

**The Jewish Federations
of North America, Inc.
and Subsidiaries**

**Consolidated Financial Statements
and Supplementary Information
Year Ended June 30, 2021**

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of North America, Inc. and Subsidiaries**

Consolidated Financial Statements and Supplementary Information
Year Ended June 30, 2021

The Jewish Federations of North America, Inc. and Subsidiaries

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Independent Auditor's Report

The Board of Trustees
The Jewish Federations of North America, Inc. and Subsidiaries
New York, New York

Opinion

We have audited the consolidated financial statements of The Jewish Federations of North America, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its 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 Consolidated Financial Statements* section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 on Summarized Comparative Information

We have previously audited the Jewish Federations of North America, Inc. and Subsidiaries' 2020 consolidated financial statements and we expressed an unmodified opinion on those consolidated statements in our report dated December 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Other Matters

Supplementary Information

Our audit of the consolidated financial statements was conducted for the purpose of forming an opinion on those consolidated statements as a whole. The supplementary information presented on pages 34 through 35 of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and to other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and to other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

December 20, 2021

The Jewish Federations of North America, Inc. and Subsidiaries

Consolidated Statement of Financial Position (with summarized comparative totals for 2020) (in thousands)

<i>June 30,</i>	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 18,884	\$ 25,300
Campaign allocations and annual assessments receivable, net	176,434	179,909
U.S. government grants receivable (Note 2)	2,841	2,511
Contributions receivable, primarily for capital projects in Israel, current (Notes 2 and 4)	377	594
Advances, other receivables, and other assets, current (Note 2)	4,767	4,063
Investments, current (Note 5)	42,943	30,055
Total Current Assets	246,246	242,432
Contributions Receivable, Primarily for Capital Projects in Israel, Net, less current portion (Notes 2 and 4)	229	501
Advances, Other Receivables, and Other Assets, less current portion (Note 2)	77	80
Investments, less current portion (Note 5)	33,194	33,210
Capital Projects in Israel, Net (Notes 2 and 7)	39,262	44,413
Fixed Assets, Net (Notes 2 and 8)	3,166	3,306
Total Assets	\$ 322,174	\$ 323,942
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses (Note 2)	\$ 7,890	\$ 12,841
Loan payable, current (Note 9)	3,908	5,000
Loan payable - Paycheck Protection Program, current (Note 10)	3,059	-
Accrued postretirement benefits other than pensions, current (Note 11)	302	281
Amounts held for others (Note 2)	3,512	3,401
Accrued pension benefit cost, current (Note 11)	2,568	2,650
Deferred revenue	1,799	2,481
Deferred rent, current	436	328
Other payables, current	176	140
Total Current Liabilities	23,650	27,122
Accrued Postretirement Benefits Other Than Pensions, less current portion (Note 11)	5,624	6,059
Loan Payable, less current portion (Note 9)	-	3,908
Loan Payable - Paycheck Protection Program (Note 10)	2,000	3,059
Deferred Rent, less current portion	5,016	5,561
Obligations Due Under Split-Interest Agreements (Note 6)	2,255	2,438
Accrued Pension Benefit Cost, less current portion (Note 11)	14,131	19,691
Other Payables, less current portion	313	68
Total Liabilities	52,989	67,906
Commitments and Contingencies (Notes 2, 6, 9, 10, 11, and 12)		
Net Assets (Note 2)		
Net assets without donor restrictions	114,581	106,644
Net assets with donor restrictions (Note 13)	154,604	149,392
Total Net Assets	269,185	256,036
Total Liabilities and Net Assets	\$ 322,174	\$ 323,942

See accompanying notes to consolidated financial statements.

The Jewish Federations of North America, Inc. and Subsidiaries

Consolidated Statement of Activities (with summarized comparative totals for 2020) (in thousands)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Campaign allocations from communities and annual assessments (Note 2)	\$ 182,704	\$ 38,044	\$ 220,748	\$ 222,329
Contributions and grants	3,462	23,099	26,561	13,784
U.S. government grants	9,930	-	9,930	13,045
General assembly and other conference revenues	192	-	192	1,435
Missions	45	-	45	1,314
Program revenues	900	-	900	918
Investment income, net (Note 5)	6,344	7,684	14,028	1,251
Rental income (Note 7)	271	-	271	276
Other revenues	2,719	-	2,719	2,057
Net assets released from restrictions (Note 13)	59,583	(59,583)	-	-
Total Operating Revenues, Gains and Other Support , before amounts received for distribution to others	266,150	9,244	275,394	256,409
Less: amounts received for distribution to others (Note 2)	-	(4,032)	(4,032)	(4,850)
Total Operating Revenues	266,150	5,212	271,362	251,559
Expenses				
Program services:				
United Israel Appeal, Inc. program services in Israel	154,645	-	154,645	172,257
Missions	513	-	513	1,964
JDC and other programs	98,343	-	98,343	80,375
Total Program Services	253,501	-	253,501	254,596
Supporting services:				
Management and general	10,744	-	10,744	11,294
Fundraising	1,208	-	1,208	2,548
Total Supporting Services	11,952	-	11,952	13,842
Total Operating Expenses	265,453	-	265,453	268,438
Change in Net Assets from Operating Activities	697	5,212	5,909	(16,879)
Non-Operating Activities				
Adjustment to minimum pension liabilities and other post retirement benefits (Note 11)	7,240	-	7,240	(3,507)
Change in Net Assets	7,937	5,212	13,149	(20,386)
Net Assets , beginning of year	106,644	149,392	256,036	276,422
Net Assets , end of year	\$ 114,581	\$ 154,604	\$ 269,185	\$ 256,036

See accompanying notes to consolidated financial statements.

