



**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**COMBINED FINANCIAL REPORT**

**JUNE 30, 2023**



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ASSURANCE, TAX & ADVISORY SERVICES

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Tidewater Jewish Foundation, Inc. and Supporting Foundations

### **Opinion**

We have audited the accompanying combined financial statements of the Tidewater Jewish Foundation, Inc. and Supporting Foundations (the Foundation), which comprise the combined statement of financial position as of June 30, 2023, the related combined statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tidewater Jewish Foundation, Inc. and Supporting Foundations as of June 30, 2023, and the changes in their net assets and their cash flows for the year then 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 the Foundation 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 these 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

## **Report of Summarized Comparative Information**

We have previously audited the Foundation's 2022 combined financial statements, and we expressed an unmodified opinion on those combined financial statements in our report dated November 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*PBMares, LLP*

Norfolk, Virginia  
November 29, 2023

## **COMBINED FINANCIAL STATEMENTS**

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**COMBINED STATEMENT OF FINANCIAL POSITION  
June 30, 2023 with Comparative Totals for 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,997,159	\$ 2,825,882
Accounts receivable	323	31,966
Prepaid expenses	4,098	6,116
Other receivables, net	1,936,101	1,922,956
Investments		
Split interest agreements	1,739,551	1,811,158
Cash and securities	121,443,483	113,954,521
<b>Total assets</b>	<b>\$ 127,120,715</b>	<b>\$ 120,552,599</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable		
Trade	\$ 24,442	\$ 26,569
Affiliates' funds	32,870,651	30,779,346
Grants	35,285	65,626
Split interest agreements payable	1,128,135	1,170,945
Deferred revenue	12,500	-
<b>Total liabilities</b>	<b>34,071,013</b>	<b>32,042,486</b>
Net Assets		
Without donor restrictions	45,515,627	44,006,483
With donor restrictions	47,534,075	44,503,630
<b>Total net assets</b>	<b>93,049,702</b>	<b>88,510,113</b>
<b>Total liabilities and net assets</b>	<b>\$ 127,120,715</b>	<b>\$ 120,552,599</b>

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**COMBINED STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023 with Comparative Totals for 2022**

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Support and Revenues				
Support				
Contributions	\$ 6,965,263	\$ 1,314,210	\$ 8,279,473	\$ 11,182,581
<b>Total support</b>	<b>6,965,263</b>	<b>1,314,210</b>	<b>8,279,473</b>	<b>11,182,581</b>
Revenues				
Administrative income	273,296	-	273,296	286,971
Interest, dividend, and other income	628,656	958,314	1,586,970	1,329,204
Realized and unrealized gains (losses)	3,676,115	3,213,067	6,889,182	(7,585,433)
Net assets released from restrictions	2,455,146	(2,455,146)	-	-
<b>Total revenues (losses)</b>	<b>7,033,213</b>	<b>1,716,235</b>	<b>8,749,448</b>	<b>(5,969,258)</b>
<b>Total support and revenues</b>	<b>13,998,476</b>	<b>3,030,445</b>	<b>17,028,921</b>	<b>5,213,323</b>
Expenses				
Program services				
Grants and community programs	10,383,099	-	10,383,099	8,327,007
Non-charitable distributions	125,422	-	125,422	131,223
<b>Total program services</b>	<b>10,508,521</b>	<b>-</b>	<b>10,508,521</b>	<b>8,458,230</b>
Supporting services				
General and administrative	736,582	-	736,582	661,698
Direct fund expenses	974,314	-	974,314	664,903
Fundraising	269,915	-	269,915	271,249
<b>Total supporting services</b>	<b>1,980,811</b>	<b>-</b>	<b>1,980,811</b>	<b>1,597,850</b>
<b>Total expenses</b>	<b>12,489,332</b>	<b>-</b>	<b>12,489,332</b>	<b>10,056,080</b>
<b>Change in net assets</b>	<b>\$ 1,509,144</b>	<b>\$ 3,030,445</b>	<b>\$ 4,539,589</b>	<b>\$ (4,842,757)</b>

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2023 with Comparative Totals for 2022**

