

JEWISH FEDERATION OF GREATER DALLAS

Financial Statements

**As of and For the Years Ended
July 31, 2013 and 2012**

(With Independent Auditor's Report)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jewish Federation of Greater Dallas

We have audited the accompanying financial statements of the Jewish Federation of Greater Dallas (the Federation) (a nonprofit organization), which comprise the statements of financial position as of July 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As more fully described in Notes 1 and 8 to the financial statements, the Federation has chosen not to combine the financial statements of one Northaven Facilities Corporation (NCFC) as required under Financial Accounting Standards Board Accounting Standards Codification topic *Not-for-Profit Entities Consolidation*. Under accounting principles generally accepted in the United States of America, there is a presumption that combined financial statements provide a more meaningful presentation of results of activities and financial position; however, the accompanying financial statements are not combined due to management's desire to present only the Federation's financial position and activities. Also as described further in Note 8 to the financial statements, an unconditional promise to donate facility rent to the Federation by NCFC is not reflected in the financial statements of the Federation. Accounting principles generally accepted in the United States of America require that such donations be recorded at the fair value of the donated rent at the date the promise to give was made.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of July 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hartman Leito & Bolt, LLP

February 6, 2014
Dallas, Texas

JEWISH FEDERATION OF GREATER DALLAS
Statements of Financial Position
July 31, 2013 and 2012

	2013	2012
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,908,482	\$ 4,401,343
Investments	2,660,528	2,634,043
Pledges receivable, net	4,585,070	4,523,564
Bequest receivable	15,150	477
Prepaid expenses	216,802	43,311
Other assets	-	2,000
Interest in net assets of a foundation	292,290	278,787
Building and equipment, net	1,056,990	1,136,062
Total assets	\$ 12,735,312	\$ 13,019,587
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and other liabilities	\$ 853,096	\$ 608,282
Agency liabilities	300,287	592,402
Allocations payable	6,089,392	6,190,425
Note payable to a foundation	934,130	947,700
Due to associated agencies	35,437	7,386
Total liabilities	8,212,342	8,346,195
Commitments and contingencies	-	-
NET ASSETS:		
Unrestricted:		
Undesignated	2,325,671	3,013,658
Board designated	1,347,702	1,318,732
Total unrestricted	3,673,373	4,332,390
Temporarily restricted	849,597	341,002
Total net assets	4,522,970	4,673,392
Total liabilities and net assets	\$ 12,735,312	\$ 13,019,587

The accompanying notes are an integral part of the financial statements.

JEWISH FEDERATION OF GREATER DALLAS
Statements of Activities
For the Years Ended July 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:						
Grants and contributions	\$ 9,059,705	\$ 660,311	\$ 9,720,016	\$ 9,290,371	\$ 161,020	\$ 9,451,391
Special events income, net of donor benefit costs of \$205,006 and \$151,272, respectively	116,626	-	116,626	188,125	-	188,125
Investment (loss) income	(14,515)	-	(14,515)	71,776	-	71,776
Provision for losses on uncollectible contributions receivable	(305,624)	-	(305,624)	(291,620)	-	(291,620)
Rent income	18,565	-	18,565	20,307	-	20,307
Change in value of interest in net assets of a foundation	13,503	-	13,503	(16,695)	-	(16,695)
Net assets released from restrictions	151,716	(151,716)	-	175,808	(175,808)	-
Total revenues and support	9,039,976	508,595	9,548,571	9,438,072	(14,788)	9,423,284
EXPENSES AND DISTRIBUTIONS:						
Program services:						
Allocations to national, international and local agencies	4,748,051	-	4,748,051	4,732,933	-	4,732,933
Center for Jewish Education	615,073	-	615,073	721,029	-	721,029
Community engagement	647,781	-	647,781	504,181	-	504,181
Community scan	158,924	-	158,924	-	-	-
Israel and Overseas	299,565	-	299,565	39,456	-	39,456
Jewish Community Relations Council	405,005	-	405,005	422,477	-	422,477
Jewish Federations of North America	329,792	-	329,792	328,600	-	328,600
Missions and leadership	20,093	-	20,093	25,353	-	25,353
Planning and allocations	143,421	-	143,421	178,511	-	178,511
Shared and other	427,092	-	427,092	355,200	-	355,200
Young Adult Division	41,829	-	41,829	38,553	-	38,553
Total program services	7,836,626	-	7,836,626	7,346,293	-	7,346,293
Fundraising	847,167	-	847,167	956,635	-	956,635
General and administrative	1,015,200	-	1,015,200	995,499	-	995,499
Total expenses and distributions	9,698,993	-	9,698,993	9,298,427	-	9,298,427
Change in net assets	(659,017)	508,595	(150,422)	139,645	(14,788)	124,857
Net assets at beginning of year	4,332,390	341,002	4,673,392	4,192,745	355,790	4,548,535
Net assets at end of year	\$ 3,673,373	\$ 849,597	\$ 4,522,970	\$ 4,332,390	\$ 341,002	\$ 4,673,392

