
***JEWISH FEDERATION
OF GREATER KANSAS CITY***
*FINANCIAL STATEMENTS
DECEMBER 31, 2021*



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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Jewish Federation of Greater Kansas City, which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Jewish Federation of Greater Kansas City as of December 31, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

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

Responsibilities Of Management For The Financial Statements

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

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

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Jewish Federation of Greater Kansas City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jewish Federation of Greater Kansas City'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.

RubinBrown LLP

September 14, 2022

JEWISH FEDERATION OF GREATER KANSAS CITY

STATEMENT OF FINANCIAL POSITION

Assets

	December 31,	
	2021	2020
Current Assets		
Cash	\$ 5,459,744	\$ 5,269,007
Campaign promises to give, net of allowance	888,005	1,202,309
Other promises to give, net of allowance	648,950	691,666
Accounts and notes receivable, net of allowance of \$9,943 in 2021 and \$15,163 in 2020	28,548	125,437
Prepaid expenses and other assets	61,082	311,613
Total Current Assets	7,086,329	7,600,032
Property And Equipment, Net	19,139	30,527
Other Assets		
Investments	25,670,314	23,466,050
Campaign promises to give, net	193,410	156,330
Other promises to give, net	3,447,173	2,037,650
Total Other Assets	29,310,897	25,660,030
Total Assets	\$ 36,416,365	\$ 33,290,589

Liabilities And Net Assets

Current Liabilities		
Agency allocations	\$ 2,306,187	\$ 2,551,985
Accounts payable	276,742	468,081
Deferred revenue	31,924	2,216
Current portion of Paycheck Protection Program Loan	—	244,626
Total Current Liabilities	2,614,853	3,266,908
Paycheck Protection Program Loan	—	70,874
Net Assets		
Without donor restrictions:		
Undesignated	2,502,249	2,624,881
Board-designated	2,393,005	2,261,353
	4,895,254	4,886,234
With donor restrictions	28,906,258	25,066,573
Total Net Assets	33,801,512	29,952,807
Total Liabilities And Net Assets	\$ 36,416,365	\$ 33,290,589

JEWISH FEDERATION OF GREATER KANSAS CITY

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains And Other Support			
Annual campaign	\$ 4,820,868	\$ —	\$ 4,820,868
Contributions	70,751	419,250	490,001
Grants	85,705	2,620,180	2,705,885
Special events, net of direct expenses of \$17,762	90,508	—	90,508
Other program revenue	23,766	2,358	26,124
Administrative fee revenue	52,718	—	52,718
Advertising and subscription revenue	76,854	—	76,854
Investment income	946,074	1,752,962	2,699,036
Net assets released from program restrictions	955,065	(955,065)	—
Total Revenues, Gains And Other Support	7,122,309	3,839,685	10,961,994
Expenses			
Grants and allocations:			
To agencies by the Jewish Federation Board:			
Jewish Federations of North America	1,666,520	—	1,666,520
Local Jewish organizations	2,001,190	—	2,001,190
National Jewish organizations	38,954	—	38,954
Other grants and allocations	1,197,376	—	1,197,376
Total grants and allocations	4,904,040	—	4,904,040
Other program services:			
Leadership development and community programs	1,050,923	—	1,050,923
Supporting services:			
Management and general	657,693	—	657,693
Fundraising	816,133	—	816,133
Total supporting services	1,473,826	—	1,473,826
Total other program and supporting services	2,524,749	—	2,524,749
Total Expenses	7,428,789	—	7,428,789
Change In Net Assets Before Paycheck Program Loan Forgiveness	(306,480)	3,839,685	3,533,205
Paycheck Program Loan Forgiveness	315,500	—	315,500
Change In Net Assets	9,020	3,839,685	3,848,705
Net Assets - Beginning Of Year	4,886,234	25,066,573	29,952,807
Net Assets - End Of Year	\$ 4,895,254	\$ 28,906,258	\$ 33,801,512

JEWISH FEDERATION OF GREATER KANSAS CITY

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains And Other Support			
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)	—
Total Revenues, Gains And Other Support	7,296,804	3,960,798	11,257,602
Expenses			
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
Total grants and allocations	4,400,067	—	4,400,067
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
Total supporting services	1,305,660	—	1,305,660
Total other program and supporting services	2,429,621	—	2,429,621
Total Expenses	6,829,688	—	6,829,688
Change In Net Assets	467,116	3,960,798	4,427,914
Net Assets - Beginning Of Year	4,419,118	21,105,775	25,524,893
Net Assets - End Of Year	\$ 4,886,234	\$ 25,066,573	\$ 29,952,807