	Program Services	Supporting Services			2023	2022
		General and Administrative	Direct Fund Expenses	Fundraising		
Grants and community programs	\$ 10,383,099	\$ -	\$ -	\$ -	\$ 10,383,099	\$ 8,327,007
Non-charitable distributions	125,422	-	-	-	125,422	131,223
Salaries	-	386,106	-	190,374	576,480	584,000
Direct fund expenses	-	-	974,314	-	974,314	664,903
Office expense and printing	-	26,841	-	13,221	40,062	39,844
Payroll taxes and benefits	-	56,305	-	27,733	84,038	89,804
Marketing	-	-	-	38,587	38,587	36,498
Professional and consulting fees	-	111,709	-	-	111,709	37,363
Travel, meetings, and conferences	-	25,144	-	-	25,144	15,208
Occupancy and insurance expense	-	42,923	-	-	42,923	40,210
Computer and telephone expense	-	70,164	-	-	70,164	73,297
Provision for uncollectible pledge	-	17,390	-	-	17,390	16,723
<b>Total expenses</b>	<b>\$ 10,508,521</b>	<b>\$ 736,582</b>	<b>\$ 974,314</b>	<b>\$ 269,915</b>	<b>\$ 12,489,332</b>	<b>\$ 10,056,080</b>



**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**COMBINED STATEMENT OF CHANGES IN NET ASSETS  
Year Ended June 30, 2023 with Comparative Totals for 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2023</b>	<b>2022</b>
Net Assets, beginning of year	\$ 44,006,483	\$ 44,503,630	\$ 88,510,113	\$ 93,352,870
Change in Net Assets	<u>1,509,144</u>	<u>3,030,445</u>	<u>4,539,589</u>	<u>(4,842,757)</u>
Net Assets, end of year	<u>\$ 45,515,627</u>	<u>\$ 47,534,075</u>	<u>\$ 93,049,702</u>	<u>\$ 88,510,113</u>

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**COMBINED STATEMENT OF CASH FLOWS  
Year Ended June 30, 2023 with Comparative Totals for 2022**

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 4,539,589	\$ (4,842,757)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for uncollectible pledge receivable	17,390	16,723
Change in discount for pledge receivable	(34,780)	(33,445)
Realized and unrealized (gains) losses	(6,889,182)	7,585,433
Non-cash contributions	(3,085,110)	(8,827,241)
Changes in assets and liabilities:		
Accounts receivable	31,643	1,883
Prepaid expenses	2,018	492
Trade accounts payable	(2,127)	(3,579)
Affiliates' funds payable	2,091,305	(3,587,014)
Grants payable	(30,341)	21,381
Deferred revenue	12,500	-
<b>Net cash used in operating activities</b>	<b>(3,347,095)</b>	<b>(9,668,124)</b>
Cash Flows from Investing Activities		
Repayment of notes receivable	4,245	7,644
Proceeds from sale of investments	7,200,829	16,096,544
Purchases of investments	(4,686,702)	(4,290,639)
<b>Net cash provided by investing activities</b>	<b>2,518,372</b>	<b>11,813,549</b>
<b>Net change in cash and cash equivalents</b>	<b>(828,723)</b>	<b>2,145,425</b>
Cash and Cash Equivalents		
Beginning	2,825,882	680,457
Ending	<u>\$ 1,997,159</u>	<u>\$ 2,825,882</u>
Supplemental Cash Flow Disclosures		
Cash received for income taxes	\$ 270	\$ 10
Supplemental Disclosure of Non-Cash Activities		
Non-cash contributions and changes in value related to split interest agreements, life insurance policies and other donated assets	\$ 72,007	\$ 4,031,854
Donated stock	3,013,103	4,795,387

# **TIDEWATER JEWISH FOUNDATION, INC. AND SUPPORTING FOUNDATIONS**

## **NOTES TO COMBINED FINANCIAL STATEMENTS**

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### **Note 1. Nature of Organization and Nature of Activities**

The Tidewater Jewish Foundation, Inc. (TJF) is a Virginia nonprofit corporation and its supporting foundations are separately incorporated. In addition, TJF is the sole member of TJF Community Investments, LLC (TJF Community Investments). Collectively, TJF, its wholly owned Limited Liability Company and the supporting foundations are referred to as “the Foundation.”

