

Jewish Community Federation of Richmond
Financial Statements
June 30, 2023 and 2022

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Financial Statements

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Independent Auditor's Report

Board of Directors
Jewish Community Federation of Richmond
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Jewish Community Federation of Richmond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Community Federation of Richmond as of June 30, 2023 and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Jewish Community Federation of Richmond and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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, including omissions, 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 Jewish Community Federation of Richmond's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jewish Community Federation of Richmond'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.

Prior Period Financial Statements

The financial statements of Jewish Community Federation of Richmond as of June 30, 2022 were audited by other auditors whose report dated September 20, 2023, expressed an unmodified opinion on those financial statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2023 Schedule of Pledges Receivable and Collection and Schedule of Allocations and Payments on pages 18 - 19 are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Richmond, Virginia
June 4, 2024

Alamo, Jenkins & Cheatham

Statement of Financial Position

Jewish Community Federation of Richmond

	June 30,	
	2023	2022
Assets		
Current Assets		
Cash and cash equivalents (\$170,003 and \$16,941 are restricted in 2023 and 2022, respectively)	\$ 398,602	\$ 725,649
Accounts receivable	23,090	198,109
Contribution receivable, net	1,595,179	1,817,106
Prepaid expenses and other current assets	136,263	10,362
Total Current Assets	2,153,134	2,751,226
Other Assets		
Investments		
Long-term investments, at market value	1,850,927	1,709,839
Long-term campaign endowments	26,779	26,779
Long-term operating endowment	223,512	154,285
Operating right of use asset, net	39,698	-
Property and equipment, net	7,684	17,989
Total Other Assets	2,148,600	1,908,892
Total Assets	\$ 4,301,734	\$ 4,660,118
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 63,095	\$ 42,718
Allocations payable	2,499,755	2,490,263
Operating lease liability	43,097	-
Line of credit	-	271,557
Deferred revenue	28,000	59,117
Total Current Liabilities	2,633,947	2,863,655
Net Assets		
Without donor restrictions		
Operating	975,594	1,305,082
Board designated for special programs	447,376	447,661
	1,422,970	1,752,743
With donor restrictions	244,817	43,720
Total Net Assets	1,667,787	1,796,463
Total Liabilities and Net Assets	\$ 4,301,734	\$ 4,660,118

See Independent Auditor's Report and Notes to Financial Statements

Statement of Activities

Jewish Community Federation of Richmond

	Year Ended June 30,			
	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Activities				
Annual welfare campaign fund - current year	\$ 2,648,298	\$ 65,162	\$ 2,713,460	\$ 2,750,631
Supplemental campaign - local	6,909	109,296	116,205	434,031
Supplemental campaign - overseas	-	92,543	92,543	410,694
Emergency campaign	-	-	-	8,411
Prior years' pledges and collections over estimated value	24,576	-	24,576	100,242
Program income	88,577	-	88,577	56,299
Reflector income	33,594	-	33,594	51,087
Grants	8,797	-	8,797	66,186
Richmond Jewish Foundation reimbursement	31,570	-	31,570	27,104
Miscellaneous	20,687	-	20,687	36,837
Net assets released from restrictions	172,309	(172,309)	-	-
Total Support and Revenue	3,035,317	94,692	3,130,009	3,941,522
Expenses and Losses				
Program services:				
Allocations, organizations, and programs	1,693,945	-	1,693,945	2,023,427
Jewish community relations	149,183	-	149,183	86,443
Richmond Jewish Foundation	22,887	-	22,887	26,042
Outreach and engagement	216,446	-	216,446	668,187
Reflector	85,547	-	85,547	92,737
Security	81,201	-	81,201	87,722
Supporting activities:				
Management and general	386,244	-	386,244	393,814
Fundraising	741,352	-	741,352	604,108
Total Expenses and Losses	3,376,805	-	3,376,805	3,982,480
Change in Net Assets from Operating Activities	(341,488)	94,692	(246,796)	(40,958)
Nonoperating investment return, net	118,120	-	118,120	(126,154)
Change in Net Assets	(223,368)	94,692	(128,676)	(167,112)
Net Assets at Beginning of Period	1,752,743	43,720	1,796,463	1,963,575
Transfer	(106,405)	106,405	-	-
Net Assets at End of Period	\$ 1,422,970	\$ 244,817	\$ 1,667,787	\$ 1,796,463

