

St. Paul Jewish Federation

Financial Statements

April 30, 2022 and 2021

St. Paul Jewish Federation
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Independent Auditor's Report

Board of Directors
St. Paul Jewish Federation
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of St. Paul Jewish Federation, which comprise the statements of financial position as of April 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. Paul Jewish Federation as of April 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

BergankDV, Ltd.

St. Cloud, Minnesota
September 29, 2022

St. Paul Jewish Federation
Statements of Financial Position
As of April 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 680,294	\$ 292,684
Contributions receivable, net	142,631	310,779
Accounts receivable	1,553	58,100
Prepaid expenses and other current assets	22,559	22,785
Total current assets	<u>847,037</u>	<u>684,348</u>
Investments		
Assets held in charitable remainder trust	1,794,406	1,939,209
Assets held for others	676,199	762,081
Other investments	14,414,618	15,272,961
Beneficial interest in trust	67,925	62,743
Total investments	<u>16,953,148</u>	<u>18,036,994</u>
Property and equipment		
Furniture and equipment	58,376	58,375
Leasehold improvements	57,489	57,489
Total property and equipment	<u>115,865</u>	<u>115,864</u>
Less accumulated depreciation	115,865	111,803
Net property and equipment	<u>-</u>	<u>4,061</u>
Other noncurrent assets		
Long-term contributions receivable, net	<u>583,294</u>	<u>263,882</u>
Total assets	<u><u>\$ 18,383,479</u></u>	<u><u>\$ 18,989,285</u></u>
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ -	\$ 119,990
Accounts payable	9,265	34,898
Payable to JFNA	353,227	292,140
Passport to Israel	150,777	150,011
Other current liabilities	119,239	106,543
Total current liabilities	<u>632,508</u>	<u>703,582</u>
Long-term liabilities		
Fiscal agency liability	676,199	762,081
Charitable remainder trust liability	642,025	729,594
Total long-term liabilities	<u>1,318,224</u>	<u>1,491,675</u>
Total liabilities	<u>1,950,732</u>	<u>2,195,257</u>
Net assets		
Without donor restrictions	7,159,396	7,511,838
With donor restrictions	9,273,351	9,282,190
Total net assets	<u>16,432,747</u>	<u>16,794,028</u>
Total liabilities and net assets	<u><u>\$ 18,383,479</u></u>	<u><u>\$ 18,989,285</u></u>

See notes to financial statements.

St. Paul Jewish Federation
Statement of Activities
Year Ended April 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,974,588	\$ 1,303,348	\$ 3,277,936
In-kind contributions	77,000	-	77,000
Program income	196,793	-	196,793
Investment return, net	(326,564)	(505,786)	(832,350)
Change in value of CRT	-	(57,234)	(57,234)
PPP loan forgiveness	119,990	-	119,990
Net assets released from restrictions	749,167	(749,167)	-
Total support and revenue	<u>2,790,974</u>	<u>(8,839)</u>	<u>2,782,135</u>
Expenses			
Program services	\$ 2,639,424	\$ -	\$ 2,639,424
Management and general	285,345	-	285,345
Campaign and fundraising	218,647	-	218,647
Total expenses	<u>3,143,416</u>	<u>-</u>	<u>3,143,416</u>
Change in net assets	(352,442)	(8,839)	(361,281)
Net Assets			
Beginning of the year	<u>7,511,838</u>	<u>9,282,190</u>	<u>16,794,028</u>
End of the year	<u><u>\$ 7,159,396</u></u>	<u><u>\$ 9,273,351</u></u>	<u><u>\$ 16,432,747</u></u>