The accompanying notes are an integral part of the financial statements.

JEWISH FEDERATION OF GREATER DALLAS
Statement of Functional Expenses
For the Year Ended July 31, 2013

	Program Services											Fundraising	General and Administrative	Total	
	Allocations to National, International and Local Agencies	Center for Jewish Education	Community Engagement	Community Scan	Israel and Overseas	Jewish Community Relations Council	Jewish Federations of North America	Missions and Leadership	Planning and Allocations	Shared and Other	Young Adult Division				Total Program Services
Salaries	\$ -	\$ 347,788	\$ 416,679	\$ 12,477	\$ 28,413	\$ 234,455	\$ -	\$ -	\$ 117,633	\$ 78,072	\$ 26,523	\$ 1,262,040	\$ 439,241	\$ 563,192	\$ 2,264,473
Employee benefits	-	30,209	40,822	-	6,499	111,636	-	-	12,514	8,344	2,857	212,881	42,595	65,643	321,119
Payroll taxes and related	-	27,088	28,194	955	2,071	26,717	-	-	8,018	5,329	1,961	100,333	29,690	43,426	173,449
Total payroll expenses	-	405,085	485,695	13,432	36,983	372,808	-	-	138,165	91,745	31,341	1,575,254	511,526	672,261	2,759,041
Allocations	4,748,051	-	-	-	-	-	-	-	-	-	-	4,748,051	-	-	4,748,051
Bank fees and credit card discount fees	-	-	-	-	-	-	-	-	-	103,879	-	103,879	-	-	103,879
Dues and subscriptions	-	91,656	272	23	-	6,073	329,792	-	-	14,583	-	442,399	240	-	442,639
Equipment and maintenance	-	5,036	114	-	-	674	-	-	-	461	-	6,285	575	21,456	28,316
Insurance	-	-	-	-	-	-	-	-	-	1,435	-	1,435	717	10,281	12,433
Interest expense	-	-	-	-	-	-	-	-	-	10,980	-	10,980	-	-	10,980
Meetings and conferences	-	6,577	7,293	1,295	26,461	15,888	-	69	3,314	11,000	8,982	80,879	25,703	38,363	144,945
Missions	-	-	-	-	31,213	-	-	20,012	-	1,201	-	52,426	4,181	-	56,607
Occupancy	-	1,097	38	-	-	-	-	-	-	75,377	-	76,512	37,726	51,115	165,353
Office supplies and materials	-	6,228	3,390	55	654	385	-	-	56	2,950	52	13,770	7,962	33,502	55,234
Other	-	35,083	12,374	40	95,955	2,191	-	-	-	481	179	146,303	11,864	28,435	186,602
Postage and shipping	-	12,713	7,318	-	87	92	-	5	229	4,609	10	25,063	21,307	3,163	49,533
Printing and related	-	18,840	23,716	2,554	538	707	-	-	27	13,846	225	60,453	56,872	3,609	120,934
Professional services	-	18,220	38,458	141,522	105,867	-	-	-	-	38,135	-	342,202	71,738	108,399	522,339
Rentals, facilities and decorations for events	-	-	59,052	-	-	-	-	-	-	10,580	-	69,632	59,052	-	128,684
Software and licenses	-	1,001	-	-	-	-	-	-	-	8,452	-	9,453	8,452	16,904	34,809
Travel	-	323	42	3	506	955	-	7	4	263	389	2,492	1,029	1,652	5,173
Total expense before depreciation	4,748,051	601,859	637,762	158,924	298,264	399,773	329,792	20,093	141,795	389,977	41,178	7,767,468	818,944	989,140	9,575,552
Depreciation of building and equipment	-	13,214	10,019	-	1,301	5,232	-	-	1,626	37,115	651	69,158	28,223	26,060	123,441
Total Expenses	\$ 4,748,051	\$ 615,073	\$ 647,781	\$ 158,924	\$ 299,565	\$ 405,005	\$ 329,792	\$ 20,093	\$ 143,421	\$ 427,092	\$ 41,829	\$ 7,836,626	\$ 847,167	\$ 1,015,200	\$ 9,698,993

