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***JEWISH FEDERATION  
OF GREATER KANSAS CITY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020***

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## Independent Auditors' Report

Board of Directors  
Jewish Federation of  
Greater Kansas City  
Overland Park, Kansas

### Report On The Financial Statements

We have audited the accompanying financial statements of the Jewish Federation of Greater Kansas City, which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility For The Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Greater Kansas City as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*RubinBrown LLP*

August 25, 2021

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# JEWISH FEDERATION OF GREATER KANSAS CITY

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## STATEMENT OF FINANCIAL POSITION

December 31, 2020

### Assets

#### Current Assets

Cash	\$ 5,269,007
Campaign promises to give, net of allowance	1,202,309
Other promises to give, net of allowance	691,666
Accounts and notes receivable, net of allowance of \$15,163 in 2020	125,437
Prepaid expenses and other assets	311,613
<b>Total Current Assets</b>	<b><u>7,600,032</u></b>

#### Property And Equipment, Net

30,527

#### Other Assets

Investments	23,466,050
Campaign promises to give, net	156,330
Other promises to give, net	2,037,650
<b>Total Other Assets</b>	<b><u>25,660,030</u></b>

#### Total Assets

**\$ 33,290,589**

### Liabilities And Net Assets

#### Current Liabilities

Agency allocations	\$ 2,551,985
Accounts payable	468,081
Deferred revenue	2,216
Current portion of Paycheck Protection Program Loan	244,626
<b>Total Current Liabilities</b>	<b><u>3,266,908</u></b>

#### Paycheck Protection Program Loan

70,874

#### Net Assets

Without donor restrictions:	
Undesignated	2,624,881
Board-designated	2,261,353
	<u>4,886,234</u>
With donor restrictions	25,066,573
<b>Total Net Assets</b>	<b><u>29,952,807</u></b>

#### Total Liabilities And Net Assets

**\$ 33,290,589**

# JEWISH FEDERATION OF GREATER KANSAS CITY

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains And Other Support</b>			
Annual campaign	\$ 4,844,710	\$ —	\$ 4,844,710
Contributions	87,525	127,167	214,692
Grants	210,730	3,073,148	3,283,878
Special events, net of direct expenses of \$17,836	76,544	—	76,544
Other program revenue	25,249	6,231	31,480
Administrative fee revenue	52,716	—	52,716
Advertising and subscription revenue	22,930	—	22,930
Investment income	933,407	1,797,245	2,730,652
Net assets released from program restrictions	1,042,993	(1,042,993)	—
<b>Total Revenues, Gains And Other Support</b>	<b>7,296,804</b>	<b>3,960,798</b>	<b>11,257,602</b>
<b>Expenses</b>			
Grants and allocations:			
To agencies by the Jewish Federation Board:			
Jewish Federations of North America	1,672,009	—	1,672,009
Local Jewish organizations	2,014,282	—	2,014,282
National Jewish organizations	27,454	—	27,454
Other grants and allocations	686,322	—	686,322
<b>Total grants and allocations</b>	<b>4,400,067</b>	<b>—</b>	<b>4,400,067</b>
Other program services:			
Leadership development and community programs	1,123,961	—	1,123,961
Supporting services:			
Management and general	614,810	—	614,810
Fundraising	690,850	—	690,850
<b>Total supporting services</b>	<b>1,305,660</b>	<b>—</b>	<b>1,305,660</b>
<b>Total other program and supporting services</b>	<b>2,429,621</b>	<b>—</b>	<b>2,429,621</b>
<b>Total Expenses</b>	<b>6,829,688</b>	<b>—</b>	<b>6,829,688</b>
<b>Change In Net Assets</b>	<b>467,116</b>	<b>3,960,798</b>	<b>4,427,914</b>
<b>Net Assets - Beginning Of Period</b>	<b>4,419,118</b>	<b>21,105,775</b>	<b>25,524,893</b>
<b>Net Assets - End Of Period</b>	<b>\$ 4,886,234</b>	<b>\$ 25,066,573</b>	<b>\$ 29,952,807</b>