St. Paul Jewish Federation
Statement of Activities
Year Ended April 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 2,335,536	\$ 1,096,282	\$ 3,431,818
In-kind contributions	12,000	-	12,000
Program income	95,538	-	95,538
Investment return, net	1,641,663	1,733,977	3,375,640
Change in value of CRT	-	157,320	157,320
Net assets released from restrictions	659,923	(659,923)	-
Total support and revenue	<u>4,744,660</u>	<u>2,327,656</u>	<u>7,072,316</u>
Expenses			
Program services	2,697,209	-	2,697,209
Management and general	280,906	-	280,906
Campaign and fundraising	217,487	-	217,487
Total expenses	<u>3,195,602</u>	<u>-</u>	<u>3,195,602</u>
Change in net assets	1,549,058	2,327,656	3,876,714
Net Assets			
Beginning of the year	<u>5,962,780</u>	<u>6,954,534</u>	<u>12,917,314</u>
End of the year	<u>\$ 7,511,838</u>	<u>\$ 9,282,190</u>	<u>\$ 16,794,028</u>

St. Paul Jewish Federation
Statement of Functional Expenses
Year Ended April 30, 2022

		Support Services			
	Community Services	Management and General	Campaign and Fundraising	Total Support Services	Total
Allocations to Beneficiaries					
Local and national	\$ 859,502	\$ -	\$ -	\$ -	\$ 859,502
International	259,709	-	-	-	259,709
Total campaign allocations	1,119,211	-	-	-	1,119,211
Distributions from donor restricted and board designated funds	818,323	-	-	-	818,323
Total allocations to beneficiaries	1,937,534	-	-	-	1,937,534
Other Functional Expenses					
Salaries, benefits, and taxes	422,387	112,637	168,955	281,592	703,979
Professional fees	41,851	121,746	6,407	128,153	170,004
Events and meetings	16,039	180	-	180	16,219
Equipment and technology	8,358	4,139	12,787	16,926	25,284
Other program expenses	120,221	-	-	-	120,221
Insurance	7,854	2,095	3,141	5,236	13,090
Occupancy	72,176	16,005	23,819	39,824	112,000
Travel and meals	7,819	1,321	621	1,942	9,761
Credit card and bank fees	4	12,098	1,216	13,314	13,318
Supplies, printing and postage	4,759	4,274	1,326	5,600	10,359
Other operating expenses	422	6,789	375	7,164	7,586
Depreciation	-	4,061	-	4,061	4,061
Total other functional expenses	701,890	285,345	218,647	503,992	1,205,882
 Total expenses	 \$ 2,639,424	 \$ 285,345	 \$ 218,647	 \$ 503,992	 \$ 3,143,416

See notes to financial statements.

St. Paul Jewish Federation
Statement of Functional Expenses
Year Ended April 30, 2021

	Community Services	Management and General	Support Services Campaign and Fundraising	Total Support Services	Total
Allocations to Beneficiaries					
Local and national	\$ 1,281,858	\$ -	\$ -	\$ -	\$ 1,281,858
International	196,511	-	-	-	196,511
Total campaign allocations	1,478,369	-	-	-	1,478,369
Distributions from donor restricted and board designated funds	579,358	-	-	-	579,358
Total allocations to beneficiaries	2,057,727	-	-	-	2,057,727
Other Functional Expenses					
Salaries, benefits, and taxes	388,795	103,679	155,518	259,197	647,992
Professional fees	52,185	123,584	14,344	137,928	190,113
Events and meetings	5,398	873	4,563	5,436	10,834
Equipment and technology	11,142	7,430	8,265	15,695	26,837
Other program expenses	89,057	-	-	-	89,057
Insurance	6,265	1,671	2,506	4,177	10,442
Occupancy	71,948	15,954	23,819	39,773	111,721
Travel and meals	4,818	1,119	241	1,360	6,178
Credit card and bank fees	115	12,751	-	12,751	12,866
Supplies, printing and postage	9,493	6,624	8,181	14,805	24,298
Other operating expenses	266	2,452	50	2,502	2,768
Depreciation	-	4,769	-	4,769	4,769
Total other functional expenses	639,482	280,906	217,487	498,393	1,137,875
Total expenses	\$ 2,697,209	\$ 280,906	\$ 217,487	\$ 498,393	\$ 3,195,602

See notes to financial statements.