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF GREATER DALLAS
Statement of Functional Expenses
For the Year Ended July 31, 2012

	Allocations to National, International and Local Agencies	Center for Jewish Education	Community Engagement	Isreal and Overseas	Jewish Community Relations Council	Jewish Federations of North America	Missions and Leadership	Planning and Allocations	Shared and Other	Young Adult Division	Total Program Services	Fundraising	General and Administrative	Total
Salaries	\$ -	\$ 388,682	\$ 357,419	\$ -	\$ 286,605	\$ -	\$ -	\$ 145,816	\$ -	\$ -	\$ 1,178,522	\$ 430,454	\$ 521,798	\$ 2,130,774
Employee benefits	-	28,623	44,203	106	39,857	-	-	10,188	-	-	122,977	52,248	57,976	233,201
Payroll taxes and related	-	26,626	26,243	-	22,300	-	-	11,533	-	-	86,702	31,858	32,319	150,879
Total payroll expenses	-	443,931	427,865	106	348,762	-	-	167,537	-	-	1,388,201	514,560	612,093	2,514,854
Allocations	4,732,933	-	-	-	-	-	-	-	-	-	4,732,933	-	-	4,732,933
Bank fees and credit card discount fees	-	-	-	-	-	-	-	-	108,182	-	108,182	-	-	108,182
Dues and subscriptions	-	55,817	174	-	7,303	328,600	-	-	846	-	392,740	199	-	392,939
Equipment and maintenance	-	2,085	-	-	-	-	-	-	-	-	2,085	-	16,861	18,946
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	17,189	17,189
Interest expense	-	-	-	-	-	-	-	-	10,159	-	10,159	-	-	10,159
Meetings and conferences	-	11,281	5,388	18,387	11,602	-	737	5,647	3,985	30,087	87,114	15,986	36,862	139,962
Missions	-	-	-	11,175	24,713	-	24,558	-	-	-	60,446	11,567	-	72,013
Occupancy	-	2,245	805	408	510	-	-	-	150,266	360	154,594	805	18,205	173,604
Office supplies and materials	-	2,933	3,507	305	834	-	42	428	483	28	8,560	4,624	24,382	37,566
Other	-	95,862	15,444	7,854	3,620	-	-	79	3,124	248	126,231	25,894	28,065	180,190
Postage and shipping	-	5,374	7,695	127	820	-	2	21	3,241	6	17,286	25,166	1,281	43,733
Printing and related	-	22,370	8,917	-	4,337	-	-	-	8,764	350	44,738	54,931	7,358	107,027
Professional services	-	43,373	19,853	-	2,090	-	-	1,908	12,738	5,502	85,464	157,164	193,537	436,165
Rentals, facilities and decorations for events	-	19,484	4,393	330	11,213	-	-	-	53,275	1,501	90,196	58,792	450	149,438
Software and licenses	-	1,000	-	-	168	-	-	188	-	-	1,356	-	29,652	31,008
Travel	-	278	143	764	2,756	-	14	204	137	471	4,767	722	2,066	7,555
Total expense before depreciation	4,732,933	706,033	494,184	39,456	418,728	328,600	25,353	176,012	355,200	38,553	7,315,052	870,410	988,001	9,173,463
Depreciation of building and equipment	-	14,996	9,997	-	3,749	-	-	2,499	-	-	31,241	86,225	7,498	124,964
Total Expenses	\$ 4,732,933	\$ 721,029	\$ 504,181	\$ 39,456	\$ 422,477	\$ 328,600	\$ 25,353	\$ 178,511	\$ 355,200	\$ 38,553	\$ 7,346,293	\$ 956,635	\$ 995,499	\$ 9,298,427