The Jewish Federations of North America, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
(with summarized comparative totals for 2020)
(in thousands)

Year ended June 30,

	Program Services				Supporting Services		Total	
	United Israel Appeal, Inc. Program Services in Israel	Missions	JDC and Other Programs	Total Program Services	Management and General	Fundraising	2021	2020
Allocations:								
Israel and overseas	\$ 143,216	\$ -	\$ 43,655	\$ 186,871	\$ -	\$ -	\$ 186,871	\$ 197,517
Israel emergency campaign	819	-	1,000	1,819	-	-	1,819	3,585
Birthright Israel and others	-	-	5,239	5,239	-	-	5,239	4,748
U.S. government grant	5,000	-	4,600	9,600	-	-	9,600	12,469
Real estate-related activities	271	-	-	271	-	-	271	277
	149,306	-	54,494	203,800	-	-	203,800	218,596
Payroll and benefits	-	352	13,366	13,718	6,958	1,155	21,831	27,190
Missions	-	65	20	85	13	-	98	2,195
Meetings and conferences	-	1	925	926	5	11	942	2,822
Travel	-	-	227	227	83	1	311	886
Promotional and media	-	24	911	935	43	7	985	629
Occupancy and other related costs (Note 11)	-	-	2,977	2,977	1,001	2	3,980	4,022
Interest	120	-	28	148	-	-	148	223
Professional and other services	-	57	5,594	5,651	1,506	10	7,167	5,288
Communication and postage	-	1	91	92	228	12	332	326
Supplies, stationery, and subscriptions	-	13	271	284	464	10	758	949
Grants to organizations	-	-	22,995	22,995	-	-	22,995	3,331
Other	-	-	29	29	346	-	375	525
Total Expenses, before depreciation and amortization, and amounts distributed to others	149,426	513	101,928	251,867	10,647	1,208	263,722	266,982
Depreciation and amortization	5,219	-	447	5,666	97	-	5,763	6,306
Less: amounts distributed to others (Note 2)	-	-	(4,032)	(4,032)	-	-	(4,032)	(4,850)
Total Expenses	\$ 154,645	\$ 513	\$ 98,343	\$ 253,501	\$ 10,744	\$ 1,208	\$ 265,453	\$ 268,438

See accompanying notes to consolidated financial statements.

The Jewish Federations of North America, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (with summarized comparative totals for 2020) (in thousands)

<i>Year ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 13,149	\$ (20,386)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,763	6,306
Realized gain on investments, net	(8,848)	(1,073)
Unrealized (gain) loss on investments	(4,131)	632
Adjustment to minimum pension liabilities	(7,240)	3,507
Decrease (increase) in assets:		
Campaign allocations and annual assessments receivable, net	3,475	15,573
U.S. government grant receivable	(330)	(164)
Contributions receivable, primarily for capital projects in Israel, net	489	326
Advances, other receivables, and other assets	(701)	3,866
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(4,951)	6,503
Other payables	281	(127)
Deferred revenue	(682)	63
Deferred rent	(437)	(300)
Obligations due under split-interest agreements	(183)	(170)
Accrued pension benefit cost	1,598	1,096
Accrued postretirement benefits other than pensions	(414)	310
Amounts held for others	111	686
Net Cash (Used in) Provided by Operating Activities	(3,051)	16,648
Cash Flows from Investing Activities		
Proceeds from sale of investments	23,238	22,083
Purchase of investments	(23,147)	(22,033)
Fixed-asset acquisitions	(456)	(13)
Transfers for construction of capital projects in Israel	-	439
Net Cash (Used in) Provided by Investing Activities	(365)	476
Cash Flows from Financing Activities		
Principal payments on loans	(5,000)	(5,000)
Endowment fund	-	128
Proceeds from loans (See note 10)	2,000	3,059
Net Cash Used in Financing Activities	(3,000)	(1,813)
Net (Decrease) Increase in Cash and Cash Equivalents	(6,416)	15,311
Cash and Cash Equivalents, beginning of year	25,300	9,989
Cash and Cash Equivalents, end of year	\$ 18,884	\$ 25,300
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 148	\$ 223

See accompanying notes to consolidated financial statements.

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

1. Description of Organization

The Jewish Federations of North America, Inc. (the Organization) is the national organization for 146 Jewish federations and over 300 independent Jewish communities across North America. The Organization provides fundraising support, organizational assistance, training, and overall leadership to the Jewish federations and communities throughout the United States and Canada.

The accompanying consolidated financial statements include the accounts of The Jewish Federations of North America, Inc. and its subsidiaries: United Israel Appeal, Inc. (UIA) and Jewish Federation Bond Pool, LLC (JFBP, LLC), which are affiliated through common management and/or common ownership, and collectively referred to as JFNA. Six members of the Board of Trustees (the Board) of the Organization are on the Board of Directors of UIA. All material intercompany transactions and balances have been eliminated.

Each of the Jewish federations and communities conducts an ongoing annual campaign and, from time-to-time, special campaigns in furtherance of their missions, and allocates to the Organization that portion of the campaigns intended for overseas needs. The programs funded by these overseas allocations are primarily conducted by the Jewish Agency for Israel (The Jewish Agency) and the American Jewish Joint Distribution Committee (JDC). Other significant sources of revenues include fair share dues paid by member federations towards JFNA's operating budget, U.S. government grants, and contributions from the general public.

JFNA, by partnering with communities, helps maximize financial resources to meet the global human service needs of the Jewish people. This includes oversight of humanitarian programs overseas, community building and security, leadership training, and social justice.

The principal function of UIA is to administer and supervise the funds allocated to The Jewish Agency, its operating agent, principally related to the immigration and absorption of humanitarian migrants to Israel and Jewish identity programs in Israel and the former Soviet Union. The absorption process includes social welfare services, health services, education, youth care and training and housing facilities. Allocations of funds are made only for programs acceptable under the Internal Revenue Service (IRS) guidelines for charitable organizations.

JFBP, LLC facilitates the issuance of tax-exempt bonds and other financing by federations and their affiliates and is a disregarded entity for tax purposes. The Organization is the sole member of JFBP, LLC.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions. JFNA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. Net assets that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are classified as net assets with donor restrictions - perpetual in nature. These net assets with donor restrictions may include stipulations that assets provided be maintained in perpetuity, while permitting the Organization to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy.

See Note 13 for more information on the composition of net assets with donor restrictions and the releases from restrictions, respectively.

Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. These amounts are not subject to donor-imposed stipulations.

Income from investment gains and losses, including unrealized gains and losses, dividends, and interest, are reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

Cash and Cash Equivalents

JFNA considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents. Cash and cash equivalents held by brokers for long-term investment are classified as investments.

Campaign Allocations from Communities and Annual Assessments Receivables

JFNA's revenues principally consist of federations' allocations from their annual campaigns. Annual assessments relate to federations' participation in funding certain programs. JFNA records such revenues and related receivables when amounts are reported to JFNA or when federations' allocations are reasonably determinable.

JFNA determines whether an allowance for uncollectibles should be provided. Such estimates are based on management's assessments of its receivables, current economic conditions, subsequent

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

collections, and historical information. Receivables are written off when all reasonable collection efforts have been exhausted. As of June 30, 2021 the allowance for doubtful accounts was \$8,633.

U.S. Government Grants Receivable

U.S. government grants receivable represents amounts due from the U.S. government to fund and/or enhance various programs. JFNA has determined that no allowance for uncollectible accounts for U.S. government grants receivable was necessary as of June 30, 2021. Such estimates are based on the aged basis of the receivables and subsequent collections.

Contributions Receivable

Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made, at their fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the year in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The collectability of such promises is reviewed, and allowances are provided for amounts estimated to be uncollectible. As of June 30, 2021 the allowance for doubtful accounts was \$90.

Advances, Other Receivables, and Other Assets

Advances, other receivables, and other assets principally include security deposits with landlords, prepaid expenses, deferred costs, and other receivables. JFNA records receivables when billed based on established rates or contracts for services provided. Reserves are established based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. Interest is not recorded or accrued on outstanding receivables.

Investments

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. ASC 820 defines fair value as 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 in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. ASC 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. JFNA classifies fair value balances based on the fair value hierarchy defined by ASC 820, as follows:

Level 1 - Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy table.

Capital Projects in Israel

Capital projects in Israel are stated at cost. Depreciation is provided on capital projects in Israel on the straight-line basis over the estimated useful life of the respective assets, which is 25 years (see Note 7).

Fixed Assets

Fixed assets, net, are stated at cost less accumulated depreciation and amortization. The cost of major improvements and betterments to existing fixed assets are capitalized, while maintenance and repairs are charged to expense when incurred. Upon retirement or other disposal of fixed assets, the realized gain or loss sustained on such transaction is reflected in other income or expenses. Depreciation of fixed assets is calculated on the straight-line basis over the estimated useful lives of the assets.

	Years
Data-processing equipment	3
Furniture and fixtures	7
Automobiles	3
Software costs	5-7
Leasehold improvements	Lesser of lease term or estimated useful life

Impairment of Long-Lived Assets

ASC 360, *Property, Plant, and Equipment*, requires JFNA to review long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the year ended June 30, 2021, there were no impairment charges.

Amounts Held/Distributed for Others

In accordance with U.S. GAAP, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, transfers of assets in which the reporting entity

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Notes to Consolidated Financial Statements (in thousands)

acts as an agent, trustee, or intermediary, rather than as a donee, should not be accounted for as contributions received but rather as amounts held and received for others. In these consolidated financial statements, amounts held for others represent assets held on behalf of other agencies, principally Birthright Israel, investments on behalf of network communities and charitable gift annuities. Amounts received for distribution to others and amounts distributed to others included in the consolidated statements of activities and functional expenses principally represent amounts distributed to the agencies noted above.

Split-Interest Agreements

JFNA holds assets under split-interest agreements consisting of charitable remainder trusts and charitable gift annuities for which JFNA serves as the trustee. Such agreements provide for payments to the donors, or their stipulated beneficiaries of either income earned on related investments or specified annuity amounts. Assets held under these agreements are reported as investments on the consolidated statement of financial position. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes and has been recognized as a contribution at the date of gift. When the terms of the gift instrument have been met, the remaining amount of the gift may be used for general or specific purposes, as stipulated by the respective donor.

Under JFNA's charitable remainder trusts and charitable gift annuities programs where JFNA is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or beneficiaries, as long as they live, after which time the remaining assets, if any, are available for the use of JFNA without restrictions, unless otherwise stipulated by the donor. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to JFNA.

Revenue Recognition

Campaign Allocations from Communities and Annual Assessments

As noted above, a majority of JFNA's revenues consist of federations' allocations from their annual fundraising campaigns, which are used for overseas needs. Funds are allocated to JFNA as either unrestricted or for specific programs of JFNA's beneficiary agencies.

Each year JFNA assesses each federation dues "fair share" to cover a portion of JFNA's operating budget (annual assessment). The assessments are made and accrued at the end of each fiscal year. Therefore, fair share is reflected as time restricted revenue on the consolidated statement of activities (with donor restrictions).

Contributions, U.S. Government Grants and Other Grants

Contributions and Other Grants- Unconditional contributions, including promises to give, cash, and other assets, are reported at fair value at the earlier of the date the contribution commitment is established or is received. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Upon expiration of the restriction(s), funds are reclassified and reported in the consolidated statement of activities as net assets released from restrictions.

U.S. Government Grants - JFNA receives a number of grants from the U.S. government for programs with Holocaust survivors and victims of trauma as well as for resettlement of humanitarian migrants

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

to Israel. The majority of these grants are then sub-granted to other organizations. Expense-based grants are recognized as allowable expenses are incurred. Revenues from government agencies are subject to audit by the agencies. No provision for any disallowance is reflected in the consolidated financial statements since management does not anticipate any material adjustments.

Other Revenues

JFNA records revenue associated with programs and activities, including the General Assembly and missions as the performance obligation is met. Any payments received prior to the event taking place is deferred as a liability on the consolidated statement of financial position.

Revenues from campaign allocations from communities and annual assessments, contributions and U.S. government grants are recognized in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). Accordingly, JFNA evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be a contribution, JFNA evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before JFNA is entitled to the assets transferred and promised and (2) a right of return of assets or a right of release of a promisor’s obligation to transfer assets. Revenues which are deemed to be unconditional are considered to be available for general purposes (without donor restrictions) unless specifically restricted by the donor. Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions are substantially met.