St. Paul Jewish Federation
Statements of Cash Flows
Years Ended April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows - Operating Activities		
Change in net assets	\$ (361,281)	\$ 3,876,714
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation and amortization	4,061	4,769
Change in allowance for doubtful contributions receivable	10,182	(18,595)
Discount on long-term contributions receivable	23,636	33,498
Realized and unrealized investment (gains) losses	808,396	(3,386,756)
Change in value of charitable remainder trust	57,234	(157,320)
Change in beneficial interest in trust	(5,182)	(2,505)
Contributed rent receivable	-	65,000
Contributions restricted to endowment	(94,452)	(500,753)
PPP loan forgiveness	(119,990)	-
Changes in operating assets and liabilities		
Contributions receivable	(185,082)	(480,550)
Accounts receivable	56,547	(58,100)
Prepaid expenses and other current assets	226	(3,109)
Accounts payable	(25,633)	(47,881)
Payable to JFNA	61,087	13,551
Passport to Israel	766	(2,662)
Fiscal agency liability	(85,882)	150,911
Other current liabilities	12,696	3,902
Net cash flows - operating activities	<u>157,329</u>	<u>(509,886)</u>
Cash Flows - Investing Activities		
Purchase of investments, including reinvested income	(8,290,030)	(1,573,394)
Proceeds from the sale/maturity of investments	8,425,859	1,481,776
Net cash flows - investing activities	<u>135,829</u>	<u>(91,618)</u>
Cash Flows - Financing Activities		
Contributions restricted to endowment	<u>94,452</u>	<u>500,753</u>
Net change in cash and cash equivalents	387,610	(100,751)
Cash and Cash Equivalents		
Beginning of year	<u>292,684</u>	<u>393,435</u>
End of year	<u><u>\$ 680,294</u></u>	<u><u>\$ 292,684</u></u>

See notes to financial statements.

**St. Paul Jewish Federation
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

St. Paul Jewish Federation (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.

Accounting 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 the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates market.

Investments

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. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates. As of April 30, 2022 and 2021, contributions receivable due from two donors represented 23% and 62%, respectively, of total contributions outstanding.

Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The discount on these amounts is computed using a risk-free interest rate of 4.0% applicable to the year in which the contribution is made. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Beneficial Interest in Trust

The Organization has been named as an irrevocable beneficiary of a charitable remainder trust held and administered by an independent trustee. The trust was created independently by a donor and is administered by outside agents designated by the donor. Therefore, the Organization has neither possession nor control over the assets of the trust. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in charitable trust held by others is recorded in the statement of financial position at fair value using present value techniques and risk adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interest in the trust is reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor restrictions are not released.

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. The Organization follows the policy of capitalizing all property and equipment expenditures over \$1,000.

Payable to the Jewish Federations of North America (JFNA)

Beneficiary allocations and dues payable that are expected to be fulfilled within one year.

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.

St. Paul Jewish Federation
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.

Charitable Remainder Trust

The Organization acts as trustee for an irrevocable trust. This trust is governed by the respective trust agreement, which provides for either an income stream or a future distribution of cash or other assets to the Organization, in whole or in part, for a specified period or upon the occurrence of a specific event. The trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as revenue.

Paycheck Protection Program Loan

The Organization followed the Financial Accounting Standards Board's (FASB) Topic 470 – *Debt* in accounting for its Paycheck Protection Program (PPP) loan. The loan was accounted for as a financial liability and remained as a liability until it was forgiven in May 2021.

Net Assets

Net assets, revenues, gains, and other support 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 grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for donor advised funds and other designations.

St. Paul Jewish Federation
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 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. Contributions that are restricted by the donor are reported 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. 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 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.