# JEWISH FEDERATION OF GREATER KANSAS CITY

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2020

	Grants And Allocations	Leadership Development And Community Programs	Total Program Expenses	Management And General	Fundraising	Total Expenses
Salaries and wages	\$ —	\$ 645,596	\$ 645,596	\$ 406,236	\$ 477,996	\$ 1,529,828
Employee benefits and taxes	—	113,175	113,175	94,633	73,421	281,229
<b>Total salaries and related expenses</b>	<b>—</b>	<b>758,771</b>	<b>758,771</b>	<b>500,869</b>	<b>551,417</b>	<b>1,811,057</b>
Grants and allocations	4,400,067	—	4,400,067	—	—	4,400,067
Depreciation	—	10,293	10,293	4,844	5,046	20,183
Dues and subscriptions	—	36,269	36,269	536	1,133	37,938
Occupancy expenses and insurance	—	52,843	52,843	22,153	23,076	98,072
Maintenance and technology expense	—	42,159	42,159	13,449	65,422	121,030
Meetings	—	13,650	13,650	2,924	3,347	19,921
Miscellaneous	—	2,265	2,265	4,306	15,121	21,692
Missions	—	19,295	19,295	—	—	19,295
Postage and deliveries	—	4,591	4,591	849	4,341	9,781
Printing and marketing	—	12,662	12,662	9	7,774	20,445
Professional fees	—	154,720	154,720	59,666	6,671	221,057
Supplies	—	8,057	8,057	1,489	2,821	12,367
Telephone	—	6,207	6,207	1,922	1,970	10,099
Training and conferences	—	2,179	2,179	1,794	2,711	6,684
	4,400,067	365,190	4,765,257	113,941	139,433	5,018,631
<b>Total Expenses</b>	<b>\$ 4,400,067</b>	<b>\$ 1,123,961</b>	<b>\$ 5,524,028</b>	<b>\$ 614,810</b>	<b>\$ 690,850</b>	<b>\$ 6,829,688</b>

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# JEWISH FEDERATION OF GREATER KANSAS CITY

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## STATEMENT OF CASH FLOWS For The Year Ended December 31, 2020

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 4,427,914
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	20,183
Net unrealized and realized gains on investment transactions	(785,304)
Beneficial interest in future earnings of perpetual trust	(1,193,020)
Contributions restricted for long-term endowment	(5,579)
Changes in assets and liabilities:	
Accounts and notes receivable	(82,856)
Promises to give	(2,228,690)
Prepaid expenses and other assets	(17,838)
Accounts payable	(56,231)
Agency allocations payable	220,126
Deferred revenue	(4,284)
<b>Net Cash Provided By Operating Activities</b>	<u>294,421</u>
<b>Cash Flows From Investing Activities</b>	
Purchase of property and equipment	(13,902)
Purchases of investments	(200,196)
Proceeds from sale of investments	197,281
<b>Net Cash Used In Investing Activities</b>	<u>(16,817)</u>
<b>Cash Flows From Financing Activities</b>	
Contributions restricted for long-term endowment	5,579
Proceeds from Paycheck Protection Program loan	315,500
<b>Net Cash Provided By Financing Activities</b>	<u>321,079</u>
<b>Net Change In Cash</b>	598,683
<b>Cash - Beginning Of Period</b>	<u>4,670,324</u>
<b>Cash - End Of Period</b>	<u>\$ 5,269,007</u>



# JEWISH FEDERATION OF GREATER KANSAS CITY

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2020

### 1. Nature Of Organization

The Jewish Federation of Greater Kansas City (the Federation) was established in 1933 to serve as the central fundraising and planning body of the Kansas City area Jewish community. Funds are raised from the public, primarily through an annual giving campaign, and are distributed to Jewish Agencies to sustain and enhance Jewish life at home and around the world.

### 2. Significant Accounting Policies

#### **Basis Of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Basis Of Presentation**

The financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Federation is required to report its financial position and activities according to the following two net assets categories:

Net Assets Without Donor Restrictions: This category includes net assets that are not subject to donor-imposed stipulations, as well as net assets designated by the Board for specific purposes.

