debt, net of current maturities	79,994	-
Total liabilities	2,032,419	2,072,065
Net assets		
Without donor restrictions		
Board designated	5,319,238	5,581,648
Undesignated	643,542	847,450
With donor restrictions	6,954,534	7,974,218
Total net assets	12,917,314	14,403,316
Total liabilities and net assets	\$ 14,949,733	\$ 16,475,381

See notes to financial statements.

Jewish Federation of Greater Saint Paul
Statement of Activities
Year Ended April 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 2,199,961	\$ 215,622	\$ 2,415,583
Events	11,579	-	11,579
Program income	85,167	-	85,167
Investment income (loss), net	(166,908)	(284,786)	(451,694)
Change in value of CRT	-	(15,336)	(15,336)
	2,129,799	(84,500)	2,045,299
Net assets released from restrictions	935,184	(935,184)	-
Total support and revenue	3,064,983	(1,019,684)	2,045,299
Expenses			
Program services	\$ 3,027,062	\$ -	\$ 3,027,062
Support services			
Management and general	286,185	-	286,185
Campaign and fundraising	218,054	-	218,054
Total support services	504,239	-	504,239
Total expenses	3,531,301	-	3,531,301
Change in net assets	(466,318)	(1,019,684)	(1,486,002)
Net Assets			
Beginning of the year	6,429,098	7,974,218	14,403,316
End of the year	\$ 5,962,780	\$ 6,954,534	\$ 12,917,314

Jewish Federation of Greater Saint Paul
Statement of Activities
Year Ended April 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,675,393	\$ 55,672	\$ 1,731,065
Events	25,697	-	25,697
Program income	65,000	-	65,000
Investment income, net	142,730	77,706	220,436
Change in value of CRT	-	37,607	37,607
	1,908,820	170,985	2,079,805
Net assets released from restrictions	746,023	(746,023)	-
Total support and revenue	2,654,843	(575,038)	2,079,805
Expenses			
Program services	\$ 2,533,853	\$ -	\$ 2,533,853
Support services			
Management and general	350,261	-	350,261
Campaign and fundraising	303,857	-	303,857
Total support services	654,118	-	654,118
Total expenses	3,187,971	-	3,187,971
Change in net assets	(533,128)	(575,038)	(1,108,166)
Net Assets			
Beginning of the year	6,962,226	8,549,256	15,511,482
End of the year	\$ 6,429,098	\$ 7,974,218	\$ 14,403,316

Jewish Federation of Greater St. Paul
Statement of Functional Expenses
Year Ended April 30, 2020

	Support Services				Total
	Community Services	Management and General	Campaign and Fundraising	Total Support Services	
Allocations to Beneficiaries					
Local	\$ 916,186	\$ -	\$ -	\$ -	\$ 916,186
National and international	285,840	-	-	-	285,840
Total campaign allocations	1,202,026	-	-	-	1,202,026
Distributions from donor restricted and board designated funds	1,183,656	-	-	-	1,183,656
Total allocations to beneficiaries	2,385,682	-	-	-	2,385,682
Other Functional Expenses					
Salaries, benefits, and taxes	321,840	99,478	163,846	263,324	585,164
Professional fees	-	134,504	-	134,504	134,504
Scholarships	30,750	-	-	-	30,750
Other program expenses	179,611	-	-	-	179,611
Campaign	-	-	6,487	6,487	6,487
Computer operations	18,887	5,838	9,615	15,453	34,340
Insurance	5,613	1,735	2,857	4,592	10,205
Rent-facilities	54,514	16,850	27,752	44,602	99,116
Credit card and bank fees	-	9,000	-	9,000	9,000
Events and meetings	15,439	9,464	-	9,464	24,903
Supplies and postage	8,552	2,640	4,354	6,994	15,546
Telephone	6,174	1,907	3,143	5,050	11,224
Depreciation	-	4,769	-	4,769	4,769
Total other functional expenses	641,380	286,185	218,054	504,239	1,145,619
Total expenses	\$ 3,027,062	\$ 286,185	\$ 218,054	\$ 504,239	\$ 3,531,301