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), JFNA recognizes revenues from the General Assembly and other conferences, missions, and programs when the performance obligations are satisfied in accordance with a five-step model. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The revenues that are subject to 606 are not significant to the Organization.

Foreign Currency Translation

Foreign currency is translated in accordance with ASC 830, *Foreign Currency Matters*. Under the provisions of ASC 830, the local currency used in the Organization’s foreign operations is considered to be the functional currency of these operations. Assets and liabilities denominated in New Israeli Shekels (NIS), are translated to U.S. dollars (USD) using the exchange rate in effect at the date of the consolidated statement of financial position. Revenues, expenses, gains, and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying consolidated financial statements. The foreign currency exchange rate utilized within the consolidated statement of financial position at

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

June 30, 2021 was USD 1/3.26 NIS. The average rate utilized to translate revenue, expenses, gains, and losses relating to the year ended June 30, 2021 was USD 1/3.36 NIS.

The cumulative translation loss is included in net assets without donor restrictions. Loss on foreign currency translation for the year ended June 30, 2021 amounted to \$13.

Functional Allocation of Expenses

The costs of providing JFNA's program and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited, including occupancy, communication, office services, and depreciation, based on an estimation of time and/or space utilized.

Use of Estimates

In preparing consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and judgments that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization and UIA were incorporated in the state of New York and are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("the code") and, therefore, have made no provision for income taxes in the accompanying consolidated financial statements. The Organization and UIA have been determined by the IRS not to be "private foundations" within the meaning of Section 509(a) of the Code.

Under ASC 740, *Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on JFNA's consolidated financial statements. The Organization and UIA do not believe they have taken any material uncertain tax positions and, accordingly, they have not recorded any liability for unrecognized tax benefits. The Organization and UIA have filed for and received income tax exemptions in the jurisdictions where they are required to do so. Additionally, the Organization and UIA have filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2021, there were no interest or penalties recorded or included in the consolidated statement of activities.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. 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 JFNA's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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Notes to Consolidated Financial Statements (in thousands)

Reclassifications

Certain prior-year amounts were reclassified to conform to the current-year consolidated financial statement presentation.

Subsequent to the issuance of the consolidated financial statements on December 20, 2021, management discovered an error related to a misclassification of a release from net assets with donor restrictions to net assets without donor restriction for an amount of \$18,479. As a result of this error, the ending balances of the net assets with donor restrictions changed to \$154,604 and net assets without donor restrictions changed to \$114,581. In addition, footnotes 3 and 13 were adjusted to reflect the adjustments.

Recently Adopted Accounting Pronouncements

Fair Value Measurement: Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement

Accounting Standards Update (ASU) 2018-13, Fair Value Measurement: Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement, was issued as part of the Financial Accounting Standards Board (FASB) disclosure framework project to improve the effectiveness of disclosures about fair value measurements required under ASC 820. The ASU amends the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying and adding certain disclosures. This ASU is effective for fiscal years beginning after December 15, 2019. The Organization adopted this ASU in 2021 and there was no significant impact on the financial statements.

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for the Organization until annual periods beginning after December 15, 2019. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior-reporting period presented or with the cumulative effect being recognized at the date of initial application. The ASU has been adopted using the retrospective approach with cumulative effect of initially adopting the ASU recognized at the date of the adoption. The adoption of the ASU did not have material impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a

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lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments are effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The new credit losses standard changes impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking “expected loss” model that generally will result in earlier recognition of credit losses than under today’s incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2021. Management is currently evaluating the impact of this ASU on its financial Statements.

3. Liquidity and Availability of Resources

JFNA’s financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

June 30, 2021

Cash and cash equivalents	\$	18,884
Campaign allocations and annual assessments receivable, net, current		176,434
U.S. government grants receivable		2,841
Contributions receivable, primarily for capital projects in Israel, net, current		377
Advances, other receivables, and other assets, current		4,767
Investments, current		42,943
Total Financial Assets Available		246,246
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time		85,361
Total Financial Assets Available to Management for General Expenditures Within One Year	\$	160,885

Liquidity Management

As part of JFNA’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, JFNA invests cash in excess of daily requirements in short-term investments, including mutual funds, money market funds, equity securities, bonds, and certificate of deposits, all of which can be liquidated within 12 months, to help manage unanticipated liquidity needs.

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Notes to Consolidated Financial Statements (in thousands)

4. Contributions Receivable - Primarily for Capital Projects in Israel, Net

Contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using an average discount rate of 1.86% at June 30, 2021. Contributions receivable consist of the following:

June 30, 2021

Under 1 year	\$	377
1-5 years		339
		716
Less: discount to present value		(20)
		696
Less: allowance for doubtful accounts		(90)
	\$	606

5. Investments

JFNA's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 2 for the discussion of JFNA's policies regarding this hierarchy.

A description of the valuation techniques applied to JFNA's major categories of assets measured at fair value is as follows. There have been no changes in valuation methodology as of June 30, 2021.

Equities, U.S. Treasury Bonds - These assets are valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified as Level 1.

Mutual Funds - These assets are valued on a daily basis at the close of business day. Each mutual fund's NAV is the value of a single share that is actively traded on national securities exchanges. These investments are classified as Level 1.

State of Israel Bonds - These assets are valued based on yields currently available on comparable securities of issuers with similar credit ratings. These investments are classified as Level 2.

Alternative investments are those made in limited partnerships, government money market funds, commingled funds, and hedge funds, all of which are valued based on the NAV of the interest owned by JFNA at year-end. Given the absence of market quotations, their fair value is estimated using information provided to JFNA by the investment advisor, New England Pension Consultants (NEPC). The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose JFNA to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments entail varying degrees of risk, JFNA's exposure with respect to each such investment is limited to its carrying amount (fair value, as

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described above) in each investment plus JFNA's commitment to provide additional funding as described in the following paragraph. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. JFNA does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Investments are made under the authority and oversight of an Investment Committee in consultation with an outside consultant. Together, they have established investment guidelines and developed a diversified asset allocation structure, which includes high-cap equities, low-cap equities, international equities, fixed-income securities, and alternative investments. JFNA engages individual managers who specialize in each asset category, and each manager is monitored for compliance with guidelines, and performance is evaluated against appropriate benchmarks.