Net Assets With Donor Restrictions: This category includes net assets subject to donor-imposed stipulations that will be met by actions of the Federation and/or the passage of time. Certain net assets in this category are subject to donor-imposed stipulations that they be invested in perpetuity to provide a source of income to be used for general or a specific purpose.

#### **Estimates And Assumptions**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

## **JEWISH FEDERATION OF GREATER KANSAS CITY**

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### Notes To Financial Statements (*Continued*)

#### **New Accounting Standard**

Effective January 1, 2020, the Federation adopted the requirements of Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. Accordingly, the footnote disclosures relevant to investments classified as Level 3 in the fair value hierarchy have been simplified.

#### **Cash**

The Federation considers all bank balances as cash. Cash and cash equivalents held with investment managers are considered investments for reporting purposes. The Federation maintains cash balances at banks in excess of federally insured limits at various times during the year. The Federation has not experienced any losses in such accounts.

#### **Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment return includes dividends, interest and other investment income net of related expenses, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments.

Investment return that is restricted by donor stipulation and for which the restrictions will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Jewish Community Foundation of Greater Kansas City (the Foundation) maintains pooled investments for the Federation's endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

The Federation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of financial position.

## **JEWISH FEDERATION OF GREATER KANSAS CITY**

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### Notes To Financial Statements *(Continued)*

#### **Accounts And Notes Receivable**

Accounts and notes receivable are stated at the amounts that management expects to collect from balances outstanding at year end. The Federation provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions and management's assessment of collectability. Delinquent receivables are written off based on credit evaluation and specific circumstances of the agency or customer.

#### **Promises To Give**

Unconditional promises to give are recognized as support in the period the promises are received. Generally, promises to give relate to the annual campaign, are expected to be collected within one year and are recorded at their net realizable value. From time to time, the Federation may receive annual campaign or other promises to give that are to be collected over multiple years which are recorded at their net realizable value less a discount allowance to reflect the present value of future cash flows. Promises to give are reported net of a discount, at a rate of 3.5%, to the present value of future cash flows.

The allowance for uncollectible annual campaign promises to give is computed using varying rates applied to outstanding balances, based on the age of the respective promises to give, as follows:

	<b>Ending Allowance Percentage</b>
Unpaid pledges recorded in the current fiscal year	2.0%
Unpaid pledges from prior year	50.0%
Unpaid pledges from two years prior and earlier	100.0%

The annual provision represents the amount required to adjust the ending allowance for uncollectible promises to give to the balance computed using these percentages which represent management's estimate of uncollectible accounts based on all available facts and circumstances. Differences between the actual amount of uncollectible promises to give and the estimate provided by management are charged or credited to operations during the year in which such differences become known.

#### **Contributions And Support**

Contributions received are recorded as support with or without donor restrictions depending on the existence and nature of any donor restrictions.

## **JEWISH FEDERATION OF GREATER KANSAS CITY**

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### Notes To Financial Statements (*Continued*)

Support that is originally restricted by the donor and for which the restriction is met in the same period are recorded as increase in net assets with donor restriction and then released from restriction. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Conditional contributions, which depend upon specified future and uncertain events, are not recorded until the conditions are met.

The Federation recognizes campaign, special event, grants and other contribution revenue in the year in which it is promised by donors or the year in which a special event occurs. Administrative fee revenues are recognized in the year in which services were provided to other agencies. Program fee revenues are recognized over the period of the underlying programs and are primarily short-term in nature.

### **Property And Equipment**

Property and equipment are recorded at cost if acquired by purchase or at the estimated fair value at the date of receipt if acquired by donation. Depreciation of property and equipment is provided over the following estimated useful lives on a straight-line basis:

Office equipment	3 to 10 years
Furniture and fixtures	5 to 10 years
Vehicles	5 years

### **Paycheck Protection Program Loan**

The Federation received a loan under the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Federation believes it has used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs and other qualified costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Federation considers the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board Accounting Standards Codification 470, *Debt*. The Federation will not impute additional interest at a market rate as transactions since interest rates prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

## **JEWISH FEDERATION OF GREATER KANSAS CITY**

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### Notes To Financial Statements (*Continued*)

The loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been legally released or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, the Federation will reduce the liability by the amount forgiven and record a gain on extinguishment.