See Independent Auditor's Report and Notes to Financial Statements

Statement of Functional Expenses

Jewish Community Federation of Richmond

Year Ended June 30, 2023 and 2022

	Program Services				
	Jewish Community Relations	Richmond Jewish Foundation	Outreach and Engagement	Reflector	Security
Salaries					
Professional salaries	\$ 84,896	\$ -	\$ 73,211	\$ 10,709	\$ 7,230
Staff salaries	4,575	-	-	26,808	-
Total salaries	89,471	-	73,211	37,517	7,230
Defined benefit pension					
Fringe benefits and related expenses	14,539	-	4,597	4,508	2,472
Total salaries and related expenses	104,010	-	77,808	42,025	9,702
Allocations, organizations and programs	-	-	-	-	-
Program/meetings	28,858	-	101,992	-	1,207
Professional fees	-	-	-	565	-
Security	672	-	-	-	69,962
Occupancy	2,838	17,369	2,838	2,838	-
Information systems/technology	4,476	758	4,475	2,403	-
Reflector publishing	-	-	-	36,141	-
Leadership development	5,056	-	6,733	-	-
Dues/sponsorships	300	-	-	-	-
Printing and photography	974	-	122	(21)	-
PJ Library program	-	-	20,177	-	-
Credit card fees	-	-	-	-	-
Depreciation	-	-	-	-	-
Insurance	-	93	-	31	-
Interest	-	-	-	-	-
Marketing/website	-	-	-	-	183
Office supplies	130	108	665	166	-
Other	-	-	-	-	-
Postage	132	791	132	264	-
Auto	649	75	474	151	147
Equipment maintenance	474	1,504	474	568	-
Payroll preparation/bank fees	-	521	-	-	-
Telephone	556	1,668	556	278	-
Subscriptions	58	-	-	138	-
Staff recruiting	-	-	-	-	-
Total Expenses	\$ 149,183	\$ 22,887	\$ 216,446	\$ 85,547	\$ 81,201

See Independent Auditor's Report and Notes to Financial Statements

Statement of Functional Expenses - Continued

Jewish Community Federation of Richmond

Year Ended June 30, 2023 and 2022

Allocations	Program Subtotal	Supporting Activities		Supporting Subtotal	Total	2022
		Management and General	Fundraising			Total
\$ -	\$ 176,046	\$ 142,798	\$ 383,571	\$ 526,369	\$ 702,415	\$ 647,866
-	31,383	40,639	7,899	48,538	79,921	56,038
-	207,429	183,437	391,470	574,907	782,336	703,904
-	26,116	21,494	72,709	94,203	120,319	145,567
-	233,545	204,931	464,179	669,110	902,655	94,343
1,693,945	1,693,945	-	-	-	1,693,945	943,814
-	132,057	8,801	109,388	118,189	250,246	145,567
-	565	72,049	19,649	91,698	92,263	94,343
-	70,634	191	1,270	1,461	72,095	10,704
-	25,883	5,947	28,340	34,287	60,170	70,635
-	12,112	19,690	17,498	37,188	49,300	60,778
-	36,141	-	-	-	36,141	48,127
-	11,789	8,866	7,031	15,897	27,686	44,853
-	300	-	23,234	23,234	23,534	10,751
-	1,075	-	20,357	20,357	21,432	3,458
-	20,177	-	-	-	20,177	6,946
-	-	-	19,552	19,552	19,552	18,196
-	-	12,083	-	12,083	12,083	11,089
-	124	11,638	124	11,762	11,886	20,000
-	-	11,573	-	11,573	11,573	10,514
-	183	393	10,243	10,636	10,819	-
-	1,069	7,515	788	8,303	9,372	8,266
-	-	9,376	-	9,376	9,376	7,914
-	1,319	1,573	5,151	6,724	8,043	-
-	1,496	629	5,683	6,312	7,808	5,938
-	3,020	944	1,879	2,823	5,843	4,804
-	521	2,641	2,616	5,257	5,778	7,701
-	3,058	834	1,788	2,622	5,680	4,728
-	196	4,653	533	5,186	5,382	5,098
-	-	1,917	2,049	3,966	3,966	174
\$ 1,693,945	\$ 2,249,209	\$ 386,244	\$ 741,352	\$ 1,127,596	\$ 3,376,805	\$ 3,982,480