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF GREATER DALLAS
Statements of Cash Flows
For the Years Ended July 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (150,422)	\$ 124,857
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	123,441	124,964
Provision for losses on uncollectible contributions receivable	305,624	291,620
Realized and unrealized loss (gain) on investments	36,487	(47,386)
Realized and unrealized loss on interest in net assets of a foundation	-	1,680
Donated investments	(53,503)	-
Change in operating assets and liabilities:		
Increase in pledges receivable	(367,130)	(172,741)
(Increase) decrease in bequest receivable	(15,150)	10,130
Decrease in due from associated agencies	28,051	20,668
Decrease (increase) in interest and other receivables	477	(477)
Increase in prepaid expenses	(173,491)	(23,160)
Increase in accounts payable and other liabilities	244,814	247,064
Decrease in allocations payable	(101,033)	(647,040)
Decrease (increase) in agency liabilities	(292,115)	43,535
Net cash used in operating activities	(413,950)	(26,286)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(11,844)	(1,294,894)
Change in investment in interest in net assets of a foundation	(13,503)	11,922
Proceeds from sales and maturities of investments	4,374	16,117
Purchases of fixed assets	(44,368)	(64,482)
Net cash used in investing activities	(65,341)	(1,331,337)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(13,570)	(13,993)
Net decrease in cash and cash equivalents	(492,861)	(1,371,616)
Cash and cash equivalents at beginning of year	4,401,343	5,772,959
Cash and cash equivalents at end of year	\$ 3,908,482	\$ 4,401,343
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION-		
Interest paid	\$ 10,980	\$ 10,159

The accompanying notes are an integral part of the financial statements.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

The Jewish Federation of Greater Dallas (the Federation) coordinates and implements fund-raising, planning, leadership development, education, and community relations for the Jewish community. Substantially all of the Federation's revenues are raised from individuals and organizations in the Dallas/Fort Worth area. The Federation is qualified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Federation's primary programs include:

Allocations to national, international and local agencies: Allocations to national, international and local agencies are gifts and grants made by the Federation to various agencies and organizations in fulfillment of the Federation's mission.

Center for Jewish Education: The Center for Jewish Education (CJE) serves as a resource, facilitator, and conveyor within the community; to enrich existing programs, and serve as a catalyst for new Jewish education initiatives; and to promote Jewish education as the critical link to ensuring Jewish continuity and the increased engagement of all members of the Greater Dallas Jewish community. CJE works with other Federation departments particularly in areas involving educational planning.

Community Engagement: A main component of the mission of the Federation is to build community in addition to raising and allocating funds. Through engagement of hundreds of volunteers across various departments of the Federation, the Federation inspires and connects community members who might otherwise not be actively involved in the organized Jewish community including the Campaign department, Israel and Overseas, Planning and Allocations, Finance, Partnership 2Gether, Young Adult Division and others.

Community Scan: The Community Scan is the first formal project conducted in over 25 years to better understand the authentic needs, perceptions and philanthropic trends of our Jewish community. Fifty agencies, congregations and organizations signed on to participate to represent the broadest coalition created for such an endeavor.

Israel and Overseas: The Israel and Overseas program works to build awareness and momentum in Dallas around the case for Israel and Overseas by maintaining living connections between Dallas and Jewish communities in Israel and around the world. Israel and Overseas initiatives create meaningful program, travel, and engagement opportunities for the Dallas community.