Jewish Federation of Greater St. Paul
Statement of Functional Expenses
Year Ended April 30, 2019

	Support Services				Total
	Community Service	Management and General	Campaign and Fundraising	Total Support Services	
Allocations to Beneficiaries					
Local	\$ 1,090,991	\$ -	\$ -	\$ -	\$ 1,090,991
National and international	164,235	-	-	-	164,235
Total campaign allocations	1,255,226	-	-	-	1,255,226
Distributions from donor restricted and board designated funds	527,919	-	-	-	527,919
Total allocations to beneficiaries	1,783,145	-	-	-	1,783,145
Other Functional Expenses					
Salaries, benefits, and taxes	417,922	129,176	212,760	341,936	759,858
Professional fees	-	182,621	-	182,621	182,621
Scholarships	30,304	-	-	-	30,304
Other program expenses	203,205	-	-	-	203,205
Campaign	-	-	13,402	13,402	13,402
Computer operations	9,743	3,012	4,960	7,972	17,715
Insurance	2,410	745	1,227	1,972	4,382
Rent-facilities	54,024	16,698	27,503	44,201	98,225
Credit card and bank fees	-	9,329	-	9,329	9,329
Events and meetings	18,517	3,464	36,581	40,045	58,562
Supplies and postage	7,746	2,394	3,944	6,338	14,084
Telephone	6,837	2,113	3,480	5,593	12,430
Depreciation	-	709	-	709	709
Total other functional expenses	750,708	350,261	303,857	654,118	1,404,826
Total expenses	<u>\$ 2,533,853</u>	<u>\$ 350,261</u>	<u>\$ 303,857</u>	<u>\$ 654,118</u>	<u>\$ 3,187,971</u>

Jewish Federation of Greater St. Paul
Statements of Cash Flows
Years Ended April 30, 2020 and 2019

	2020	2019
Cash Flows - Operating Activities		
Change in net assets	\$ (1,486,002)	(1,108,166)
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation and amortization	4,769	709
Change in allowance for doubtful pledges receivable	(30,389)	(61,914)
Realized and unrealized investment (gains) losses	446,962	(241,452)
Decrease (increase) in value of charitable remainder trust	15,336	(37,607)
Contributed rent	65,000	65,000
Change in unamortized present value discount on contributed rent	(3,095)	(6,043)
Contributions received for long-term purposes	(15,400)	(5,824)
Changes in operating assets and liabilities		
Pledges receivable	243,872	407,014
Prepaid expenses and other current assets	(2,071)	(17,605)
Beneficial interest in trust	(198)	(4,402)
Accounts payable	(55,241)	95,822
Payable to JFNA	123,144	5,994
Passport to Israel	(23,974)	(19,547)
Fiscal agency liability	(78,063)	(35,402)
Deferred revenue	(29,071)	(34,096)
Other current liabilities	(34,358)	54,288
Net cash flows - operating activities	(858,779)	(943,231)
Cash Flows - Investing Activities		
Purchase of equipment	-	(14,308)
Purchase of investments, including reinvested income	(1,669,706)	(1,276,795)
Proceeds from the sale/maturity of investments	2,625,352	2,069,147
Net cash flows - investing activities	955,646	778,044
Cash Flows - Financing Activities		
Contributions received for long-term purposes	15,400	5,824
Proceeds on long-term debt	119,990	-
Net cash flows - financing activities	135,390	5,824
Net change in cash and cash equivalents	232,257	(159,363)
Cash and Cash Equivalents		
Beginning of year	161,178	320,541
End of year	\$ 393,435	\$ 161,178

See notes to financial statements.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Jewish Federation of Greater St. Paul (the Organization) is a nonprofit corporation organized under the laws of the State of Minnesota. The Organization is dedicated to building a strong, vibrant and inclusive Jewish community which nurtures the quality of Jewish life locally, in Israel and in Jewish communities around the world. These goals are accomplished by strengthening the bonds which unite all Jews through philanthropy, volunteerism, and engagement. The Organization offers a variety of programs which support these goals including strategically investing in partner agencies whose programs and services foster the social service, educational and cultural aspirations of the St. Paul Jewish community.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit organizations.