Statement of Cash Flows

Jewish Community Federation of Richmond

	Year Ended June 30,	
	2023	2022
Cash Flows from Operating Activities		
Decrease in net assets	\$ (128,676)	\$ (167,112)
Adjustments to reconcile decrease in net assets with cash provided (used) by operating activities:		
Depreciation	12,083	20,000
Unrealized gain on investments	1,720	268,119
Realized gain on sale of investments	(54,810)	(100,393)
Operating lease, right-of-use asset amortization	55,568	-
(Increase) decrease in:		
Accounts receivable	175,019	(138,130)
Contribution receivable	221,927	(296,034)
Prepaid expenses and other current assets	(125,901)	50,904
Increase (decrease) in:		
Accounts payable	20,377	10,340
Allocations payable	9,492	337,523
Change in lease liability	(52,169)	-
Deferred revenue	(31,117)	-
Defined benefit pension liability	-	(78,300)
Net Cash Provided (Used) by Operating Activities	103,513	(93,083)
Cash Flows from Investing Activities		
Proceeds from maturity of investments	-	367,983
Purchase of investments	(157,225)	(270,430)
Investment fees paid	-	1,875
Purchase of furniture and equipment	(1,778)	(5,935)
Net Cash Provided (Used) by Investing Activities	(159,003)	93,493
Cash Flows from Financing Activities		
Advances (payments) on line of credit, net	(271,557)	271,557
Net Cash Provided (Used) by Financing Activities	(271,557)	271,557
Net Increase (Decrease) in Cash and Cash Equivalents	(327,047)	271,967
Cash and Cash Equivalents and Restricted Cash at Beginning of Period	725,649	453,682
Cash and Cash Equivalents and Restricted Cash at End of Period	\$ 398,602	\$ 725,649

Supplemental Disclosure

The Federation paid \$11,573 in cash for interest in the year ended June 30, 2023.

The Federation obtained a right of use asset in exchange for a new operating lease liability in the amount of \$95,266 for the year ended June 30, 2023.

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note A - Nature of Organization

Nature of Organization

The Jewish Community Federation of Richmond (the "Federation") is a not-for-profit corporation organized under the laws of the state of Virginia for the purpose of fundraising. The Federation responds to the community's evolving needs by planning strategically with ongoing evaluations, raising, and allocating funds for communal priorities and building community relations.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Federation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit organizations. Under the provisions of this guidance, the Federation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Federation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. The Federation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2023 and 2022, the Federation had net assets with donor restrictions totaling \$244,817 and \$43,720, respectively.

Accounting Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Federation considers all highly liquid investments with a maturity of three months or less when purchased to be cash or cash equivalents.

Restricted Cash

The Federation's restricted cash deposits include unspent contributions with donor restrictions to be used in the next fiscal year.

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note B - Summary of Significant Accounting Policies - Continued

Tax Status

The Federation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and will be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Revenue Recognition

Revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed time or purpose restrictions. Expirations of donor-imposed restrictions on net assets that are subject to the passage of time (that is, the stipulated time period has elapsed, or the cash has been collected) are reported as net assets released from restrictions.

Unconditional contributions are recognized when pledged in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met in accordance with ASU Topic 606. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Grants and program service fees are recognized as costs are incurred in accordance with ASU Topic 606 on the basis of direct costs plus allowable indirect expenses.

Advertising Costs

The Federation expenses advertising costs as incurred. For the year ended June 30, 2023 and 2022, the Federation had no material advertising expense.

Contributions and Accounts Receivable

Contributions receivables are recorded when made, and an allowance is provided for estimated uncollectible campaign pledges. Collections on contributions receivable in excess of estimated collectible amounts are recorded as additional public support in the year received. Allocations to agencies, other organizations and programs of the Federation are recorded when the commitment is made. Other expenses are recorded when incurred. Allowance for uncollectible campaign pledges as of June 30, 2023 and 2022 were \$294,344 and \$274,399, respectively.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation.

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note B - Summary of Significant Accounting Policies - Continued

Property and Equipment

Property and equipment are stated at cost. The Federation follows the practice of capitalizing all material expenditures for property and equipment. Expenditures for repairs, maintenance, and minor renewals are expensed in the period incurred. Depreciation is provided on a straight-line basis over estimated useful lives of five to ten years.

Contributed Materials and Services

The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed, are recorded at their fair values in the period received.

During the year ended June 30, 2023 and 2022, the Federation received no material non-cash contributions or donations of materials or tangible assets which would be reflected in the financial statements.

The Federation also receives a significant amount of contributed services from unpaid volunteers who assist the Federation with many projects. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under GAAP have not been satisfied.

Investments

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The specific identification method is used to determine the basis for computing realized gains or losses.