Jewish Community Relations Council: The Jewish Community Relations Council (JCRC) is the central umbrella organization for public affairs that brings together Jewish organizations and religious institutions in the Greater Dallas area. The JCRC seeks to develop organized Jewish community consensus on issues affecting the security and continuity of the Jewish people as well as concerns affecting the local Dallas Jewish community and the community at large.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Nature of Operations (Continued)

Jewish Federations of North America: The Jewish Federations of North America is the International umbrella organization for the North American Federations. They provide numerous services to each local Federation including consulting and recruitment, marketing and branding guidelines and tactics, national young adult and women's philanthropy programs, missions and VIP travel support, leadership development, financial resource development consulting and other vital programs and services that ultimately benefit the entire community through the success of the local Federations.

Missions and Leadership: Missions and leadership activities include programs and trips sponsored by the Federation to explore Jewish life in other communities and to address ongoing communal needs by recruiting and educating young men and women to be active and effective participants in the Jewish community in the years to come.

Planning and Allocations: Planning and allocation activities are associated with identifying, selecting, and monitoring programs, agencies, and organizations requesting and receiving allocations.

Shared and Other: Occupancy, professional services, and other expenses shared by the other major programs listed above and various smaller programmatic functions for which allocation to individual programs is not reasonably determinable or material to the financial statements.

Young Adult Division: The Young Adult Division (YAD) is the future of our community, inspiring and engaging young adults through networking, education, and philanthropy for the purpose of community building and leadership development.

Northaven Facilities Corporation (NCFC) was established to oversee the maintenance and development of the property and buildings where the Federation and a separate entity are located. NCFC is a 501(c)(3) organization operating as a supporting agency of the Federation under the meaning of Section 509(a)(3). Under NCFC's articles of incorporation and by-laws, it operates with its own board of directors. Three of the five directors must be either serving members of the Federation board of directors or past chairmen of the Federation.

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Not-for-Profit Entities Consolidation*, for a reporting organization that controls another organization, it is presumed that combined financial statements are more meaningful than separate statements and are usually necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. The accompanying financial statements are not combined due to management's desire to present a separate set of financial statements showing only the Federation's financial position and results of operations. No combined financial statements were prepared for the year ended July 31, 2013 and 2012; however, the combined statements of financial position in summary format for the Federation and NCFC is included in Note 8.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Presentation

The Federation reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Represents resources that are generally not subject to donor imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Contributions received with time and/or purpose restrictions which are fully expended in the same period are classified as unrestricted.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Federation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Federation. The Federation had no permanently restricted net assets as of July 31, 2013 and 2012.

Revenues and support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Contributions are recognized as support in the period unconditional pledges to give are received. Contributions of assets other than cash are sold immediately and recorded at the amount of cash received, which approximates the fair value of the contributions.

(c) Cash and Cash Equivalents

For purposes of cash flows, the Federation considers cash, money market accounts, and all highly liquid debt instruments with original maturities of three months or less to be cash and cash equivalents.

(d) Other Assets

Other assets consist of bonds, certificates of deposits or similar investments which are reported at amounts that approximate fair value.

(e) Pledges Receivable

Pledges receivable consist of unconditional promises to give and are recognized in the year the unconditional promise is made. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

At July 31, 2013 and 2012, the Federation's pledges receivable consist of amounts which the Federation expects to be substantially collected in one year or less, less an allowance for uncollectible pledges for all current and prior campaigns of \$1,602,296 and \$1,357,730, respectively. The allowance for doubtful pledges is based on the collection experience of the Federation and analysis of specific promises made.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Pledges Receivable (Continued)

Because substantially all pledges are due within one year, the effect of discounting future pledges to present value is insignificant. Therefore, no discount has been applied.

(f) Investments and Interest in Net Assets of a Foundation

Investments and Interest in Net Assets of a Foundation on the statements of financial position represents assets of the Federation that are held by the Dallas Jewish Community Foundation (the Foundation). Investments held by this foundation are diversified and include cash equivalents, mutual funds, debt securities and equity securities.