The following table sets forth, by level within the fair value hierarchy, the financial assets at fair value.

June 30, 2021

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equities	\$ 40,236	\$ -	\$ -	\$ 40,236
Fixed income	18,258	-	-	18,258
State of Israel bonds	-	698	-	698
Total Investments , in the fair market value hierarchy	\$ 58,494	\$ 698	\$ -	59,192
Investments measured at NAV*:				
Government money market fund				2,580
Commingled fund				5,886
Hedge funds				8,479
Total Investments			\$	76,137

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) 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 consolidated statement of financial position.

There were no transfers between levels for the year ended June 30, 2021.

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JFNA uses, as a practical expedient for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of June 30, 2021, as detailed below.

The following table sets forth a summary of the investments held by JFNA reported at NAV:

June 30, 2021

	Fair Value	Redemption Frequency	Redemption Notice Period
Money market fund:			
PNC Government Money Market Fund ^(a)	\$ 2,580	Daily	None
Commingled fund:			
Wellington Trust Company, N.A. CIF Research Equity Portfolio ^(b)	5,886	Daily	See note (b)
Hedge funds:			
Emerging Markets Equity Series of RBC ^(c)	5,017	Daily	5 business days
Limited partnerships:			
Davidson Kempner Institutional Partners, LP ^(d)	3,462	Quarterly	65 days
Total	\$ 16,945		

^(a) The principal investment objective of the money market fund is to maintain a NAV of \$1 per share.

^(b) The fund's investment objective is a long-term return in excess of the S&P 500 Index. The redemption notice period is same day notice by 4pm.

^(c) RBC is an emerging market equity strategy seeking to provide long term capital growth and is benchmarked against MSCI Emerging Markets Index.

^(d) The partnership is a multi-strategy fund with an event-driven focus, seeking to exploit situations in which announced or anticipated events create opportunities to invest in securities and other financial instruments at a discount to their existing values.

6. Split-Interest Agreements

JFNA is the beneficiary or agent for a third-party beneficiary of a number of split-interest agreements with donors. Certain agreements provide that JFNA hold the contributed assets as trustee (e.g., charitable remainder trusts), while other agreements are part of the general assets of JFNA (e.g., charitable gift annuities). Under both forms of agreement, JFNA invests the donated assets and distributes to the donor or donor's designee income generated from those assets until such time as stated in the agreement (usually upon the death of the donor or donor's designee). JFNA will be able to utilize that part of the gift in which it has an interest upon the death of the respective life income beneficiary and will distribute to any third-party beneficiaries their respective remainder interests.

At the time of the gift, and adjusted annually, JFNA records contribution income and a liability for amounts payable to annuitants and third-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculation of obligations due to annuitants under split-interest agreements at June 30, 2021 ranged from 1.2% to 6.2%. State-mandated insurance reserves related to charitable gift annuity agreements are maintained at the required level.

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Notes to Consolidated Financial Statements (in thousands)

The fair value of the investments under these agreements totaled \$3,213 at June 30, 2021 and is included in investments in the consolidated statement of financial position. At June 30, 2021, annuities payable were \$2,255.

Assets held for split-interest agreements are as follows:

June 30, 2021

Charitable gift annuities	\$	2,993
Charitable remainder trusts		220
	\$	3,213

JFNA's investments held under split-interest agreements, by level within the fair value hierarchy, consist of the following:

June 30, 2021

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equities	\$ 1,178	\$ -	\$ -	\$ 1,178
Fixed income	1,807			1,807
Total Investment Assets, in the fair value hierarchy	\$ 2,985	\$ -	\$ -	2,985
Investments measured at NAV*:				
Government money market fund				228
Total Investments			\$	3,213

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts inserted in this table are intended to present reconciliation of the fair value hierarchy table to the amounts presented in the consolidated statement of financial position.

7. Capital Projects in Israel

Capital projects consist principally of housing projects and other buildings, such as pre-schools, day care centers, sports halls, and colleges, in which educational and social services are provided. The majority of such projects are held under long-term renewable leases from the Israel Land Administration, a governmental organization, which restricts use of such projects for their current purpose. Housing is provided at rentals that are below market rates. For the year ended June 30, 2021, the rental income was \$271. The housing-related costs are included in allocations to The Jewish Agency; therefore, JFNA does not realize substantial income from such housing.

Advances for acquisition of capital projects in Israel relate to construction-in-progress. The Jewish Agency manages the construction and acquisition of capital projects on behalf of JFNA. Amounts transferred from advances to completed projects in the year ended June 30, 2021 totaled \$282. There were no advances for the acquisition of capital projects in Israel at June 30, 2021.

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Notes to Consolidated Financial Statements (in thousands)

The capital projects are reflected as follows:

June 30, 2021

	Useful Life (Years)	Cost	Accumulated Depreciation	Balance
General Fund	25	\$ 136,953	\$ (136,953)	\$ -
Project Renewal Fund	25	92,267	(91,641)	626
Israel Education Fund	25	227,734	(189,098)	38,636
U.S. Government Grant Fund	25	24,309	(24,309)	-
		\$ 481,263	\$ (442,001)	\$ 39,262

The aggregate depreciation expense charged to program services in Israel was \$5,219 during the year ended June 30, 2021.

8. Fixed Assets, Net

Fixed assets, net, are as follows:

June 30, 2021

Data-processing equipment	\$ 2,017
Furniture and fixtures	1,111
Automobiles	6
Software costs	1,145
Leasehold improvements	6,918
	11,197
Less: accumulated depreciation and amortization	(8,031)
	\$ 3,166

Depreciation and amortization expense was \$544 for the year ended June 30, 2021.