The Foundation operates exclusively for charitable, religious, educational and scientific endeavors and has authorized the establishment of philanthropic funds which are intended to support special needs. These funds are accepted by, and distributions are approved by, the Board of Directors of TJF or the supporting foundations' Boards of Directors. TJF Community Investments was established to receive, hold and dispose of gifts of real property and other illiquid assets, in furtherance of TJF's charitable purposes. The Foundation also consists of funds with and without donor restrictions and affiliate funds (see Note 6 for further definition). All of these fund types are employed to carry out the purposes of the Foundation.

Foundation funds restricted for the benefit of related entities are administered by TJF; however, TJF has no legal access to these funds. In addition, neither TJF nor any other combining entity has the ability to pledge or otherwise encumber the assets of another. TJF provides for all of its affiliates a range of services to include: administration and reporting; solicitation and development; grant making; donor services; education; and the requirement of overseeing the various investment portfolios in accord with TJF's Investment Policy Statement. The supporting foundations are Jewish Family Service Foundation, Inc.; Congregation Beth El Foundation, Inc.; Jewish Community Center of South Hampton Roads Foundation, Inc.; Hebrew Academy of Tidewater Foundation, Inc. (d/b/a Strelitz International Academy Foundation); Temple Israel Foundation, Inc.; Tavia and Freda Gordon Family Foundation, Inc.; Simon Family Foundation; Copeland Family Supporting Organization; and Marie A. Mansbach Memorial Student Motivation Program.

### **Note 2. Summary of Significant Accounting Policies**

**Basis of accounting:** The combined financial statements of TJF, its wholly owned subsidiary and the supporting foundations, are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accounts are also maintained in accordance with standards of accounting for voluntary health and welfare organizations.

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's combined financial statements for the year ended June 30, 2022, from which the summarized information was derived.

All gains, losses, income and market value adjustments on investments and other assets are accounted for in the fund which owns such assets.

**Principles of combination:** The combined financial statements include the accounts of TJF, its wholly owned subsidiary, and supporting foundations. All significant inter-organization transactions have been eliminated.

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Use of estimates:** The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could vary from the estimates that were used.

**Functional allocation of expenses:** Certain costs of providing various program services have been summarized on a functional basis in the combined statement of activities. The combined statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

**Cash and cash equivalents:** The Foundation considers highly liquid investments purchased with original maturities of less than three months to be cash equivalents.

**Notes receivable:** Notes receivable represent amounts due to the Foundation and are recorded at cost less any allowance for doubtful accounts. Interest on the notes is recognized when earned in the combined statement of activities. Management considers notes receivable to be fully collectible. Notes receivable are included in other receivables in the combined statement of financial position as of June 30, 2023.

**Pledges receivable:** Pledges are recognized when a donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional pledges to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and at net realizable value thereafter, discounting future years' payments based on the Foundation's Spending Policy Rate, currently 4%. The Foundation uses the allowance method to determine uncollectible pledges receivable based on management's analysis of the specific promises made. The allowance as of June 30, 2023 is \$452,616. Pledges receivable are included in other receivables in the combined statement of financial position as of June 30, 2023.

**Investments:** Investments consist of cash and cash equivalents, securities, life insurance, split interest agreements, bonds and certificates of deposit. The majority of investments belonging to the Foundation have been invested in an investment pool in order to maximize return and minimize investment management costs. Revenues arising from the ownership or disposition of pooled investments are allocated to the various funds based on their percentage of ownership of the pool on a days weighted basis. The Foundation's Investment Committee and Board of Directors review and revise the Statement of Investment Policy, as required. Additional information on investments is included in Notes 5 and 13.

**Donated assets:** Donated assets are recorded at their appraised or fair values as of the date donated. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expiration of donor restrictions when the donated assets are placed in service as instructed by the donor and is reclassified from net assets with donor restrictions to net assets without donor restrictions at that time.