In 2021, the Federation applied for forgiveness of all principal and interest, in an amount equal to the sum of qualified expenses under the PPP incurred during the 24-week measurement period following initial disbursement. Notwithstanding the Federation's expected eligibility for forgiveness, no assurance can be given that the Federation will obtain forgiveness of all or any portion of amounts due.

### **Grants And Allocations**

The Federation awards grants and allocations annually to Jewish organizations locally, nationally and throughout the world. Grants and allocations are primarily funded by the annual giving campaign and are expensed during the year in which they are approved by the Board of Directors.

### **Income Taxes**

The Federation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as a not-for-profit organization.

The Federation's federal tax returns for tax years 2016 and later remain subject to examination by taxing authorities.

### **Functional Expenses**

The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of management. Salaries and related expenses, as well as other costs, are allocated based on time spent by staff members on each function. Certain costs including occupancy, supplies and technology are allocated based on use of space and staff time. Other costs are charged directly based on the functional category benefited.

### **Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available for issue, which is the date of the Independent Auditors' Report.

## JEWISH FEDERATION OF GREATER KANSAS CITY

### Notes To Financial Statements (Continued)

#### 3. Promises To Give

Campaign promises to give by year are as follows as of December 31, 2020:

Campaign year:	
2022 and thereafter	\$ 162,000
2021	346,198
2020	817,099
2019	228,495
2018 and prior	147,575
	<u>1,701,367</u>
Less: Discount to present value	(5,670)
Less: Unapplied pledge payments	(53,988)
Less: Allowance for doubtful promises to give	(283,070)
	<u>\$ 1,358,639</u>

All campaign promises to give are expected to be collected within one year with the exception of promises to give totaling \$162,000 at December 31, 2020 which are expected to be collected between one and four years.

Other promises to give that are not related to the campaign are collectable as follows:

In one year or less	\$ 691,666
Between one and five years	2,210,000
	<u>2,901,666</u>
Less: Discount to present value	(77,350)
Less: Allowance for doubtful promises to give	(95,000)
	<u>\$ 2,729,316</u>

#### 4. Investments

Investment securities and unrealized appreciation are as follows at December 31, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Money market funds	\$ 13,019	\$ 13,019	\$ —
Mutual funds - fixed income	116,328	123,746	7,418
Mutual funds - equities	241,547	370,297	128,750
Pooled investments:			
Investments held in custody	3,302,406	4,687,454	1,385,048
Beneficial interest in assets	11,637,072	18,271,534	6,634,462
	<u>\$ 15,310,372</u>	<u>\$ 23,466,050</u>	<u>\$ 8,155,678</u>

## JEWISH FEDERATION OF GREATER KANSAS CITY

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### Notes To Financial Statements (Continued)

Pooled investments consist of holdings in certain collective investment funds maintained by the Foundation (Note 5). These collective investment funds invest in a portfolio of underlying managed funds that are facilitated by the Foundation's investment manager and consist of U.S. government securities, foreign and domestic corporate equity and debt securities, and hedge funds.

Investment income (loss) is summarized as follows:

Distributions from beneficial interest in perpetual trust	\$ 724,283
Beneficial interest in future earnings of perpetual trust	1,193,020
Interest and dividend income	96,880
Realized loss	(443,707)
Unrealized gain	1,229,011
Investment expenses	<u>(68,835)</u>
	<u>\$ 2,730,652</u>

## 5. Fair Value Measurements

The Federation follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2020.

Following is a description of the valuation methodologies used for assets measured at fair value:

**Money Market Funds And Mutual Funds**

Valued at the daily closing price as reported by the fund. Mutual funds and money market funds held by the Federation are open-end investment funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds and money market funds held by the Federation are deemed to be actively traded.