Investment income classified as operating revenue consists of interest and dividend income on investments and spending approved for use in operations.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Federation's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs and other activities considered to be of a more unusual or nonrecurring nature. As of June 30, 2023 and 2022, there were no non-operating activities.

Functional Allocation of Expenses

The cost of providing the various services and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amount the supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time and effort.

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note B - Summary of Significant Accounting Policies - Continued

Recently Issued Accounting Standards

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)* (ASC 842). ASC 842 will replace most existing lease guidance in U.S. GAAP when it becomes effective. ASC 842 requires an entity to recognize most leases, including operating leases, on the balance sheet of the lessee. The guidance became effective for annual reporting periods beginning after December 15, 2021 and the Federation has adopted the new standard as of July 1, 2022. (Note N).

On March 31, 2022 FASB updated ASC Topic 326 *Financial Instruments – Credit Losses* (ASC 326), which became effective for fiscal years beginning after December 15, 2022. The new standard requires the Federation to estimate expected credit losses over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The Federation is currently evaluating the effect the adoption of standard will have on its financial statements.

Note C - Concentrations of Credit Risk and Contributors

The Federation maintains cash and cash equivalents within a single banking institution. Balances at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each financial institution. Cash balances exceeded the insured amount by approximately \$48,000 at June 30, 2023.

Note D - Subsequent Events

Management has evaluated subsequent events through June 4, 2024, the date which the financial statements were available to be issued.

The Federation signed into a new lease agreement that has not yet commenced as of June 30, 2023. The initial operating right of use asset and lease liability will be approximately \$273,000. This operating lease will commence on February 1, 2024 with a lease terms of three years.

Note E - Property and Equipment

Property and equipment by class of property included:

	June 30,	
	2023	2022
Furniture and equipment	\$ 145,084	\$ 143,306
Accumulated depreciation	(137,400)	(125,317)
	<u>\$ 7,684</u>	<u>\$ 17,989</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$12,083 and \$20,000, respectively.

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note F - Liquidity

The Federation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	June 30,	
	2023	2022
Contribution receivable	\$ 1,595,179	\$ 1,817,106
Cash and cash equivalents	398,602	725,649
Prepaid expenses	136,263	10,362
Accounts receivable	23,090	198,110
Less: restricted obligations	(261,178)	(43,720)
	<u>\$ 1,891,956</u>	<u>\$ 2,707,507</u>

As part of the Federation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Federation invests cash in excess of daily requirements in various investments.

Note G - Fair Value

The Federation determines the fair value of its financial instruments based on the fair value hierarchy established in accounting standards which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting standards define fair value as the exchange price that would be received for an asset or liability in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards define 3 levels of inputs that may be used to measure fair value:

Level 1 - Inputs are based on quoted market prices within active markets. Level 1 assets include debt and equity investments that are traded in an active exchange market.

Level 2 - Inputs are based primarily on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The Federation values investments held by Richmond Jewish Foundation (RJF), a third party trustee, based on their fair market value which is generally the reported net assets values as obtained from the trustee on a quarterly basis. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Although the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different fair value measurement at the reporting date.

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note G - Fair Value - Continued

The pooled investments with RJF are comprised of underlying securities that may include cash and cash equivalents, readily marketable equity and debt securities and mutual funds, as well as hard-to-value alternative investments. RJF applied a pooled investment strategy whereby individual holdings are not directly attributable to the Federation but are part of a larger portfolio of holdings. These funds are reported as Level 3 investment assets with a fund of funds and a cash surrender value of life insurance policy.

The Federation's Level 1 investments are actively traded in public markets.

The Federation's investments are reported at fair value in the accompanying financial statements as of June 30, 2023 and 2022:

June 30, 2023				
Investments	Carrying Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Corporate bonds	\$ 346,071	\$ 346,071	\$ -	\$ -
Government agency bonds	376,602	376,602	-	-
Other investments	1,351,766	-	-	1,351,766
Cash surrender value of life insurance	26,779	-	-	26,779
	<u>\$ 2,101,218</u>	<u>\$ 722,673</u>	<u>\$ -</u>	<u>\$ 1,378,545</u>
June 30, 2022				
Investments	Carrying Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Corporate bonds	\$ 308,312	\$ 308,312	\$ -	\$ -
Government agency bonds	370,371	370,371	-	-
Other investments	1,185,441	-	-	1,185,441
Cash surrender value of life insurance	26,779	-	-	26,779
	<u>\$ 1,890,903</u>	<u>\$ 678,683</u>	<u>\$ -</u>	<u>\$ 1,212,220</u>

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note G - Fair Value - Continued

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Cash surrender value of life insurance	Pooled investments
July 1, 2021	\$ 26,779	\$ 1,230,034
Disposals	-	(44,593)
June 30, 2022	26,779	1,185,441
Additions	-	166,325
June 30, 2023	<u>\$ 26,779</u>	<u>\$ 1,351,766</u>

During the year ended June 30, 2023 and 2022, the Federation did not have any significant transfers between Level 1, 2, or 3. The Federation's policy is to recognize all transfers in and out of all levels at the end of the period.