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

***Split interest agreements:*** Split interest agreement assets are recorded at fair value on the date of receipt and are adjusted to fair value on a recurring basis. A liability is also recorded for the present value of the income stream or remainder interest payable to the non-charitable beneficiaries based on the term of the agreement and life expectancy tables. Additional disclosures on split interest agreements have been included in Note 7.

***Contributions and net assets:*** Contributions are recognized as revenue in the period in which a donor makes a contribution or an unconditional promise to give. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The combined financial statements report amounts separately by class, when applicable, as follows.

*Without donor restrictions* – Without donor restrictions amounts are those currently available at the discretion of TJF's or the supporting foundations' Boards of Directors for use in TJF's or supporting foundations' unrestricted grants, operations and for the purpose of investing in property and equipment as required to support the organizations. Included in net assets without donor restrictions are board-designated net assets that have been earmarked by TJF's or the supporting foundations' Board of Directors for a specified use.

*With donor restrictions* – With donor restrictions amounts are those which are stipulated by donors for specific operating purposes or future periods or are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. Donations with donor restrictions, when originally received are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions when the restriction expires or is otherwise satisfied. Revenues restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires or is otherwise satisfied in the fiscal year in which the revenue is recognized.

***Revenue recognition:*** The Foundation derives its revenue from contributions, investment income and administrative income.

Contributions are recognized as revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 when a donor makes a contribution or promise to give that is unconditional. Investment income is recognized pursuant to FASB ASC 840.

Administrative income is earned through administrative fees generally applied to all established funds under management. Administrative fees are applied using a tier rate structure which varies based on the type of fund and value of each fund's assets. Income is earned over time and collected quarterly in arrears based on the weighted daily average of the fund's assets and the determined administrative fee rate.

***Advertising and promotion:*** Advertising and promotion costs are expensed as incurred and amounted to \$38,587 for the year ended June 30, 2023.

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Income taxes:** TJF and its supporting foundations are qualifying nonprofit entities as defined in section 501(c)(3) of the Internal Revenue Code and are therefore exempt from federal and state income taxes, except on net income generated from unrelated business taxable income.

For the year ended June 30, 2023, the Foundation received a net refund from income taxes associated with investment earnings subject to unrelated business income taxes of \$270, which is included in realized and unrealized gains in the combined statement of activities.

FASB ASC Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Foundation's management has evaluated the impact of this guidance to its combined financial statements. The Foundation is not aware of any material uncertain tax positions and has not accrued the effect of any uncertain tax positions as of June 30, 2023. The Foundation's income tax returns are subject to examination by taxing authorities, generally for a period of three years from the date the returns are filed.

The Foundation recognizes interest and penalties incurred, if any, related to income tax positions as other interest expense and penalties expense, respectively.

**Subsequent events:** The Foundation has evaluated all events subsequent to June 30, 2023 through November 29, 2023, which is the date these combined financial statements were available to be issued. Management has determined that there are no subsequent events that are required to be disclosed pursuant to FASB ASC.

**Note 3. Liquidity and Availability of Resources**

The Foundation's financial assets available within one year of the combined statement of financial position date for general expenditures, that is, without donor or other restrictions, are as follows:

Cash and cash equivalents	\$ 1,997,159
Investments redeemable within one year	26,367,583
Endowment spending rate appropriations	<u>142,004</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 28,506,746</u></u>

**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 3. Liquidity and Availability of Resources (Continued)**

The Foundation receives significant contributions on an annual basis to establish or supplement new funds; the income generated from such investment funds is used to fund grants and programs in accordance with donor intent or at the discretion of the Boards of Directors. The Foundation's core operations are funded primarily through asset-based administrative fees on the charitable funds under management, calculated as a percentage of market value. The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations become due. In addition, the Foundation invests cash in excess of monthly requirements in short-term investments. Investments redeemable within one year represents amounts invested without restrictions and available for general expenditure. Although the Foundation does not spend from these funds without Board approval, these amounts could be made available if necessary.