Program income is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization and are recognized over 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. Program income is received upfront in a lump sum at the contracted rate and the amount deemed unearned at year end is included in other current liabilities.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. The statement 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.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Subsequent Events

The Organization has evaluated subsequent events through September 29, 2022, the date which the financial statements were available to be issued.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (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-of-use assets" and recognition of an obligation for future lease payments for most leases currently classified as operating leases. 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 the modified retrospective approach. The Organization is currently evaluating the impact this standard will have on its financial statements.

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 without donor restrictions resources for specific purposes. These designations can be changed by vote of the Board and made available to meet operating needs if necessary.

As part of a liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. The Organization also has a line of credit which it could draw upon in the event of an unanticipated liquidity need.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 2 – LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the financial assets as of April 30, 2022 and 2021, reduced by the amounts that are not available to meet general expenditures within one year because of contractual restrictions or internal designations.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 680,294	\$ 292,684
Contributions receivable, net	725,925	574,661
Accounts receivable	1,553	58,100
Investments	<u>16,953,148</u>	<u>18,036,994</u>
Total financial assets	18,360,920	18,962,439
Less		
Assets held for others	(676,199)	(762,081)
Beneficial interest in trust	(67,925)	(62,743)
Passport to Israel liability	(150,777)	(150,011)
Charitable remainder trust liability	(642,025)	(729,594)
Net assets with donor restrictions	<u>(9,273,351)</u>	<u>(9,282,190)</u>
Net financial assets after external-imposed restrictions	7,550,643	7,975,820
Less board designated funds		
Donor advised funds	(5,426,517)	(5,951,145)
Other designations	<u>(582,577)</u>	<u>(706,581)</u>
Total financial assets available for general expenditures	<u>\$ 1,541,549</u>	<u>\$ 1,318,094</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of April 30:

	<u>2022</u>	<u>2021</u>
Contributions receivable due		
Within one year	\$ 179,121	\$ 337,087
In one to five years	<u>606,930</u>	<u>297,380</u>
Total contributions receivable	786,051	634,467
Less discount to net present value	(23,636)	(33,498)
Less allowance for uncollectible contributions receivable	<u>(36,490)</u>	<u>(26,308)</u>
Contributions receivable, net	<u>\$ 725,925</u>	<u>\$ 574,661</u>

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 4 – INVESTMENTS

Investments consisted of the following as of April 30:

	2022		
	CRT		
	Investments	Investments	Total
Cash equivalents	\$ 625,006	\$ 11,898	\$ 636,904
Equity securities and funds	7,843,823	873,809	8,717,632
Fixed income securities and funds	1,952,034	908,698	2,860,732
Marketable alternatives fund	1,981,327	-	1,981,327
Special opportunities fund	1,777,274	-	1,777,274
Cash value of life insurance	911,354	-	911,354
Beneficial interest in trust	67,925	-	67,925
	<u>\$ 15,158,743</u>	<u>\$ 1,794,405</u>	<u>\$ 16,953,148</u>
Total			

	2021		
	CRT		
	Investments	Investments	Total
Cash equivalents	\$ 578,838	\$ 13,676	\$ 592,514
Equity securities and funds	7,492,868	780,006	8,272,874
Fixed income securities and funds	2,365,500	1,145,527	3,511,027
Marketable alternatives fund	2,919,631	-	2,919,631
Special opportunities fund	1,738,973	-	1,738,973
Cash value of life insurance	939,232	-	939,232
Beneficial interest in trust	62,743	-	62,743
	<u>\$ 16,097,785</u>	<u>\$ 1,939,209</u>	<u>\$ 18,036,994</u>
Total			

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

A portion of the investment assets are classified within Level 1 because they comprise open-end equity securities and fixed income securities and funds with readily determinable fair values based on daily redemption values. Certain fixed income securities and funds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair values of beneficial interest in charitable trust is determined by the Organization using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of the beneficial interest in assets held by others is based on the fair value of fund investments as reported by the other institution. These are considered to be Level 3 measurements.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain equity security, fixed income, marketable alternatives and special opportunities funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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