9. Loan Payable

On September 11, 2014, UIA entered into an unsecured loan agreement in the amount of \$34,300 with the Jewish Agency, the proceeds of which were used to repay an existing loan and swap agreement with Bank of America. The balance of the loan is payable in six annual installments of \$5,000 each beginning in fiscal year 2016, with an additional payment of \$3,908 due in fiscal year 2022. The loan bears interest at the rate of 1.86%.

10. Loans Payable - Paycheck Protection Program

On April 22, 2020, JFNA received a loan under the Paycheck Protection Program (PPP) in the amount of \$3,059 from PNC Bank. The loan bears a fixed interest at 1.00% per annum and matures on April 2, 2022. The outstanding amount of principal balance at June 30, 2021 was \$3,059. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), provides for loans to qualifying businesses for amounts up to two and a half times the average

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Notes to Consolidated Financial Statements (in thousands)

monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks, provided JFNA uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if JFNA terminates employees or reduces salaries during the 24-week period. As of August 9, 2021, the loan has been fully forgiven for the amount of \$3,059.

On March 23, 2021, JFNA received a loan under the PPP in the amount of \$2,000 from PNC Bank. The loan bears a fixed interest at 1.00% per annum and matures on March 23, 2026. The outstanding amount of principal balance at June 30, 2021 was \$2,000. Management believes this loan will be fully forgiven.

11. Retirement Plans

JFNA has a trustee noncontributory defined benefit retirement plan (the "Plan") covering substantially all employees who were employed prior to it being frozen (see below). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is financed by employer contributions, actuarially determined to be sufficient to meet the requirements of the Plan and ERISA.

JFNA provided a non-qualified Benefit Restoration Plan (BRP) for certain individuals whose salaries were above the IRS limit for pensions. Participation in BRP required approval by JFNA's Compensation Committee. The benefit has its own caps and is intended to make up pension benefits over IRS compensation limits.

The Plan and BRP plan were frozen, effective June 30, 2013. Beginning July 1, 2013, a new defined contribution pension plan was created for new and current employees. The terms of the new plan offer the following: a) a 50% match of an employee's own contribution to the plan, up to a maximum match by JFNA of 3% of eligible gross salary; and b) an employer-directed contribution of 2% of eligible gross salary, regardless of how much or whether an employee contributes to the plan.

Effective August 1, 2017, the Plan was amended to provide a lump-sum benefit option for all terminating and retiring participants.

For former UJA (predecessor organization) employees, there is a grandfathered Medigap program commencing at the employee's age of 65. Former UJA employees with a minimum of ten years of service on December 31, 1999 were 100% vested and eligible to participate in the Medigap program. Those with less than ten years of service at UJA were vested at the rate of 10% for each completed year of service, up to December 31, 1999, provided that they served a minimum of ten years with the Organization, including years served at JFNA.

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Notes to Consolidated Financial Statements (in thousands)

The following sets forth the funded status and amounts recognized in JFNA's consolidated financial statements:

June 30, 2021

	Retirement Plan	Postretirement Medicare Supplement Plan
Change in Projected Benefit Obligation		
Projected Benefit Obligation, beginning of year	\$ 49,881	\$ 6,340
Service cost	51	-
Interest cost	1,228	162
Changes in assumptions - discount rate and mortality projection	(836)	(322)
Benefits paid	(7,671)	(276)
Actuarial gain	556	22
Projected Benefit Obligation, end of year	43,209	5,926
Change in Plan Assets		
Fair Value of Plan Assets, beginning of year	27,375	-
Gain on plan assets (net of expenses)	5,206	-
Contributions	1,600	276
Benefits paid	(7,671)	(276)
Fair Value of Plan Assets, end of year	26,510	-
Funded Status	\$ (16,699)	\$ (5,926)

June 30, 2021

	Retirement Plan	Postretirement Medicare Supplement Plan
Components of net periodic cost:		
Service cost	\$ 51	\$ -
Interest cost	1,228	162
Expected loss on assets	(1,326)	-
Amortization of gain (loss) during prior years	1,633	(105)
Net Periodic Cost	\$ 1,586	\$ 57
Adjustment to minimum pension liabilities	\$ 7,045	\$ 195

The expected pension contribution for the year ended June 30, 2021 is \$1,155.

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Notes to Consolidated Financial Statements (in thousands)

The expected benefit payments are as follows:

June 30,

	Retirement Plan	Postretirement Medicare Supplement Plan
2022	\$ 2,568	\$ 302
2023	2,606	313
2024	2,561	315
2025	2,601	322
2026	2,585	326
2027-2031	12,268	1,602
Measurement date	June 30	June 30
Weighted-average assumptions (%):		
Discount rate - beginning of year	2.53	2.61
Discount rate - end of year	2.61	2.67
Expected return on plan assets	5.00	N/A
Rate of compensation increase	2.50	N/A

For measurement purposes, a 4.75% annual rate of increase in the per-capita cost of covered health care benefits was assumed.

The new RP-2014 Mortality Table for employees and healthy annuitants projected generationally with scale MP-2019 was used for year-end disclosure purposes.

The health care cost trend rate assumption has a significant effect on the amounts reported. Increasing or decreasing the assumed health care cost trend rate by one percentage point would have the following effect:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	\$ 23	\$ (19)
Effect on postretirement benefit obligation	747	(627)

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Notes to Consolidated Financial Statements (in thousands)

The fair value of JFNA's retirement plan assets is as follows:

June 30, 2021

	Assets at Fair Value				Total
	Level 1	Level 2	Level 3		
Investments at fair value:					
Mutual funds	\$ 18,674	\$ -	\$ -	\$ -	\$ 18,674
Total Investments , in the fair value hierarchy	\$ 18,674	\$ -	\$ -		
Investments measured at NAV*:					
Commingled funds					2,186
Hedge fund					1,749
Collective trust fund					2,779
Money market fund					1,152
Total Fair Value Investments				\$	26,540

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts inserted in this table are intended to present reconciliation of the fair value hierarchy table to the amounts presented in the consolidated statement of financial position.