**Note 4. Other Receivables**

Other receivables consist of pledges and notes receivable. The Foundation has an unconditional promise to receive a series of payments currently expected to begin in 2026 and has a beneficial survivor interest in the donor's underlying asset. A discount rate of 4% is used in calculating the present value of long-term pledges as of June 30, 2023. The tables below present information about amounts due from unconditional pledges and notes receivable as of June 30, 2023.

	Amount
Pledges Receivable:	
Due in less than one year	\$ -
Due in one to five years	200,000
Due in more than five years	1,100,000
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Total unconditional pledges receivable	1,300,000
Discounts to net present value	(394,769)
Allowance for uncollectible pledges	(452,616)
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<b>Net pledges receivable</b>	<b>452,615</b>
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Notes Receivable:	
Variable rate note (8.08% at June 30, 2023), payable in annual installments of \$125,000, including interest, due in full December 2028, collateralized by personal guarantee.	1,475,797
Fixed rate unsecured note at 4.0% payable in monthly installments of \$200 including interest, with a balloon payment of \$4,644 due in December 2023.	7,689
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<b>Total notes receivable</b>	<b>1,483,486</b>
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<b>Total other receivables</b>	<b>\$ 1,936,101</b>
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**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 4. Other Receivables (Continued)**

Principal maturities are due as follows:

Year(s)	Amount
2024	\$ 12,689
2025	5,000
2026	5,000
2027	92,161
2028	88,812
Thereafter	2,185,055
	<u>2,388,717</u>
Less allowance for uncollectible pledges	(452,616)
	<u><u>\$ 1,936,101</u></u>
<b>Total</b>	<b>\$ 1,936,101</b>

**Note 5. Investments**

Investments consisted of the following at June 30, 2023:

Split Interest Agreement Assets:

Merrill Lynch (cash and mutual funds)	\$ 1,308,342
New York Life annuity	395,652
City of Virginia Beach Revenue Bonds	35,557
	<u>1,739,551</u>

Cash and Securities:

Main investment pool*	95,198,528
TowneBank (money market funds)	357,719
UBS Financial (money market funds and certificates of deposit)	360,810
Cash surrender value of life insurance	2,793,539
Vanguard Funds (mutual funds)	125,886
United Way of South Hampton Roads Foundation*	116,064
Charles Schwab (cash, certificates of deposit and mutual funds)	11,716,396
Pershing Advisor Solutions (cash, fixed income and equity securities, mutual funds and exchange traded funds)	10,524,541
State of Israel Bonds	250,000
	<u>121,443,483</u>

**Total investments** \$ 123,183,034

\*Pooled accounts



**TIDEWATER JEWISH FOUNDATION, INC.  
AND SUPPORTING FOUNDATIONS**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 5. Investments (Continued)**

The fair value of the split interest agreement assets less the related liability is the value of the asset to the Foundation. Additional disclosures on the valuation of investments have been included in Note 13. The main investment pool consists of funds placed with investment custodians, short term certificates of deposit to maintain liquidity and historically gifted bonds held in TJF's name.

Realized and unrealized gains are shown net of income taxes, as disclosed in Note 2, and investment fees as follows: without donor restrictions and with donor restrictions were \$364,527 and \$314,169, respectively, for the year ended June 30, 2023.

The main investment pool at June 30, 2023 includes:

Funds invested with Jewish Community Endowment Pool, LLP, managed by the Combined Jewish Philanthropies of Greater Boston, Inc.	\$ 94,688,894
Commercial certificates of deposit	499,406
Money market funds	10,228
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	\$ 95,198,528
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As of June 30, 2023, TJF has a 5.74% ownership interest in the pooled investment fund of the Jewish Community Endowment Pool, LLP, as managed by the Combined Jewish Philanthropies of Greater Boston, Inc. (the Boston Pool). As of June 30, 2023, the Boston Pool consisted of the following:

U.S. marketable equity funds	10.9%
Non U.S. developed marketable equity funds	10.7%
Global marketable equity funds	6.4%
Emerging marketable equity funds	3.4%
Venture capital/private equity funds	8.9%
Illiquid credit funds	3.8%
Real estate funds	1.5%
Real assets funds	2.2%
Hedged equity funds	14.1%
Open mandate funds	14.6%
Credit funds	8.2%
Fixed income funds	12.7%
Cash funds	2.6%
	<hr/>
	100.0%
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The Foundation has no call commitments with respect to the Boston Pool and can generally redeem up to \$1 million monthly upon two weeks' notice.