Estimates

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

Cash and Cash Equivalents and Investments

The Organization considers bank certificates of deposit, money market funds and other highly liquid investments with original maturities of three months or less to be cash equivalents. Certificates of deposits and money market funds are carried at deposit value. From time to time, the Organization may have deposits at one commercial bank in excess of the limits guaranteed by the Federal Deposit Insurance Corporation (FDIC).

Investments in equity securities that have readily determinable fair value and all investments in debt securities are recorded at fair value. The carrying value for certain equity investments without quoted market prices are carried at cost, which is considered the estimated fair value upon the date of donation or the date of purchase. Investments include interests in various non-publicly traded investment funds which are valued by management of the individual funds based on the fair value of the underlying investments of the funds. Life insurance policies are carried at net cash surrender value. The net changes in fair value of investments held and the realized gains and losses on investments sold are reflected in the statements of activities as a component of investment income (loss).

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, changes in the values of the investments will occur in the near term and such changes could materially affect the amounts reported.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges deemed uncollectible by management are included in management's estimate of allowance for doubtful accounts. Conditional pledges are not included as support until such time as the conditions are substantially met.

Beneficial Interest in Trust

A donor has established a trust with a local bank naming the Organization as a beneficiary of an irrevocable charitable remainder trust. Under terms of the split-interest agreement, at the time of the donor's death, the trust is to terminate, and remaining trust assets are to be distributed to the Organization and other beneficiaries. The Organization has a receivable calculated as the fair market value of the Organization's percentage of assets to be received and a donor restricted contribution.

Contributed Rent Receivable

Contributed rent receivable represents the in-kind donation for the facility lease (see Note 6).

Property and Equipment

Property and equipment is carried at cost, if purchased, or for donated items, at fair value at the time of donation. The Organization uses a capitalization threshold of \$1,000 for recorded property and equipment.

Depreciation and amortization are provided for in amounts sufficient to relate the cost of deprecation and amortizable furniture, equipment, and leasehold improvements to operations over their estimated service lives, using the straight-line method.

The estimated lives used are as follows:

	<u>Years</u>
Furniture and equipment	3-10
Leasehold improvements	5-10

Payable to the Jewish Federations of North America (JFNA)

Beneficiary allocations and dues payable that are expected to be fulfilled within one year are recorded at their net realizable value.

Passport to Israel

The passport to Israel program provides money for youth and young adults to travel to Israel. The program is funded by the participants' parents, participants' synagogue, and a partial match from the Organization. If the program's funds are not used, they must be returned to the individuals or organizations that provided the funds.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiscal Agency Liability

A liability is recorded for certain assets for which the Organization acts as an agent. The funds received have been invested and included as assets held for others on the statements of financial position. At April 30, 2020 and 2019, the investments held for fiscal agency transactions were \$611,170 and \$689,233, respectively.

Deferred Revenue

Deferred revenue represents program income that was received prior to year end but not yet earned.

Charitable Remainder Trust

The Organization administers and is a beneficiary of a charitable remainder trust (CRT). The CRT is valued at fair market value of the trust assets with a corresponding liability recorded for their present value of the expected payments due to the donor, with the difference recorded as a contribution. The amount of the trust liability calculated at April 30, 2020 and 2019, was based on an assumed discount rate of 3.4%.

Paycheck Protection Program Loan

The Organization follows the FASB's Topic 470 - *Debt* in accounting for its Paycheck Protection Program (PPP) loan. The loan is accounted for as a financial liability and interest is accrued at the specified rate of 1.00%. The proceeds from the loan remain as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been legally released or (2) the Organization pays off the loan to the creditor. Once the loan is (in part or wholly) forgiven and legal release is received, the Organization will reduce the liability by the amount forgiven and record a gain on extinguishment.