The Organization had no financial assets that were measured at fair value on a non-recurring basis during the year ended June 30, 2021.

The following table sets forth a summary of JFNA's investments with a reported NAV:

June 30, 2021

	NAV in Funds	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Commingled fund ^(a)	\$ 2,186	\$ -	Daily	Same day by 4pm
RBC Emerging Markets ^(b)	1,749	-	Daily	5 business days
Collective trust fund ^(c)	2,779	-	Weekly	5 business days
Money market fund ^(d)	1,152	-	Daily	Same day
Total	\$ 7,866	\$ -		

^(a) Wellington Research Equity II, whose principal investment objective is a long-term return in excess of the S&P 500 Index. The fund invests primarily in locally listed common stock, depositary receipts, and real estate securities. The redemption frequency is daily with same day notice by 4pm.

^(b) RBC Emerging Markets Equity Series is an emerging market equity strategy seeking to provide long term capital growth and is benchmarked against HSCI Emerging Market Index.

^(c) Legal & General US Long Duration US Equity Collective Investment Trust Fund is a Collective Investment Trust that invests in the existing Long Credit fund along with direct investments in Custom Long Government Physical Bond Portfolio and S&P 500 Futures to achieve the S&P 500 and Long Government/ credit exposure.

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Notes to Consolidated Financial Statements (in thousands)

(d) Government Obligations Fund - SEL ERISA & DISC IRA FD #07, who seeks current income consistent with stability of principal by investing in a portfolio of U.S. Treasury and government securities.

JFNA maintains a 457(b) deferred compensation plan limited to a select group of management. JFNA will make non-elective contributions to the plan up to the maximum amount permitted by IRC Section 457(b)(2). As of June 30, 2021, the benefit liability and related asset was \$44 and is included in other payables and advances, other receivables, and other assets in the consolidated statement of financial position.

JFNA maintains a 403(b) retirement plan that covers all eligible employees. Employees may elect to defer compensation and make contributions to the plan. The Employer will make a discretionary matching contribution of 50% of the employee contribution, limited to 3% of compensation for full-time employees and employees over the age of 21. Full-time employees over the age of 21, who work 23 weeks or more from January 1, 2020 through December 31, 2020, are eligible for an additional employer non-elective contribution of a discretionary amount based on compensation of 2%. The total expense for the year ended June 30, 2021 was \$572.

12. Commitments and Contingencies

In October 2008, JFNA entered into a lease for office premises for a 21-year period, expiring in December 2029 with an option to extend, as defined, for another five-year period. The lease provides for construction and rent allowances. The construction allowance was credited to leasehold improvements and the rent allowance is being amortized over the lease period on the straight-line basis, in accordance with U.S. GAAP.

JFNA rents office space under lease agreements with various expiration dates through 2029. At June 30, 2021, the future minimum total payments required under noncancelable leases were as follows:

Year ending June 30,

2022	\$	2,844
2023		2,844
2024		2,844
2025		3,087
2026		3,233
Thereafter		10,915
Total Future Minimum Lease Payments	\$	25,767

Rent expense for the year ended June 30, 2021 amounted to \$3,445, net of subtenants' rent of \$61.

In 2015, JFNA entered into various capital lease arrangements for the use of a data-processing system, and incurred costs of \$398 and interest rate of 5%-6% during the year at June 30, 2021. The balance outstanding at June 30, 2021 was \$482, which is included in other payables on the consolidated statement of financial position.

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

Future minimum lease payments are as follows:

Year ending June 30,

2022	\$	169
2023		147
2024		126
2025		70
2026		22
		534
Less: amount representing interest		(52)
Present Value of Net Minimum Lease Payments	\$	482

JFNA, at various times, is a party to litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on JFNA's consolidated financial position.

13. Net Assets with Donor Restrictions

JFNA maintained the following net assets with donor restrictions:

June 30, 2021

Net Assets Restricted in Perpetuity		
Overseas	\$	18,460
Federations		6,480
Domestic		4,234
Other		807
Total Net Assets Restricted in Perpetuity		29,981
Net Assets with Purpose and Time Restrictions		
Fair share allocations for fiscal year 2022		29,462
Property, equipment, and capital projects		39,262
Israel Emergency Campaigns		4,072
Israel Education Fund		5,411
Other overseas programs		17,714
Other domestic programs		28,702
Total Net Assets with Purpose and Time Restrictions		124,623
	\$	154,604

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

Net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

Year ended June 30, 2021

Fair share allocations for fiscal year 2021	\$	27,057
Property, equipment, and capital projects		5,319
Israel Emergency Campaigns		2,179
Israel Education Fund		2,262
Other overseas programs		1,876
Other domestic programs		20,890
	\$	59,583

Endowment Funds

General

JFNA has donor-restricted and Board-Designated endowment funds principally established to help fund various projects for Israel & Overseas or Domestic purposes. The funds that were established, including the Board-Designated funds, by the predecessor organizations must be used for the purposes of their respective predecessor Organization. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of JFNA has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the “historic dollar value” standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. JFNA is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years’ balance. As a result of this interpretation, JFNA classifies with donor restriction - perpetual in nature (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund and accumulations to the permanent endowment (interest/dividends, etc.), that is not classified in with donor restriction - perpetual in nature, are classified as net assets with donor restriction - purpose restricted until those amounts are appropriated for expenditure by JFNA, in a manner consistent with the standards of prudence prescribed by NYPMIFA.

JFNA has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. The endowment funds are invested in vehicles, such as government and equity securities, as well as alternative investments.

JFNA considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the funds.
- The purposes of JFNA and the donor-restricted endowment funds.

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of JFNA.
- The investment policy of JFNA.