JEWISH FEDERATION OF GREATER KANSAS CITY

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2021

	Grants And Allocations	Leadership Development And Community Programs	Total Program Expenses	Management And General	Fundraising	Total Expenses
Salaries and wages	\$ —	\$ 537,261	\$ 537,261	\$ 448,144	\$ 555,257	\$ 1,540,662
Employee benefits and taxes	—	96,707	96,707	93,324	95,853	285,884
Total salaries and related expenses	—	633,968	633,968	541,468	651,110	1,826,546
Grants and allocations	4,904,040	—	4,904,040	—	—	4,904,040
Depreciation	—	7,022	7,022	4,795	5,309	17,126
Dues and subscriptions	—	38,818	38,818	522	949	40,289
Occupancy expenses and insurance	—	76,492	76,492	40,796	52,694	169,982
Maintenance and technology expense	—	39,385	39,385	16,854	67,215	123,454
Meetings	—	15,929	15,929	1,900	1,903	19,732
Miscellaneous	—	7,427	7,427	3,440	10,366	21,233
Missions	—	35,911	35,911	—	—	35,911
Postage and deliveries	—	9,984	9,984	582	2,203	12,769
Printing and marketing	—	31,570	31,570	385	7,071	39,026
Professional fees	—	138,997	138,997	44,062	8,812	191,871
Supplies	—	6,524	6,524	1,102	2,289	9,915
Telephone	—	4,456	4,456	1,717	1,977	8,150
Training and conferences	—	4,440	4,440	70	4,235	8,745
	4,904,040	416,955	5,320,995	116,225	165,023	5,602,243
	\$ 4,904,040	\$ 1,050,923	\$ 5,954,963	\$ 657,693	\$ 816,133	\$ 7,428,789

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
Total salaries and related expenses	—	758,771	758,771	500,869	551,417	1,811,057
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
	\$ 4,400,067	\$ 1,123,961	\$ 5,524,028	\$ 614,810	\$ 690,850	\$ 6,829,688

JEWISH FEDERATION OF GREATER KANSAS CITY

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 3,848,705	\$ 4,427,914
Adjustments to reconcile change in net assets to net cash from operating activities		
Forgiveness of Paycheck Protection Program loan	(315,500)	—
Depreciation	17,126	20,183
Net unrealized and realized gains on investment transactions	(760,004)	(785,304)
Beneficial interest in future earnings of perpetual trust	(1,195,385)	(1,193,020)
Contributions restricted for long-term endowment	(9,378)	(5,579)
Changes in assets and liabilities:		
Accounts and notes receivable	96,889	(82,856)
Promises to give	(1,089,583)	(2,228,690)
Prepaid expenses and other assets	250,531	(17,838)
Accounts payable	(191,339)	(56,231)
Agency allocations	(245,798)	220,126
Deferred revenue	29,708	(4,284)
Net Cash Provided By Operating Activities	435,972	294,421
Cash Flows From Investing Activities		
Purchase of property and equipment	(5,738)	(13,902)
Purchases of investments	(642,557)	(200,196)
Proceeds from sale of investments	393,682	197,281
Net Cash Used In Investing Activities	(254,613)	(16,817)
Cash Flows From Financing Activities		
Contributions restricted for long-term endowment	9,378	5,579
Proceeds from Paycheck Protection Program loan	—	315,500
Net Cash Provided By Financing Activities	9,378	321,079
Net Change In Cash	190,737	598,683
Cash - Beginning Of Year	5,269,007	4,670,324
Cash - End Of Year	\$ 5,459,744	\$ 5,269,007

JEWISH FEDERATION OF GREATER KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 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

Notes To Financial Statements *(Continued)*

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

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 expected to be collected over multiple years 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:

	<u>Ending Allowance Percentage</u>
Unpaid promises to give recorded in the current year	2%
Unpaid promises to give from prior year	50%
Unpaid promises to give from two years prior and earlier	100%

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

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. 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 over time as services are 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 determined 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 believed it 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 considered the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board Accounting Standards Codification 470, *Debt*. The Federation did not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

JEWISH FEDERATION OF GREATER KANSAS CITY

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.

On June 29, 2021, the Federation received notification from the SBA that its PPP loan has been fully forgiven. The Federation recognized the PPP loan forgiveness of \$315,500 as revenue in the statement of activities for the year ended December 31, 2021.