**TIDEWATER JEWISH FOUNDATION, INC.  
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**Note 6. Accounts Payable - Affiliates' Funds**

Affiliates' funds are established for other entities that have a memorandum of understanding with TJF, which allows the funds of the entity to be combined and invested with the funds of the Foundation. The principal and income of these funds are allocable to the entity and are liabilities of TJF. As stated in Note 1, TJF has no legal right to the funds, or the ability to pledge or encumber the funds. The affiliates' funds consisted of the following at June 30, 2023:

United Jewish Federation of Tidewater, Inc.	\$ 2,057,798
Beth Sholom Home of Eastern Virginia Foundation, Inc.	8,390,307
Ohef Sholom Temple (Sisterhood)	131,231
Ohef Sholom Foundation, Inc.	7,072,470
Temple Emanuel Funds	142,650
Helen G. Gifford Foundation, Inc.	4,018,633
Hillel at Virginia Tech, Inc.	112,243
Jewish Family Service of Tidewater, Inc.	2,021,489
UJFT Community Campus, LLC	8,923,830
	<hr/>
<b>Total affiliates' funds</b>	<b>\$ 32,870,651</b>

**Note 7. Split Interest Agreements**

***Charitable Gift Annuities***

The Foundation or its affiliates are named remainder beneficiaries under certain charitable gift annuity agreements. In exchange for an initial contribution by a donor, the Foundation, or an affiliate, pays an annual fixed sum benefit to named annuitants throughout their lives. The contributed assets of these gift annuities are recorded at the fair value on the contribution date and a corresponding liability is recorded representing the present value of future payments to the annuitants.

On an annual basis, the Foundation updates the value of the contributed asset to fair value and uses actuarial assumptions to revalue the gift annuity liability to the annuitants. The change in the value of the agreements is also recognized in the combined statement of activities as revenue and support with donor restrictions.

The remeasurement of the liability utilizes the income approach with discounted cash flows, providing a single discounted value for expected payments to annuitants. The discount rates used range from 4.5% to 6.74% and applicable mortality tables.

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**Note 7. Split Interest Agreements (Continued)**

***Charitable Remainder Trusts***

The Foundation or its affiliates are the named remainder beneficiaries under certain charitable remainder trust agreements. Under these trust agreements, the trusts pay an annual benefit to certain named individuals throughout their lives or for a fixed term, based on a fixed amount calculated at the inception of the trust or a percentage of the fair value of the trust assets as of December 31 each year. Contributions are recognized at fair value on the date of contribution. Further, an associated liability representing the estimated present value of future payments to the individuals named in the trusts is recorded based on actuarial assumptions. Changes in the fair value of such charitable remainder trusts and the associated liabilities are included in the combined statement of activities as revenue and support with donor restrictions. The remeasurement of the liability utilizes the income approach with discounted cash flows, providing a single discounted value for expected payments to beneficiaries. The current Applicable Federal Rate (4.2%) is used as the discount rate to revalue the charitable remainder annuity trusts and the charitable remainder unitrusts.

**Note 8. Transactions with Affiliates**

The United Jewish Federation of Tidewater, Inc. (Federation), an affiliated organization, is reimbursed for support services that include assistance with TJF's human resources management and payroll processing and totaled \$26,472 for the year ended June 30, 2023. In addition, certain costs including office supplies, printing and postage and reception services are allocated between TJF and Federation. The Federation is also the beneficiary of various donor directed and restricted funds held by the Foundation.

TJF also may award discretionary grants to the Federation from its competitive grant pool. For the year ended June 30, 2023, grant support awarded was \$140,000. At June 30, 2023, there were no grants payable to the Federation.