Endowment Net Asset Composition by Type of Fund as of June 30, 2021

	Board-Designated	Restricted in Perpetuity	Total
Endowment Net Assets, beginning of year	\$ 22,460	\$ 29,971	\$ 52,431
Contributions	-	10	10
Transfers in	378	-	378
Investment income, net	5,789	711	6,500
Appropriation of endowment assets for expenditure	(1,689)	(711)	(2,400)
Endowment Net Assets, end of year	\$ 26,938	\$ 29,981	\$ 56,919

	Board-Designated	Restricted in Perpetuity	Total
Investment by type of fund			
Donor-restricted endowment:			
Historical gift value	-	29,981	29,981
Appreciation	-	-	-
Board-Designated endowment	26,938	-	26,938
Endowment Net Assets	\$ 26,938	\$ 29,981	\$ 56,919

14. Related Organizations

UIA is the primary shareholder of a public-benefit corporation in Israel. As such, it has the authority to select certain Board members when there are vacancies or when the Board members' terms expire. UIA does not control the operations or have any rights to its assets. In the event of dissolution, the net assets would revert to another named not-for-profit entity(ies) in Israel. Accordingly, the assets and liabilities and activities of the Organization have not been consolidated in the accompanying consolidated financial statements.

UIA and the Jewish Agency have some common Board members and UIA has the power to appoint 36 members to the Jewish Agency's Board, which does not represent the majority of the Board members. UIA funds various programs that are administered by the Jewish Agency.

The Jewish Federations of North America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (in thousands)

15. Concentration of Credit Risk

The financial instruments that potentially subject JFNA to concentration of credit risk consist primarily of cash and cash equivalents. At various times, JFNA has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation (FDIC) limit. These financial institutions have strong credit ratings; therefore, management believes the risk related to these accounts is minimal.

16. Subsequent Events

JFNA's management has performed subsequent events procedures through December 20, 2021, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

As of August 9, 2021, JFNA's Paycheck Protection Program loan was fully forgiven in the amount of \$3,059.

Supplementary Information

The Jewish Federations of North America, Inc. and Subsidiaries

Consolidating Schedule of Activities (in thousands)

June 30, 2021

	The Jewish Federations of North America, Inc. and Subsidiary	United Israel Appeal, Inc.	Eliminations	Total
Assets				
Current				
Cash and cash equivalents	\$ 18,745	\$ 139	\$ -	\$ 18,884
Allocations and annual assessments receivable	176,434	104,515	(104,515)	176,434
U.S. government grants receivable	2,841	-	-	2,841
Contributions receivable, primarily for capital projects in Israel, net	-	377	-	377
Advances, other receivables, and other assets, current	4,801	-	(34)	4,767
Investments at fair value, current	42,943	-	-	42,943
Total Current Assets	245,764	105,031	(104,549)	246,246
Contributions Receivable , primarily for capital projects in Israel, net, less current portion	-	229	-	229
Advances, Other Receivables and Other Assets , less current portion	-	77	-	77
Investments , at fair value	33,194	-	-	33,194
Capital Projects in Israel	-	39,262	-	39,262
Fixed Assets, Net	3,162	4	-	3,166
Total Assets	\$ 282,120	\$ 144,603	\$ (104,549)	\$ 322,174
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 7,826	\$ 64	\$ -	\$ 7,890
Loan payable, current	-	3,908	-	3,908
Loans payable - Paycheck Protection Program, current	3,059	-	-	3,059
Accrued postretirement benefits other than pensions, current	302	-	-	302
Amounts held for others	108,027	-	(104,515)	3,512
Accrued pension benefit cost, current	2,568	-	-	2,568
Deferred revenue	1,799	-	-	1,799
Deferred rent, current	436	-	-	436
Other payables	176	34	(34)	176
Total Current Liabilities	124,193	4,006	(104,549)	23,650
Accrued Postretirement Benefits , other than pensions, less current portion	5,624	-	-	5,624
Loan Payable , less current portion	-	-	-	-
Loan Payable - Paycheck Protection Program	2,000	-	-	2,000
Deferred Rent , less current portion	5,016	-	-	5,016
Obligations Under Split-Interest Agreements	2,255	-	-	2,255
Accrued Pension Benefit Cost , less current portion	14,131	-	-	14,131
Other Payables , less current portion	313	-	-	313
Total Liabilities	153,532	4,006	(104,549)	52,989
Net Assets	128,588	140,597	-	269,185
Total Liabilities and Net Assets	\$ 282,120	\$ 144,603	\$ (104,549)	\$ 322,174

The Jewish Federations of North America, Inc. and Subsidiaries

Consolidating Schedule of Activities (in thousands)

Year ended June 30, 2021

	The Jewish Federations of North America, Inc. and Subsidiary	United Israel Appeal, Inc.	Eliminations	Total
Operating Revenues, Gains, and Other Support				
Campaign allocations from communities and annual assessments	\$ 223,526	\$ 143,752	\$ (146,530)	\$ 220,748
Contributions and grants	26,561	-	-	26,561
U.S. government grant	4,930	5,000	-	9,930
General assembly and other conference revenues	192	-	-	192
Missions	45	-	-	45
Program revenues	900	-	-	900
Investment gain	14,028	-	-	14,028
Rental income	-	271	-	271
Other revenues	2,718	1	-	2,719
Total Operating Revenues, Gains and Other Support, before amounts received for distribution to others	272,900	149,024	(146,530)	275,394
Less: amounts received for distribution to others	(4,032)	-	-	(4,032)
Total Operating Revenues	268,868	149,024	(146,530)	271,362
Expenses				
Program services:				
United Israel Appeal, Inc. program services in Israel	143,715	157,180	(146,250)	154,645
Missions	513	-	-	513
JDC and other programs	98,343	-	-	98,343
Total Program Services	242,571	157,180	(146,250)	253,501
Supporting services:				
Management and general	10,737	287	(280)	10,744
Fundraising	1,208	-	-	1,208
Total Supporting Services	11,945	287	(280)	11,952
Total Operating Expenses	254,516	157,467	(146,530)	265,453
Change in Net Assets from Operating Activities	14,352	(8,443)	-	5,909
Non-Operating Activities				
Adjustment to minimum pension liabilities	7,240	-	-	7,240
Change in Net Assets	21,592	(8,443)	-	13,149
Net Assets, beginning of year	106,996	149,040	-	256,036
Net Assets, end of year	\$ 128,588	\$ 140,597	\$ -	\$ 269,185