The level in the fair value hierarchy within which measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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

	June 30,	
	2023	2022
Interest and dividend income	\$ 65,030	\$ 50,853
Net realized gain	54,810	100,393
Unrealized loss, net of fees	(1,720)	(277,400)
	<u>\$ 118,120</u>	<u>\$ (126,154)</u>

Note H - Related Party Transactions

The Federation has an agreement with Richmond Jewish Foundation (the "Foundation") whereby on an annual basis the Foundation reimburses the Federation a portion of certain overhead expenses. The Federation received \$226,064 in payments from the Foundation for the year ended June 30, 2023. The Foundation owed \$83,737 to the Federation at June 30, 2023.

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note I - Contributions Receivable

Contribution receivable from the annual welfare fund campaign are as follows:

	June 30,	
	2023	2022
Receivable in less than one year	\$ 1,889,523	\$ 2,091,505
Less allowance for uncollectible pledges	(294,344)	(274,399)
Net contributions receivable	<u>\$ 1,595,179</u>	<u>\$ 1,817,106</u>

It is management's policy to report the allowance for uncollectible pledges cumulatively, regardless of the year the pledge was signed, until there is a determination that the pledge is uncollectible. Of the amount shown as net contributions receivable, a significant portion (\$634,000 in 2023 and \$650,000 in 2022) is from six donors. These donors have a history of fulfilling their commitments in a timely fashion and management is confident in its ability to collect.

Note J - Allocation Payable

Allocations payable consists of the following:

	June 30,	
	2023	2022
Overseas	\$ 1,064,002	\$ 1,016,274
Local	886,433	936,989
Non-Local	179,320	167,000
Other allocations (donor restricted)	370,000	370,000
	<u>\$ 2,499,755</u>	<u>\$ 2,490,263</u>

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note K - Net Assets

Net assets with and without donor restrictions are available for the following purposes:

	June 30,	
	2023	2022
Net assets without donor restrictions		
Board Designated		
Operating budget	\$ 350,000	\$ 340,000
Security	45,000	-
Richmond community jewish education	32,882	32,867
Local agency capital need	14,794	14,794
Teen mission scholarships	2,500	5,000
Indigent funds	2,200	5,000
Navigate the future initiative	-	50,000
Total Board Designated	447,376	447,661
Operating	975,594	1,305,082
Total Net Assets without Donor Restrictions	\$ 1,422,970	\$ 1,752,743
Net assets with donor restrictions		
Ukraine emergency	\$ 97,793	\$ -
Honeymoon Israel	45,080	-
Dignity grows	32,652	-
Life insurance fund	26,779	26,779
Overseas supplemental	13,072	-
Afghan resettlement project	12,500	-
Maimonides fund	8,503	8,503
Special projects	8,438	8,438
Total Net Assets with Donor Restrictions	\$ 244,817	\$ 43,720

Notes to Financial Statements

The Jewish Community Federation of Richmond

June 30, 2023 and 2022

Note L - Net Assets Released from Restriction

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or occurrence of other events specified by donors are as follows:

	June 30,	
	2023	2022
Operating endowment	\$ 55,000	\$ -
Ukraine emergency	45,669	-
Dignity grows	31,757	-
Security	10,672	-
Local supplemental	9,078	107,022
Afghan resettlement project	7,500	-
Friends of reflector	5,162	-
General sponsorship	5,000	-
Honeymoon Israel	2,334	-
Leadership fund	137	-
Donor designated gifts	-	310,000
Annual welfare fund campaign	-	25,000
Special projects	-	8,411
	<u>\$ 172,309</u>	<u>\$ 450,433</u>

Note M - Leases

The Federation follows guidance issued by FASB *Topic 842, Accounting for Leases*. The guidance requires an entity to recognize most leases, including operating leases on the balance sheet of the lessee. The Federation leases office space under agreements that are classified as operating leases. As of June 30, 2023, the operating lease asset had a net balance of \$39,698; and the current lease liability had a balance of \$43,097. The lease asset and lease liability were calculated using the Federation's incremental borrowing rate of 8.25%.