Net Assets

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for donor advised funds and other designations.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor) 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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a 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.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional contributions at April 30, 2020 and 2019.

Event revenue and program income are recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization and are recognized either over time or at a point in time. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred through a point in time in relation to total actual charges incurred. The Organization believes that this method provides a useful depiction of the provision of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time are recognized when goods or services are provided to customers, and it is not required to provide additional goods or services. Event revenue is recognized at a point in time, when the event occurs. Program income is recognized over time. Program income is received in a lump sum at the beginning of the contract and the amount deemed unearned at year end is included in deferred revenue.

Donated Goods, Use of Facilities and Services

Donated goods and use of facilities are valued at their fair market value. Donated services have not been recognized in these financial statements because they do not meet the standard for recognition under U.S. GAAP; however, a substantial number of volunteers have donated significant amounts of time to the Organization's program services and fundraising activities.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable Minnesota Statute. The Organization is a public charity and contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization follows the guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The Organization's tax returns are subject to review and examination by federal, state, and local authorities.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited based on an estimate of staff time spent on each function.

Recently Adopted Accounting Pronouncements

Revenue Recognition

On May 1, 2019, the Organization adopted FASB ASU No. 2014-09 (Topic 606) - Revenue from Contracts with Customers ("ASU No. 2014-09" or "Topic 606"), which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification "ASC" Topic 605, Revenue Recognition ("Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results for reporting periods beginning after May 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605. The impact of the adoption of the new standard was insignificant to the financial statements.

Clarifying Guidance for Contributions Received and Contributions Made

On May 1, 2019, FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made became effective. This update clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The impact of the update was insignificant to the financial statements.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncement

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using either the retrospective approach or modified retrospective approach. The Organization is currently evaluating the impact this standard will have on its financial statements.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through October 28, 2020, the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization strives to maintain a cash balance sufficient to cover expenditures as they become due in the ordinary course of business plus a cushion based on the current fiscal year budget. Due to the cyclical timing of the Organization's revenues, this amount can vary throughout the year.

As a federated fundraising organization, the Organization receives significant contributions each year from donors through its annual campaign which are available to meet annual cash needs for general expenditures. Allocations to beneficiary agencies are primarily paid over a 12-month period corresponding with the fiscal year which overlaps with the campaign year which is on a calendar year basis. The Organization's Board of Directors has designated a portion of its unrestricted resources for specific purposes. These designations can be changed by vote of the Board and made available to meet operating needs if necessary.

The table on the next page reflects the financial assets as of April 30, 2020 and 2019, reduced by the amounts that are not available to meet general expenditures within one year because of contractual restrictions or internal designations.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 2 – LIQUIDITY AND AVAILABILITY (CONTINUED)

	2020	2019
Cash and cash equivalents	\$ 393,435	\$ 161,178
Pledges receivable, less allowance for doubtful accounts	109,014	322,497
Investments	14,353,778	15,833,597
Total financial assets	14,856,227	16,317,272
Less		
Assets held for others	(611,170)	(689,233)
Beneficial interest in trust	(60,238)	(60,040)
Passport to Israel liability	(152,673)	(176,647)
Charitable remainder trust liability	(684,577)	(746,650)
Net assets with donor restrictions	(6,954,534)	(7,974,218)
Net financial assets after external-imposed restrictions	6,393,035	6,670,484
Less board designated funds		
Donor advised funds	(4,812,058)	(4,986,241)
Other designations	(507,180)	(595,407)
Total financial assets available for general expenditures	\$ 1,073,797	\$ 1,088,836

NOTE 3 – PLEDGES RECEIVABLES

Pledges receivable at April 30 are as follows:

	2020	2019
Annual campaign pledges receivable	\$ 153,917	\$ 397,789
Less: allowance for doubtful accounts	(44,903)	(75,292)
Total	\$ 109,014	\$ 322,497

All amounts are expected to be collected within the next fiscal year.