TJF occupies office space and receives support services from UJFT Community Campus, L.L.C. (Campus), an affiliate that is wholly-owned by the Federation. Shared facility expense for the year ended June 30, 2023 was \$29,773. TJF also may award discretionary grants to the Campus from its competitive grant pool. For the year ended June 30, 2023, there was no grant support awarded. At June 30, 2023, there were no grants payable to the Campus.

TJF invests funds and provides administrative services for affiliate organizations and receives an administrative fee based on funds invested, including the Federation and Campus, as discussed in Note 6. These assets are carried as investments and a corresponding liability in the accompanying combined statement of financial position. For the year ended June 30, 2023, fees for administrative services for the Federation and Campus were \$21,458 and \$75,685, respectively.

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**Note 9. Net Assets**

Net assets are categorized as net assets without donor restrictions and net assets with donor restrictions as described in Note 2. At June 30, 2023, net assets without donor restrictions included the following:

Designated for future donor-advised grants	\$ 29,770,175
Designated for matching new gifts	370,264
Undesignated	<u>15,375,188</u>
<b>Total net assets without donor restrictions</b>	<b><u>\$ 45,515,627</u></b>

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2023:

Subject to expenditure for specified purpose	\$ 41,874,006
Subject to the passage of time	1,031,762
Unappropriated endowment investment earnings	142,004
Original donor restricted gift amounts to be maintained in perpetuity	<u>4,486,303</u>
<b>Total net assets with donor restrictions</b>	<b><u>47,534,075</u></b>
<b>Total net assets</b>	<b><u>\$ 93,049,702</u></b>

**Note 10. Retirement Plan**

Employees of TJF are eligible to participate in a retirement plan sponsored by the Federation. The plan is a contributory defined contribution retirement plan covering all employees who meet eligibility requirements. To be eligible for the employer contribution, an employee must be 21 years of age and have completed one year of service. Employer contributions to the plan for the year ended June 30, 2023 included in the Foundation's combined financial statements are \$15,802.

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**Note 11. Concentrations**

At June 30, 2023, and at various times during the year, the Foundation had cash and cash equivalents at a financial institution in excess of insured limits.

In addition, the Foundation also had balances greater than \$500,000 with local offices of national brokers, in money market and investment funds, including various debt and equity instruments of public corporations, the United States government, and the State of Israel, which is in excess of the limit insured by Securities Investor Protection Corporation (SIPC) as of June 30, 2023.

Credit risks related to other receivables are concentrated as most of the receivables are due from individuals located in the same geographic region. During the year ended June 30, 2023, the Foundation received contributions from one donor that represents \$1,856,605 (22%) of total contributions.

**Note 12. Commitments and Contingencies**

Jewish Family Service Foundation (JFSF), a supporting foundation, guaranteed certain debt of Jewish Family Service, Inc. (JFS) using JFSF net assets without donor restrictions as partial collateral for the debt. As of June 30, 2023, JFSF net assets without donor restrictions of \$1,808,883 are included in net assets without donor restrictions in these combined financial statements. JFSF's guaranty of JFS's debt is limited to a maximum amount of \$400,000. Additionally, JFS and JFSF are indemnitors regarding various court-mandated surety bonds (probate, guardian, and conservator) issued by various insurance companies for PAM (Personal Affairs Management) clients of JFS.

**Note 13. Fair Value of Financial Instruments**

FASB ASC Topic 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 13. Fair Value of Financial Instruments (Continued)**

The following table presents the financial instruments, measured within the fair value hierarchy, of the Foundation as of June 30, 2023. Fair value measurements not valued using the practical expedient are categorized into the three-level hierarchy as follows:

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total Fair Value
Investments in certificates of deposits	\$ -	\$ 1,217,935	\$ -	\$ 1,217,935
*Securities and money market funds	23,685,393	-	-	23,685,393
State of Israel Bonds	-	250,000	-	250,000
City of Virginia Beach Development	-	35,557	-	35,557
New York Life annuity contract	-	395,652	-	395,652
Total	\$ 23,685,393	\$ 1,899,144	\$ -	25,584,537
Assets measured at net asset value (NAV) or its equivalent				
Funds in the Jewish Community Endowment Pool, LLP				94,688,894
Funds in investment pool managed by the United Way of South Hampton Roads Foundation				116,064
Cash surrender value of life insurance				2,793,539
<b>Total investments</b>				<b>\$ 123,183,034</b>

\*Includes split interest agreements

Following is a description of the Foundation's valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based upon quoted market prices.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the short maturity of these instruments.