**Pooled Investments**

Valued at the NAV of units of the pooled investment fund held by the Foundation. The NAV, as provided by the Foundation, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments, which have observable inputs, held by the fund, less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

**Beneficial Interest In Assets Held In Perpetual Trusts**

Beneficial interests in assets held in perpetual trusts are valued by the Federation based on the underlying investments, which have observable inputs, less any liabilities. The classification of beneficial interest in assets held in endowment funds restricted in perpetuity as Level 3 measurements is based on the ownership and restricted nature of these endowment funds, and not based on the underlying quality or integrity of the investments that make up the balances. Classification as Level 3 results because such assets are held in perpetual trusts and the Federation does not have access to liquidate the investments and re-invest in assets of the Federation's choosing. Classification as Level 2 results from the beneficial interest in assets that are not held in endowments restricted in perpetuity.



## JEWISH FEDERATION OF GREATER KANSAS CITY

### Notes To Financial Statements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Federation's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 13,019	\$ —	\$ —	\$ 13,019
Mutual funds:				
Fixed income	123,746	—	—	123,746
Equities	370,297	—	—	370,297
Beneficial interest in assets reported in net assets with donor restrictions	—	2,287,293	—	2,287,293
Beneficial interest in assets reported in net assets with donor restrictions	—	—	15,984,241	15,984,241
<b>Total Assets In The Fair Value Hierarchy</b>	<b>\$ 507,062</b>	<b>\$ 2,287,293</b>	<b>\$ 15,984,241</b>	<b>18,778,596</b>
Investments measured at net asset value per share (a)				<u>4,687,454</u>
<b>Total Assets At Fair Value</b>				<u><b>\$ 23,466,050</b></u>

- (a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Pooled investments represent investments held at the Foundation's "Common Pool" and the "Long-Term Pool." Generally redemptions may be made within one to three business days of notification. However, the Foundation maintains the right to disburse funds according to the following policy: if the withdrawn funds are less than \$250,000, then 80% of the funds would be disbursed immediately and the remaining 20% will be disbursed once monthly allocations of earnings/losses can be made. If the withdrawn funds are more than \$250,000 then 50% of the requested funds would be disbursed immediately, and 80% of the remaining amount requested would be disbursed after 30 days. The final requested portion would be disbursed once final income and expense allocations can be made to the remaining balance.

The Foundation has a stated investment objective of seeking long-term growth while seeking to minimize principal fluctuations and meet ongoing spending policy objectives. As of December 31, 2020, the Common Pool asset allocation was 55% equities, 14% hedge funds and 31% fixed income; and the Long-Term Pool asset allocation was 71% equities, 11% hedge funds, and 18% fixed income.

## JEWISH FEDERATION OF GREATER KANSAS CITY

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### Notes To Financial Statements (Continued)

#### Level 3 Measurements

The table below presents information about recurring fair value measurements of Level 3 instruments:

	<b>Beneficial Interest In Assets Held In Permanent Endowment Funds</b>
<b>Balance - January 1, 2020</b>	\$ 14,785,642
Distributions	(724,283)
Total gains for the period	1,917,303
Contributions	5,579
	<hr/>
<b>Balance - December 31, 2020</b>	<b>\$ 15,984,241</b>

#### 6. Net Assets

Net assets at December 31, 2020 are restricted as follows:

<b>Net Assets Subject To Time And Purpose Restrictions</b>	
Annual campaign	\$ 2,527,980
Community development	377,591
Youth development	2,077,414
Support for seniors and others in need	336,657
Community security	3,259,690
Polsky fund	251,500
	<hr/>
<b>Total Net Assets Subject To Time And Purpose Restrictions</b>	<b>\$ 8,830,832</b>
	<hr/>
<b>Net Assets Held In Perpetuity</b>	
Polsky endowment	\$ 251,500
Endowment funds held by the Foundation	15,984,241
	<hr/>
<b>Total Net Assets Held In Perpetuity</b>	<b>\$ 16,235,741</b>
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<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 25,066,573</b>

## JEWISH FEDERATION OF GREATER KANSAS CITY

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### Notes To Financial Statements (Continued)

For the year ended December 31, 2020 net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specific by donors.