As of April 30, 2019, pledges receivable included \$246,000 due from one charitable foundation which represented 62%, respectively, of total pledges outstanding.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 4 – INVESTMENTS

Investments consisted of the following at April 30:

	2020		Total
	Other Investments	CRT Investments	
Money markets	\$ 337,506	\$ 14,929	\$ 352,435
Equity securities and funds	5,747,515	495,173	6,242,688
Fixed income securities and funds	1,858,055	1,226,770	3,084,825
Marketable alternatives fund	2,287,793	-	2,287,793
Special opportunities fund	1,426,127	-	1,426,127
Cash value of life insurance	899,672	-	899,672
Beneficial interest in trust	60,238	-	60,238
	<u>\$ 12,616,906</u>	<u>\$ 1,736,872</u>	<u>\$ 14,353,778</u>
	2019		
	Other Investments	CRT Investments	Total
Money markets	\$ 388,647	\$ 15,114	\$ 403,761
Equity securities and funds	6,755,870	593,877	7,349,747
Fixed income securities and funds	1,759,616	1,205,290	2,964,906
Marketable alternatives fund	2,901,336	-	2,901,336
Special opportunities fund	1,281,921	-	1,281,921
Cash value of life insurance	871,886	-	871,886
Beneficial interest in trust	60,040	-	60,040
	<u>\$ 14,019,316</u>	<u>\$ 1,814,281</u>	<u>\$ 15,833,597</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

The fair value measurements topic of the FASB ASC establishes 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 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.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The following tables present the Organization's fair value hierarchy investment balances measured at fair value on a recurring basis as of April 30:

	2020			Total
	Level 1	Level 2	Level 3	
Investments				
Equity securities and funds	\$ 1,595,666	\$ -	\$ -	\$ 1,595,666
Fixed income securities and funds	1,036,976	1,226,770	-	2,263,746
Beneficial interest in trust	-	-	60,238	60,238
Total	\$ 2,632,642	\$ 1,226,770	\$ 60,238	3,919,650
Assets not held at fair value:				
Cash				352,435
Cash value of life insurance				899,672
Investments held at net asset value				9,182,021
Total				\$ 14,353,778

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

	2019			Total
	Level 1	Level 2	Level 3	
Investments				
Equity securities and funds	\$ 1,833,113	\$ -	\$ -	\$ 1,833,113
Fixed income securities and funds	896,352	1,205,290	-	2,101,642
Beneficial interest in trust	-	-	60,040	60,040
Total	\$ 2,729,465	\$ 1,205,290	\$ 60,040	3,994,795
Assets not held at fair value				
Cash				403,761
Cash value of life insurance				871,886
Investments held at net asset value				10,563,155
Total				\$ 15,833,597

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets by fair value category for the years ended April 30:

	Beneficial Interest in Trust
Balance at April 30, 2018	\$ 55,638
Investment income	4,402
Balance as of April 30, 2019	60,040
Investment income	198
Balance as of April 30, 2020	\$ 60,238

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Held at Net Asset Value

The following table summarizes investments held at net asset value as of April 30:

Description	2020	2019	Redemption Frequency if Currently Available	Redemption Notice Period
Equity fund	\$ 4,647,022	\$ 5,516,634	Quarterly	30 Days
Fixed income fund	821,079	863,264	Quarterly	30 Days
Marketable alternative funds	2,287,793	2,901,336	Quarterly	6 Months
Special opportunities fund	1,426,127	1,281,921	50% annually at 12/31, 2-year pro-rata schedule	6 Months

The equity fund attempts to achieve its investment objective of total return and growth through allocations to global equities diversified across broad company, country, currency, sector, and capitalization exposure. The fund invests in funds and limited partnerships that may impose certain constraints upon discretionary withdrawals as set forth in the partnership agreements, which may include initial lock-up periods, gates provisions, and redemption fees.