Leases costs	\$ 61,096
Lease asset obtained in exchange for lease obligation for operating lease	\$ 95,266
Weighted average remaining lease term (months)	8
Weighted average discount rate	8.25%

Maturities of operating lease liability are:

	Year Ending June 30,	
	2024	\$
		44,293
Less: amount representing interest		<u>1,196</u>
Present value of net minimum lease payments		43,097
Less: current maturities of operating lease obligations		<u>43,097</u>
Long-term operating lease obligations		<u>\$ -</u>

Supplementary Information

Schedule of Pledges Receivable and Collections History

Jewish Community Federation of Richmond

June 30, 2023 and 2022

Collections History at June 30, 2023			
<u>Year</u>	<u>Total Campaign Pledges</u>	<u>Total Collections</u>	<u>Cancellations and Adjustments</u>
2023	\$ 3,284,826	\$ 1,706,032	\$ (2,076)
2022	3,586,199	3,430,368	(17,336)
2021	3,369,776	3,294,553	(2,420)
2020	3,144,936	3,112,827	(4,243)
2019 and Prior	121,384,445	119,489,802	(1,821,002)

Pledges Receivable at June 30, 2023				
<u>Year</u>	<u>Gross</u>	<u>Reserve Allowance</u>	<u>Net</u>	<u>Percentage Collected To Date</u>
2023	\$ 1,576,718	\$ 85,674	\$ 1,491,044	52.0%
2022	138,495	51,489	87,006	96.0%
2021	72,803	55,674	17,129	98.0%
2020	27,866	27,866	-	99.0%
2019 and Prior	73,641	73,641	-	98.0%

Schedule of Allocations and Payments

Jewish Community Federation of Richmond

June 30, 2023 and 2022

	Allocation Payable June 30, 2022	2022-2023 Allocated	2022-2023 Payments and Unused Allocations	Allocation Payable June 30, 2023
Overseas				
JFNA Welfare Fund	\$ 1,014,576	\$ 696,016	\$ 1,610,559	\$ 100,033
Overseas Electives	(16,201)	1,029,989	49,819	963,969
I & O US Based	17,899	-	17,899	-
	<u>1,016,274</u>	<u>1,726,005</u>	<u>1,678,277</u>	<u>1,064,002</u>
Non-Local				
Aleph Bet Preschool	17,500	17,500	27,500	7,500
BBYO	17,500	17,500	17,500	17,500
Central Virginia Hillel (VCU, RMC, UMW)	35,000	35,000	5,000	65,000
Congregation Birth Achim	2,000	2,000	-	4,000
Congregation or Ami	12,500	12,500	12,500	12,500
Congregation or Atid	9,500	9,500	9,500	9,500
Friendship Circle Birthday Circle Grant	5,000	5,000	5,000	5,000
Friendship Circle Inclusion	-	-	6,000	(6,000)
GMU Hillel	5,000	5,000	5,000	5,000
JELF	2,500	2,500	2,500	2,500
Jewish Student Union	17,500	17,500	17,500	17,500
Jewish VCU	10,000	10,000	12,680	7,320
KBI/JSU Impact Grant	15,000	15,000	15,000	15,000
Radford Hillel	1,000	1,000	1,000	1,000
Taglit-Birthright Israel	2,000	-	1,000	1,000
UVA Hillel	5,000	5,000	5,000	5,000
VA Tech Hillel	5,000	5,000	5,000	5,000
William & Mary Hillel	5,000	5,000	5,000	5,000
	<u>167,000</u>	<u>165,000</u>	<u>152,680</u>	<u>179,320</u>
Local				
Beth Sholom Home	178,600	178,600	178,600	178,600
Jewish Family Services	170,000	170,000	170,000	170,000
Rudlin Torah Academy	240,556	190,000	240,556	190,000
Weinstein Jewish Community Center	347,833	307,000	307,000	347,833
	<u>936,989</u>	<u>845,600</u>	<u>896,156</u>	<u>886,433</u>
Restricted				
Interfaith Programming	8,327	-	-	8,327
Local Agency Specific	361,673	15,000	15,000	361,673
	<u>370,000</u>	<u>15,000</u>	<u>15,000</u>	<u>370,000</u>
	<u>\$ 2,490,263</u>	<u>\$ 2,751,605</u>	<u>\$ 2,742,113</u>	<u>\$ 2,499,755</u>