Program expenses	\$	939,089
Other grants		19,904
Endowment appropriations		<u>84,000</u>
	\$	<u>1,042,993</u>

Net assets at December 31, 2020 are board-designated for the following purposes:

<b>Board-Designated Net Assets</b>		
Operating reserve	\$	1,698,078
Community programs		405,604
Overseas programs		150,569
Marketing initiative		<u>7,102</u>
<b>Total Board-Designated Net Assets</b>	\$	<u>2,261,353</u>

## 7. Beneficial Interest In Assets Held By Others

The Federation is the beneficiary of various funds held by the Foundation. Significantly all of these funds provide for annual distributions of income or a portion of income to the Federation for purposes determined by the Board of Directors and in accordance with its mission and by-laws. Other restrictions are for programs of the Federation. Distributions from the beneficial interest in assets held in the endowment funds are reported as investment income without donor restrictions on the statement of activities.

Following is a summary of the fair value of the Federation's beneficial interest in assets held by the Foundation and reported in investments as of December 31, 2020:

Assets held in perpetuity	\$	15,984,241
Assets held in net assets with donor restrictions		<u>2,287,293</u>
	\$	<u>18,271,534</u>

## **8. Endowment Funds**

The Federation's endowment consists of several entirely donor-restricted funds established for the support of the Federation. Assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and are exclusive of any promises to give to the Federation's endowment funds.

The Federation's governing body has interpreted the 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 funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies endowment funds held in perpetuity as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction, if any is given, of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets held in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

1. The duration and preservation of the fund;
2. The purposes of the Federation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and appreciation/depreciation of investments;
6. Other resources of the Federation; and
7. The investment policies of the Federation.

## JEWISH FEDERATION OF GREATER KANSAS CITY

### Notes To Financial Statements (Continued)

The changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Without Donor Restrictions	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Balance - January 1, 2020	\$ —	\$ 263,363	\$ 15,037,141	\$ 15,300,504
Investment return				
Investment income	724,283	4,538	—	728,821
Net appreciation	—	71,661	1,193,020	1,264,681
Total investment return	724,283	76,199	1,193,020	1,993,502
Contributions	—	—	5,579	5,579
Amounts appropriated for spending	(724,283)	(84,000)	—	(808,283)
Balance - December 31, 2020	\$ —	\$ 255,562	\$ 16,235,740	\$ 16,491,302

Endowment investments of the Federation are managed by the Foundation, who maintains investment pools for the Federation, and other agencies in the Kansas City Jewish community. The overall investment objectives of the Federation, and of the Foundation, are as described in Note 5.

The Federation generally distributes 3%-5% of the fund balance of significantly all individual funds, which are transferred to the Federation for operations and the annual giving campaign. Some special purpose funds allow the spending of the corpus of the fund, which the Federation may do under the policies and purposes defined by each fund. The long-term objective of the Federation is the preservation of principal, as well as long-term growth for funds, which requires prudent investment risk policies, and ongoing performance benchmarking by the Federation and the Foundation. The Federation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

## 9. Paycheck Protection Program Loan

On April 19, 2020, the Federation received proceeds of \$315,500 under a promissory note entered into between the Federation and the bank pursuant to the PPP (Note 1). Loan payments are deferred for the first seven months following the measurement period. Thereafter, the loan and interest would be paid back over a period of 24 months, if the loan is not forgiven.

## JEWISH FEDERATION OF GREATER KANSAS CITY

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### Notes To Financial Statements (Continued)

The loan bears interest at a fixed rate of 1% and may be prepaid at any time prior to the maturity date of April 19, 2022, without penalty. The loan contains customary provisions related to events of default, including, among others, failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The occurrence of an event of default may result in the collection of the borrowed amount plus accrued interest. The loan is not secured by any collateral or personal guarantees.

The scheduled maturities of the Paycheck Protection Program loan at December 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 244,626
2022	70,874
<u>Total</u>	<u>\$ 315,500</u>

The Federation has applied for forgiveness of all principal and interest, in an amount equal to the sum of qualified expenses under the PPP incurred during the 24 week measurement period following the initial disbursement.