The fixed income fund attempts to achieve its objective to provide income, capital preservation, and liquidity by investing primarily in a broadly diversified portfolio of corporate, government, and asset-backed debt, and alternative strategies.

The marketable alternatives fund attempts to achieve its investment objective of diversification, risk reduction, and return enhancement through broadly diversified allocations to multiple hedge strategies. The fund invests in funds and limited partnerships that may impose certain constraints upon discretionary withdrawals as set forth in the partnership agreements which may include initial lock-up periods, gates provisions, and redemption fees. The fund also invests in certain alternative investment funds that do not provide for liquidity in the form of discretionary withdrawals (nonredeemable interests, such as private equity funds).

The special opportunities fund invests in distressed securities strategies and equity managers with concentrated equity portfolios. The fund attempts to achieve equity-like returns and provide inflation protection, by target exposure to real assets via investments in commodities, natural resource equities, and real estate. The fund invests in funds and limited partnerships that may impose certain constraints upon discretionary withdrawals as set forth in the partnership agreements, which may include initial lock-up periods, gates provisions, and redemption fees.

Jewish Federation of Greater St. Paul
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NOTE 6 – CONTRIBUTED RENT RECEIVABLE

The Organization has entered into a long-term lease agreement for the facility, expiring April 30, 2021. An in-kind donation has been recognized for the difference between estimated market rent rates and the annual rent amount of approximately \$30,000. The Organization has recorded an asset for the present value of the donated portion of the long-term lease. The rent value and discount to present value were determined based on estimates of the fair value of the space, its estimated annual lease value, and a discount rate of 5%. Management believes the present value of the contributed rent and discount to present value are appropriate based on current information and assumptions. However circumstances impacting these assumptions could occur which could significantly change these estimates.

	2020	2019
Contributed rent receivable	\$ 65,000	\$ 130,000
Less discount to present value	-	(3,095)
Net present value of contributed rent receivable	\$ 65,000	\$ 126,905
	2020	2019
Contributed rent		
Current	\$ 65,000	\$ 65,000
Noncurrent	-	61,905
Total	\$ 65,000	\$ 126,905

NOTE 7 – LONG-TERM DEBT

In April 2020, Jewish Federation of Greater St. Paul applied for and obtained a Paycheck Protection Program (PPP) loan administered by the U.S. Small Business Administration from its primary lender for \$119,990. The loan bears interest at 1.00%, is due in April 2022 and the loan may be forgiven, in full or partially, if the funds are used for payroll costs, interest on mortgages, rent and utilities in accordance with program guidance.

Future maturities on the PPP loan, if not forgiven, are as follows for the year ended April 30:

2021		\$ 39,996
2022		79,994
Total		\$ 119,990

Jewish Federation of Greater St. Paul
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NOTE 8 – OPERATING LEASE

The Organization leases its office under an operating lease which expires April 30, 2021. Future payments required under the lease agreement are as follows for the year ending April 30:

2021	<u>\$ 99,247</u>
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Total rent expense (including in-kind rent, see Note 6) for 2020 and 2019 was \$97,616 and \$96,063, respectively.

NOTE 9 – BOARD DESIGNATED NET ASSETS

The Organization's Board of Directors has designated the use of certain assets for specific purposes. Amounts as of April 30 are as follows:

	2020	2019
Donor advised funds	\$ 4,812,058	\$ 4,986,241
Other designations	507,180	595,407
Total	\$ 5,319,238	\$ 5,581,648

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

	2020	2019
Purpose restricted	\$ 236,485	\$ 205,159
Time restricted – net pledges received	84,606	43,805
Time restricted – CRT assets net of related liability	1,052,295	1,067,631
Contributed rent receivable	65,000	126,905
Endowments		
Restricted by donors for		
Specific purpose	5,046,505	5,077,709
Annual campaign	1,619,917	1,731,961
Subject to endowment spending policy		
Accumulated investment gains	285,295	385,761
Underwater endowments	(1,435,569)	(664,713)
Total	\$ 6,954,534	\$ 7,974,218