	2022			Total
	Level 1	Level 2	Level 3	
Investments				
Equity securities and funds	\$ 8,717,632	\$ -	\$ -	\$ 8,717,632
Fixed income securities and funds	1,952,034	908,698	-	2,860,732
Beneficial interest in trust	-	-	67,925	67,925
Total	<u>\$ 10,669,666</u>	<u>\$ 908,698</u>	<u>\$ 67,925</u>	11,646,289
Assets not held at fair value:				
Cash equivalents				636,904
Cash value of life insurance				911,354
Investments held at net asset value				<u>3,758,601</u>
Total				<u>\$ 16,953,148</u>
	2021			Total
	Level 1	Level 2	Level 3	
Investments				
Equity securities and funds	\$ 2,056,877	\$ -	\$ -	\$ 2,056,877
Fixed income securities and funds	1,192,051	1,145,527	-	2,337,578
Beneficial interest in trust	-	-	62,743	62,743
Total	<u>\$ 3,248,928</u>	<u>\$ 1,145,527</u>	<u>\$ 62,743</u>	4,457,198
Assets not held at fair value				
Cash equivalents				592,514
Cash value of life insurance				939,232
Investments held at net asset value				<u>12,048,050</u>
Total				<u>\$ 18,036,994</u>

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>Beneficial Interest in Trust</u>
Balance as of April 30, 2020	\$ 60,238
Investment income	<u>2,505</u>
Balance as of April 30, 2021	62,743
Investment income	<u>5,182</u>
Balance as of April 30, 2022	<u><u>\$ 67,925</u></u>

Investments Held at Net Asset Value

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

	<u>2022</u>	<u>2021</u>	<u>Redemption Frequency if Currently Available</u>	<u>Redemption Notice Period</u>
Equity fund	\$ -	\$ 6,215,997	Quarterly	30 Days
Fixed income fund	-	1,173,449	Quarterly	30 Days
Marketable alternative funds	1,981,327	2,919,631	Quarterly	6 Months
Special opportunities fund	1,777,274	1,738,973	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.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Held at Net Asset Value (Continued)

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.

NOTE 6 – LINE OF CREDIT

The Organization has a \$250,000 revolving line of credit with a bank, secured by substantially all assets of the Organization. Borrowings under the line bear interest at the bank's reference rate plus 1% (4.50% as of April 30, 2022), or a floor of 4.00%. Accrued interest and principal are due at maturity (June 2023). There were no outstanding borrowings on the line of credit as of April 30, 2022 and 2021.

NOTE 7 – 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:

	2022	2021
Donor advised funds	\$ 5,426,517	\$ 5,951,145
Board-designated endowment funds	199,233	217,812
Other designations	383,344	488,769
	<u>6,009,094</u>	<u>6,657,726</u>
Total board designated net assets	<u>\$ 6,009,094</u>	<u>\$ 6,657,726</u>

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 8 – DONOR RESTRICTED NET ASSETS

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose	\$ 624,713	\$ 190,026
Subject to the passage of time		
Time restricted – contributions receivable, net	687,091	437,620
Time restricted – CRT assets net of related liability	1,152,381	1,209,615
Time restricted - other	83,803	89,889
	<u>1,923,275</u>	<u>1,737,124</u>
Endowments		
Restricted by donors for		
Specific purpose	4,503,749	4,471,556
Annual campaign	2,634,620	2,624,461
Subject to endowment spending policy and appropriation		
Accumulated investment gains	495,042	805,503
Underwater endowments	(908,048)	(546,480)
	<u>6,725,363</u>	<u>7,355,040</u>
Total donor restricted net assets	<u>\$ 9,273,351</u>	<u>\$ 9,282,190</u>

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:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions	\$ 37,463	\$ 116,473
Expiration to time restrictions	437,620	191,557
Endowments	<u>274,084</u>	<u>351,893</u>
Total net assets released from restrictions	<u>\$ 749,167</u>	<u>\$ 659,923</u>