**TIDEWATER JEWISH FOUNDATION, INC.  
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**Note 13. Fair Value of Financial Instruments (Continued)**

The Foundation estimates the fair value of its investment in the Jewish Community Endowment Pool, LLP, managed by the Boston Pool based on the Foundation's proportionate share of the Boston Pool's audited net assets, a method equivalent to net asset value per share (NAV). Accordingly, the investment in the Boston Pool is not subject to the aforementioned fair value hierarchy. The fair value of the Boston Pool's investments in investment funds is measured based on available NAV or its equivalent. These pooled funds are placed with investment managers holding equities and other securities that have active markets as well as alternative investments that are not actively traded. The Boston Pool also includes an allocation to cash to support partners' spending/liquidity needs in addition to strategic investment objectives (partners can generally redeem up to \$1 million monthly upon two weeks' notice).

Additionally, the Foundation estimates the fair value of its investment in the United Way of South Hampton Roads (UWSHR) Foundation based on the Foundation's proportionate share of the UWSHR Foundation's reported investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Note 14. Endowment Funds**

The assets of the Foundation and its affiliates consist of approximately 900 separate funds established for a variety of purposes. The Foundation includes both donor-restricted endowment funds and funds designated by the Boards of Directors to function as endowments, as applicable. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Boards of Directors of the Foundation have determined that explicit donor stipulations require the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds in accord with fiduciary standards. Historic dollar value as to any donor-restricted endowment fund means the aggregate fair value of (a) the original value of gifts donated to such fund, (b) the original value of subsequent gifts to such fund, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, the Foundation classifies the historic dollar value of the donor-restricted endowment fund as net assets with donor restrictions. The remaining portion of the donor-restricted endowment fund that is classified in net assets with donor restrictions consists of amounts that are restricted until appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) Statute. Notwithstanding the foregoing accounting classifications, unless the gift instrument creating a donor-restricted endowment fund expressly provides otherwise, the Boards of Directors of the Foundation may, as provided by the Virginia UPMIFA Statute, from time to time, appropriate for expenditure such portion of the net assets with donor restrictions as the Foundation determines is prudent, after application of the factors set forth below.

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**Note 14. Endowment Funds (Continued)**

In accordance with the Virginia UPMIFA Statute, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund;
- The purposes of the agency 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 agency; and
- The investment policies of the Foundation.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of such fund. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2023.

***Investment Return Objectives, Risk Parameters and Strategies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain purchasing power of the endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified period(s) as well as board-designated funds. Under this policy, as approved by the Boards of Directors, the endowment assets are invested in a manner that is intended to produce results that over time will average the level of the approved endowment spending rate plus inflation. Actual results in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation 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 Foundation generally targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

***Distribution of Earned Income and Spending Policy***

The Foundation generally has a policy of appropriating investment income for distribution each year up to 4.0% of its endowment fund's moving average fair value over the prior three (3) years through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considers the long-term expected return of its endowments. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.



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**Note 14. Endowment Funds (Continued)**

As indicated in Note 6, funds owned by affiliates are not included in net assets and, as of June 30, 2023, the only current donor restricted endowments are TJF funds. The endowment net asset composition and activity, by type of fund, as presented in the combined financial statements is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 4,698,873	\$ 4,698,873
Investment return:			
Investment income	-	120,382	120,382
Realized and unrealized losses	-	327,826	327,826
Total investment return	-	448,208	448,208
Charitable distributions	(157,435)	-	(157,435)
Fund expenses	(42,973)	-	(42,973)
	(200,408)	448,208	247,800
Appropriated for expenditure	200,408	(200,408)	-
Net activity	-	247,800	247,800
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 4,946,673</b>	<b>\$ 4,946,673</b>