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors as follows, for the years ended April 30:

	2020	2019
Time restriction elapsed	\$ 140,596	\$ 627,720
Purpose restriction satisfaction	794,588	118,303
Total	\$ 935,184	\$ 746,023

NOTE 11 – ENDOWMENTS

The Organization's endowments consist of multiple individual funds of restricted endowments established for a variety of purposes by donors. The endowments also include certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 11 – ENDOWMENTS (CONTINUED)

Composition of Endowments

	Without Donor Restrictions	With Donor Restrictions	Total
April 30, 2020			
Board-designated endowment funds	\$ 170,519	\$ -	\$ 170,519
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	6,666,422	6,666,422
Accumulated investment gains (losses)	-	(1,150,273)	(1,150,273)
Endowment investments April 30, 2020	\$ 170,519	\$ 5,516,149	\$ 5,686,668
April 30, 2019			
Board-designated endowment funds	\$ 208,955	\$ -	\$ 208,955
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	6,809,670	6,809,670
Accumulated investment gains	-	(278,952)	(278,952)
Endowment investments April 30, 2019	\$ 208,955	\$ 6,530,718	\$ 6,739,673

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At April 30, 2020 and 2019, funds with original gift values of \$5,375,488 and \$5,244,383, respectively, fair values of \$3,939,919 and \$4,579,670, respectively, and deficiencies of \$1,435,569 and \$664,713, respectively, were reported in net assets with donor restrictions.

Jewish Federation of Greater St. Paul
Notes to Financial Statements

NOTE 11 – ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The primary investment objective of the portfolio is an emphasis on capital appreciation with modest current income. The portfolio seeks to maximize potential total return consistent with minimizing overall volatility in the context of these guidelines. The total rate of return for individual investment styles will be compared to their appropriate index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The board of directors approved appropriations of \$752,710 and \$159,060 during 2020 and 2019, respectively, of the endowment fund balance at the end of the prior year. The amount is determined based on the overall needs of the Organization balanced with the long-term investment return objectives for a fund to be held in perpetuity.

The following is a summary of donor established endowment fund activity for the years ended April 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments May 1, 2018	\$ 285,206	\$ 6,561,666	\$ 6,846,872
Investment income	1,287	77,680	78,967
Contributions	-	5,824	5,824
Appropriations of endowment assets for expenditure	<u>(77,538)</u>	<u>(114,452)</u>	<u>(191,990)</u>
Endowment investments April 30, 2019	208,955	6,530,718	6,739,673
Investment income (loss)	(27,069)	(277,259)	(304,328)
Contributions	-	15,400	15,400
Appropriations of endowment assets for expenditure	<u>(11,367)</u>	<u>(752,710)</u>	<u>(764,077)</u>
Endowment investments April 30, 2020	<u>\$ 170,519</u>	<u>\$ 5,516,149</u>	<u>\$ 5,686,668</u>

Jewish Federation of Greater St. Paul
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NOTE 12 – EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution 403(b) annuity plan covering substantially all employees who are 21 years of age or older and have completed one year of service. Employees may elect to defer up to 15% of compensation or the maximum contribution permitted by the Internal Revenue Service, whichever is less. The Organization is required to match 150% of the first 4% of the employee deferrals. Retirement expense was \$14,146 and \$17,609 for 2020 and 2019, respectively.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Organization appropriates amounts to various local beneficiary agencies. Certain individuals who serve on board of directors of the Organization also serve on the boards of directors of the recipient local beneficiary agencies. The Organization also receives contributions from the board of directors.

NOTE 14 – RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation used in the current year financial statements.

NOTE 15 – RISKS AND UNCERTAINTIES

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the Organization may be both direct and indirect and will vary based on the duration of the outbreak and various other factors.