NOTE 9 – 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.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 9 – ENDOWMENTS (CONTINUED)

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

Composition of Endowments

	Without Donor Restrictions	With Donor Restrictions	Total
April 30, 2022			
Board-designated endowment funds	\$ 199,233	\$ -	\$ 199,233
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	7,138,369	7,138,369
Accumulated investment losses	-	(413,006)	(413,006)
Endowment net assets as of April 30, 2022	<u>\$ 199,233</u>	<u>\$ 6,725,363</u>	<u>\$ 6,924,596</u>

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 9 – ENDOWMENTS (CONTINUED)

Composition of Endowments (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
April 30, 2021			
Board-designated endowment funds	\$ 217,812	\$ -	\$ 217,812
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	7,096,017	7,096,017
Accumulated investment gains	-	259,023	259,023
Endowment net assets as of April 30, 2021	<u>\$ 217,812</u>	<u>\$ 7,355,040</u>	<u>\$ 7,572,852</u>

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). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of April 30, 2022 and 2021, funds with original gift values of \$4,536,497 and \$4,282,914, respectively, fair values of \$3,628,449 and \$3,736,434, respectively, and deficiencies of \$908,048 and \$546,480, respectively, were reported in net assets with donor restrictions.

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

Distributions from the endowments are based on a percentage of the fund balance as of end of the prior fiscal year. Appropriations were \$274,084 and \$351,893 during 2022 and 2021, respectively. 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.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 9 – ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of April 30, 2020	\$ 170,519	\$ 5,516,149	\$ 5,686,668
Investment return, net	52,236	1,690,031	1,742,267
Contributions	-	500,753	500,753
Appropriations of endowment assets for expenditure	<u>(4,943)</u>	<u>(351,893)</u>	<u>(356,836)</u>
Endowment net assets as of April 30, 2021	217,812	7,355,040	7,572,852
Investment return, net	(13,165)	(450,045)	(463,210)
Contributions	1,036	94,452	95,488
Appropriations of endowment assets for expenditure	<u>(6,450)</u>	<u>(274,084)</u>	<u>(280,534)</u>
Endowment net assets as of April 30, 2022	<u><u>\$ 199,233</u></u>	<u><u>\$ 6,725,363</u></u>	<u><u>\$ 6,924,596</u></u>

NOTE 10 – IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following as of April 30:

	2022	2021
Israeli Emissary housing	\$ 12,000	\$ 12,000
Discounted office rent	<u>65,000</u>	<u>-</u>
Total in-kind contributions	<u><u>\$ 77,000</u></u>	<u><u>\$ 12,000</u></u>

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. A substantial number of volunteers have donated significant amounts of time to the Organization's program services and fundraising activities, these services have not been recognized in these financial statements because they do not meet the standard for recognition under accounting principles generally accepted in the United States of America.

St. Paul Jewish Federation
Notes to Financial Statements

NOTE 10 – IN-KIND CONTRIBUTIONS (CONTINUED)

The value of the free or discounted rent is determined based on the current average price located on publicly available websites for similar space.

All donated services and facilities were utilized by the Organization's program and supporting services. There were no donor-imposed restrictions associated with the in-kind contributions.

NOTE 11 – 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 \$21,012 and \$21,655 for 2022 and 2021, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Organization appropriates amounts to various local beneficiary agencies. Certain individuals who serve on the 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 13 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization applied for and obtained a \$119,990 Paycheck Protection Program (PPP) loan administered by the U.S. Small Business Administration, established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the terms of the loan, the Organization could apply for and be granted forgiveness for a portion or all of the loan. In order to meet the conditions for forgiveness, the Organization was required to maintain certain employee levels and use the proceeds on eligible expenses including payroll, benefits, rent, and utilities. In May 2021, the Organization's PPP loan was forgiven by the SBA. The Organization must retain all records relating to the loan for six years from the date of forgiveness and must permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request.