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 2017 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:

	2021	2020
Campaign year:		
2023 and thereafter	\$ 200,425	\$ 72,000
2022	230,749	90,000
2021	584,880	346,198
2020	267,342	817,099
2019 and prior	184,718	376,070
	1,468,114	1,701,367
Less: Discount to present value	(7,015)	(5,670)
Less: Unapplied pledge payments	(49,596)	(53,988)
Less: Allowance for doubtful promises to give	(330,088)	(283,070)
	\$ 1,081,415	\$ 1,358,639

All campaign promises to give are expected to be collected within one year with the exception of promises to give totaling \$200,425 at December 31, 2021 and \$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:

	2021	2020
In one year or less	\$ 648,950	\$ 691,666
Between one and five years	3,572,200	2,210,000
	4,221,150	2,901,666
Less: Discount to present value	(125,027)	(77,350)
Less: Allowance for doubtful promises to give	—	(95,000)
	\$ 4,096,123	\$ 2,729,316

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements (*Continued*)**4. Investments**

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

	2021		
	Cost	Fair Value	Unrealized Appreciation
Money market funds	\$ 26,117	\$ 26,117	\$ —
Mutual funds - fixed income	112,495	115,478	2,983
Mutual funds - equities	266,991	352,431	85,440
Pooled investments:			
Investments held in custody	3,133,788	5,552,052	2,418,264
Beneficial interest in assets	11,076,660	19,624,236	8,547,576
	\$ 14,616,051	\$ 25,670,314	\$ 11,054,263

	2020		
	Cost	Fair Value	Unrealized Appreciation
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
	\$ 15,310,372	\$ 23,466,050	\$ 8,155,678

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.

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements *(Continued)*

Investment income (loss) is summarized as follows:

	2021	2020
Distributions from beneficial interest in perpetual trust	\$ 791,753	\$ 724,283
Beneficial interest in future earnings of perpetual trust	1,195,385	1,193,020
Interest and dividend income	36,002	96,880
Realized loss	(3,707)	(443,707)
Unrealized gain	763,711	1,229,011
Investment expenses	(84,108)	(68,835)
	<u>\$ 2,699,036</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, 2021 or 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.

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements (Continued)

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.

The following table sets forth by level, within the fair value hierarchy, the Federation's assets at fair value as of December 31, 2021:

	Level 1		Level 2		Level 3		Total
Money market funds	\$	26,117	\$	—	\$	—	\$ 26,117
Mutual funds:							
Fixed income		115,478		—		—	115,478
Equities		352,431		—		—	352,431
Beneficial interest in assets reported in net assets with donor restrictions		—		2,435,232		—	2,435,232
Beneficial interest in assets reported in net assets with donor restrictions		—		—		17,189,004	17,189,004
Total Assets In The Fair Value Hierarchy	\$	494,026	\$	2,435,232	\$	17,189,004	20,118,262
Investments measured at net asset value per share (a)							5,552,052
Total Assets At Fair Value							\$ 25,670,314

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:

	Level 1	Level 2	Level 3	Total
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 temporarily restricted net assets	—	2,287,293	—	2,287,293
Beneficial interest in assets reported in permanent endowment net assets	—	—	15,984,241	15,984,241
Total Assets In The Fair Value Hierarchy	\$ 507,062	\$ 2,287,293	\$ 15,984,241	18,778,596
Investments measured at net asset value per share (a)				<u>4,687,454</u>
Total Assets At Fair Value				<u>\$ 23,466,050</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, 2021, the Common Pool asset allocation was 50% equities, 14% hedge funds and 36% fixed income; and the Long-Term Pool asset allocation was 68% equities, 13% hedge funds, and 19% fixed income. 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

Notes To Financial Statements (Continued)

Level 3 Measurements

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

	Beneficial Interest In Assets Held In Permanent Endowment Funds
Balance - January 1, 2020	\$ 14,785,642
Distributions	(724,283)
Total gains for the period	1,917,303
Contributions	5,579
Balance - December 31, 2020	15,984,241
Distributions	(791,753)
Total gains for the period	1,987,138
Contributions	9,378
Balance - December 31, 2021	<u>\$ 17,189,004</u>

6. Net Assets

Net assets at December 31 are restricted as follows:

	2021	2020
Net Assets Subject To Time And Purpose Restrictions		
Annual campaign	\$ 2,730,170	\$ 2,527,980
Community development	423,185	377,591
Youth development	2,559,642	2,077,414
Support for seniors and others in need	363,763	336,657
Community security	5,146,468	3,259,690
Polsky fund	242,526	251,500
Total Net Assets Subject To Time And Purpose Restrictions	<u>\$ 11,465,754</u>	<u>\$ 8,830,832</u>
Net Assets Held In Perpetuity		
Polsky endowment	\$ 251,500	\$ 251,500
Endowment funds held by the Foundation	17,189,004	15,984,241
Total Net Assets Held In Perpetuity	<u>\$ 17,440,504</u>	<u>\$ 16,235,741</u>
Total Net Assets With Donor Restrictions	<u>\$ 28,906,258</u>	<u>\$ 25,066,573</u>

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements (*Continued*)

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

	2021	2020
Board-Designated Net Assets		
Operating reserve	\$ 1,832,245	\$ 1,698,078
Community programs	411,455	405,604
Overseas programs	145,169	150,569
Marketing initiative	4,136	7,102
Total Board-Designated Net Assets	\$ 2,393,005	\$ 2,261,353

7. Net Assets Released From Restrictions

For the years ended December 31, 2021 and 2020 net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specific by donors.