(g) Building and Equipment

Building and equipment are stated at cost if purchased or at the estimated fair value at the date of donation if donated. The Federation capitalizes property and equipment with a cost or donated value of over \$1,000 and an estimated life greater than one year.

For furniture and equipment, depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. For leasehold improvements, depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the life of the lease, which range from twenty to thirty-one years.

(h) Impairment of Long-Lived Assets

The Federation periodically reviews the carrying value of its long-lived assets, including building and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent fair value of a long-lived asset, determined based upon the estimated future cash inflows attributable to the asset, less estimated future cash outflows, are less than the carrying amount, an impairment loss is recognized. No such losses were recognized for the years ended July 31, 2013 and 2012.

(i) Agency Liabilities

Agency liabilities represent assets held for the benefit of other agencies. See Note 4.

(j) Allocations Payable

The Federation makes allocations to constituents within the Jewish community. Allocations are recognized as allocations to other organizations in the statements of activities at the time the Federation's Board of Directors approves specific allocations. Annual allocations are accrued upon approval by the Board of Directors. The meeting to approve allocations is held following the close of the annual campaign and prior to the close of the Federation's fiscal year.

(k) Functional Allocation of Expenses

Certain costs are jointly shared by programs, fundraising, and general and administrative functions and, accordingly, have been allocated among the functions benefited based on management's estimates.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Concentrations of Credit Risk

Concentrations of credit risk consist primarily of cash, pledges, invested assets, and interest in net assets of a foundation. The Federation places its cash with quality financial institutions. At times cash held in banks exceeds insured limits. Pledges receivable are due from individuals and organization concentrated in the Dallas/Fort Worth area.

Investments and Interest in Net Assets of a Foundation are invested by the Foundation as part of a pooled, diversified investment portfolio.

(m) Donated Materials and Services

Many individuals volunteer their time to assist the Federation with specific assistance programs, campaign solicitations and various committee assignments. The Federation receives thousands of volunteer hours per year; however, these services do not meet the requirements of FASB ASC topic *Not-for-Profit Entities Revenue Recognition* and, therefore, are not included in the financial statements. Donated materials and services meeting the requirements of this ASC topic were not material during fiscal years 2013 and 2012.

(n) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(o) Federal Income Taxes

The Federation is exempt for federal income tax purposes under Internal Revenue Code Section 501(c)(3). Therefore, no tax provision or liability has been reported in the accompanying financial statements.

The Federation applied the provisions of the FASB ASC topic *Accounting for Uncertainty in Income Taxes* during the year. Under this ASC topic, 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. The implementation of this ASC topic had no impact on the financial statements. The Federation does not believe there are any unrecognized tax benefits that should be recorded.

For the years ended July 31, 2013 and 2012, there were no interest or penalties recorded or included in the statements of activities related to taxes. The Federation is not under examination for tax purposes by any jurisdiction. Tax years 2009 through present are subject to examination.

(p) Fair Value of Financial Instruments

FASB ASC topic *Financial Instruments* requires disclosure of an estimate of fair value of certain financial instruments. The Federation's significant financial instruments are cash, investments, pledges receivable, and other short-term assets and liabilities, which are all stated at their approximate fair values in the Federations financial statements. Note 2 provides further details regarding fair value.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Recent Accounting Pronouncements

The Federation's management has evaluated the recently issued accounting pronouncements through the date that these financial statements were available to be issued and has determined the application of these pronouncements will have no material impact on the Federation's financial position and change in net assets.

(r) Reclassifications

Certain 2012 balances have been reclassified to conform with the 2013 presentation.

2. FAIR VALUE MEASUREMENTS

FASB ASC topic *Fair Value Measurements and Disclosures*, establishes a 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 three levels of the fair value hierarchy under this topic are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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.

Assets measured at fair value on a recurring basis include other assets, investments, and interest in net assets of a foundation.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2013 and 2012.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

2. FAIR VALUE MEASUREMENTS (Continued)

Other assets consist primarily of bonds and certificates of deposit, which are carried at fair value as reported by the related banks and are classified in level 2 of the fair value hierarchy. Investments and interest in net assets of a foundation are carried at fair market value as reported by the Foundation and are classified in level 2 of the fair value hierarchy.