## 10. Pension And Retirement Plans

The Federation has a profit sharing plan available to all employees who meet the minimum service requirements. The Plan includes salary deferral features described in Section 401(k) of the IRC. The Federation matches employee contributions up to 5% of employees' salaries. Employer contributions to the Plan totaled \$56,713 for year December 31, 2020.

## 11. Related Party Transactions

The Federation charges an administrative fee for the use of its equipment and for other services to various not-for-profit entities with common Board representation. These fees are included in administrative fee revenue in the statement of activities. Following are fees charged to those entities for the year ended December 31, 2020:

Jewish Community Foundation of Greater Kansas City	\$ 17,460
Jewish Community Relations Bureau, Inc.	<u>24,720</u>
	<u>\$ 42,180</u>

## **JEWISH FEDERATION OF GREATER KANSAS CITY**

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### Notes To Financial Statements (*Continued*)

The Federation pays a reimbursement of operating expenses for use of office space to the Jewish Community Campus of Greater Kansas City (Campus). Reimbursement of operating expense was \$66,852 for the year ended December 31, 2020.

In the year ended December 31, 2020, fees paid to the Campus for security costs amounted to \$210,585.

During the year ended December 31, 2020, fees paid to the Jewish Community Relations Bureau, Inc. (JCRB) for community relations services amounted to \$60,000.

Included in accounts payable as of December 31, 2020 is \$125,981 due to JCRB.

### **12. Other Grants And Allocations**

Other grants and allocations comprise the following for the year ended December 31, 2020:

Local emergency individual support	\$ 202,526
Jewish preschool program support	7,000
Jewish camp scholarships	75,050
Special needs children grants	170,710
Jewish programs funded by the Kansas City	
Jewish community	20,451
Community security	210,585
	<hr/>
	\$ 686,322
	<hr/> <hr/>

### **13. Concentrations**

As of December 31, 2020, 57% of the Federation's promises to give were due from two donors.

### **14. Liquidity And Availability Of Resources**

The Federation is primarily supported by contributions without donor restrictions from the annual giving campaign, as well as various donor restricted contributions and grants. 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.

## JEWISH FEDERATION OF GREATER KANSAS CITY

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### Notes To Financial Statements (Continued)

In addition, as part of its liquidity management, the Federation invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. At the Board's discretion, distributions may be made from Board designated reserves to help manage unanticipated liquidity needs, but it is the Federation's intent to retain the reserves, which are held in investment accounts.

Annual campaign promises to give are subject to implied time restrictions and most are expected to be collected within one year. Other promises to give represent the remaining promises to give from a multi-year campaign, and a portion of these promises are scheduled to be collected beyond one year in the future. Net assets with donor restrictions are primarily held in investment accounts at the Jewish Community Foundation. These donor restricted funds generally provide for annual distributions to the Federation based on three to five percent of the fund balance, either for general use or for use as specified by the donor.

As of December 31, 2020, the following table shows the total financial assets held by the Federation that could readily be made available within one year to meet general expenditures, after reduction of financial assets designated by the Board or subject to donor-imposed restrictions:

Financial assets at year end:	
Cash	\$ 5,269,007
Campaign promises to give, net of allowance	1,358,639
Other promises to give, net	2,729,316
Accounts and notes receivable	125,437
Investments	<u>23,466,050</u>
Total financial assets at year end	32,948,449
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(25,066,573)
Board-designated reserves	<u>(2,261,353)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 5,620,523</u></u>



## **15. Risks And Uncertainties**

During 2020, the outbreak of a novel strain of coronavirus (COVID-19) was declared by the World Health Organization to be a public health emergency of international concern which spread to the United States and was declared to be a pandemic which continues through August 2021.

The Federation has taken steps to strengthen its financial position and maintain liquidity and flexibility, including monitoring investments to minimize losses and freezing or reducing operating expenditures. As a result of the inherent uncertainty associated with the pandemic, it is impossible to predict the effect and ultimate impact on the Federation, results of its operations, its financial position, and cash flows.