	2021	2020
Program expenses	\$ 734,334	\$ 939,089
Other grants	146,887	19,904
Endowment appropriations	73,844	84,000
	\$ 955,065	\$ 1,042,993

8. 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.

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements (*Continued*)

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

	<u>2021</u>	<u>2020</u>
Assets held in perpetuity	\$ 17,189,004	\$ 15,984,241
Assets held in net assets with donor restrictions	2,435,232	2,287,293
	<u>\$ 19,624,236</u>	<u>\$ 18,271,534</u>

9. 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, 2021 are as follows:

	Without Donor Restrictions	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Balance - January 1, 2021	\$ —	\$ 255,562	\$ 16,235,740	\$ 16,491,302
Investment return				
Investment income	791,753	4,039	—	795,792
Net appreciation	—	56,769	1,195,385	1,252,154
Total investment return	791,753	60,808	1,195,385	2,047,946
Contributions	—	—	9,378	9,378
Amounts appropriated for spending	(791,753)	(73,844)	—	(865,597)
Balance - December 31, 2021	\$ —	\$ 242,526	\$ 17,440,503	\$ 17,683,029

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.

10. 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 ten 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.

The loan bears interest at 1.0%, with principal and interest payments deferred for the first ten months following the measurement period. After that, the loan and interest would be paid back over a period of eighteen months, if the loan is not forgiven under the terms of the PPP.

On June 29, 2021, the Federation received notification from the SBA that its PPP loan has been fully forgiven. The Federation recognized the PPP loan forgiveness of \$315,500 as revenue in the statement of activities for the year ended December 31, 2021.

11. Retirement Plan

The Federation has a profit sharing plan (the 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 \$64,885 and \$56,713 for the years December 31, 2021 and 2020, respectively.

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements *(Continued)*

12. 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 years ended December 31:

	2021	2020
Jewish Community Foundation of Greater Kansas City	\$ 17,460	\$ 17,460
Jewish Community Relations Bureau, Inc.	24,720	24,720
	<u>\$ 42,180</u>	<u>\$ 42,180</u>

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 \$137,830 and \$66,852 for the years ended December 31, 2021 and 2020, respectively.

For the years ended December 31, 2021 and 2020, grant allocations paid to the Campus for security costs amounted to \$578,814 and \$210,585, respectively.

Amounts owed to the Campus included in accounts payable was \$70,106 and \$124,576 as of December 31, 2021 and 2020, respectively. Amount owed the Jewish Community Center of Greater Kansas City was \$29,000 and \$46,011 as of December 31, 2021 and 2020, respectively.

During the years ended December 31, 2021 and 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, 2021 and 2020 is \$26,568 and \$125,981, respectively, due to JCRB.

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements (*Continued*)

13. Other Grants And Allocations

Other grants and allocations comprise the following for the years ended December 31:

	2021	2020
Local emergency individual support	\$ 212,983	\$ 202,526
Jewish preschool program support	20,000	7,000
Jewish camp scholarships	64,216	75,050
Special needs children grants	175,732	170,710
Jewish programs funded by the Kansas City		
Jewish community	145,631	20,451
Community security	578,814	210,585
	<u>\$ 1,197,376</u>	<u>\$ 686,322</u>

14. Concentrations

For the years ending December 31, 2021 and 2020, 49% and 57%, respectively, of the Federation's promises to give were due from two donors. For the years ending December 31, 2021 and 2020, 36% and 61%, respectively, of total grant revenue was due from one donor.

15. 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.

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.

JEWISH FEDERATION OF GREATER KANSAS CITY

Notes To Financial Statements (*Continued*)

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, 2021, 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	\$ 5,459,744
Campaign promises to give, net of allowance	1,081,415
Other promises to give, net	4,096,123
Accounts and notes receivable	28,548
Investments	<u>25,670,314</u>
Total financial assets at year end	36,336,144
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(28,906,258)
Board-designated reserves	<u>(2,393,005)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 5,036,881</u></u>