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

Investment (loss) income for the years ended July 31 consist of:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 21,972	\$ 24,390
Realized and unrealized (loss) gain	(36,487)	47,386
	<u>\$ (14,515)</u>	<u>\$ 71,776</u>

3. BUILDING AND EQUIPMENT

Building and equipment consists of the following at July 31,

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 1,452,609	\$ 1,443,859
Furniture and equipment:		
Computers	463,984	446,762
Telephone system	47,329	47,329
Office furniture and equipment	<u>237,870</u>	<u>219,476</u>
	2,201,792	2,157,426
Less accumulated depreciation	<u>1,144,802</u>	<u>1,021,364</u>
	<u>\$ 1,056,990</u>	<u>\$ 1,136,062</u>

4. AGENCY LIABILITIES AND TRANSFERS

The Federation follows the provisions of FASB ASC topic *Not-for-Profit Entities Revenue Recognition*. This topic specifically requires that if the Federation accepts assets from a resource provider which are designated for the benefit of another not-profit-organization or individual, and the recipient organization does not maintain variance power over such transfers, the Federation must account for the transfer of such assets as a liability. Accordingly, \$300,287 and \$592,402 of such donations are reflected as agency liabilities as of July 31, 2013 and 2012, respectively. These amounts are due to national, international and local agencies supported by the Federation. For the years ended July 31, 2013 and 2012, the total amounts of agency transactions paid out by the Federation was approximately \$1,309,812 and \$1,283,000, respectively.

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

5. NOTES PAYABLE

On November 11, 2004, the Federation entered into an agreement with the Foundation to obtain funds to expand, renovate and refurbish the Jacob Feldman Building, the Center for Jewish Education, and to create a conference center in the JCC. The original loan amount was \$1,044,836 and amortizes over thirty years. The amortization schedule is based on the amortization schedule of the Foundation's tax-exempt bonds.

The loan is secured by (a) the pledge of the Federation's lease with NCFC and (b) \$44,000 of cash. The loan agreement also limits the Federation's indebtedness, investments and other financial commitments. The loan requires financial reporting to the Foundation on a quarterly and annual basis.

The note payable has a variable interest rate which accrues interest at the same rate as the Foundation's tax-exempt bonds. In 2013 and 2012, the Federation paid debt service costs of \$10,980 and \$10,159, respectively, on the note payable and received grants of \$24,619 and \$34,599, respectively, from the Foundation which it used to pay such costs and related principal during 2013 and 2012.

Future maturities on the note payable for the next five years and thereafter are as follows:

2014	\$ 20,011
2015	20,011
2016	20,011
2017	20,011
2018	26,871
Thereafter	<u>827,215</u>
	<u>\$ 934,130</u>

6. RESTRICTIONS AND BOARD DESIGNATIONS ON NET ASSETS

Temporarily restricted net assets of the Federation were available for the following purposes at July 31,

	<u>2013</u>	<u>2012</u>
2015 Campaign	\$ 28,095	\$ -
2014 Campaign	209,893	62,243
2013 Campaign	-	89,079
Campaign Rothschild Funds	13,287	13,287
CJE Tribute Event	109,206	-
CJE PEJE Program	28,811	-
Debt Service	44,000	44,000
Indigent Burial	-	-
JCRC Community Missions	34,500	34,500
JCRC – PEI Operations Salary	10,663	-
Jewish Education	-	14,588
Missions	20,000	20,000
MJD Website Fees	-	1,300
PJ Library	45,970	30,000
Tycher Library	31,888	31,805
Wexner Program	267,417	-
Other	<u>5,867</u>	<u>200</u>
	<u>\$ 849,597</u>	<u>\$ 341,002</u>

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

6. RESTRICTIONS AND BOARD DESIGNATIONS ON NET ASSETS (Continued)

Board designated net assets of the Federation were available for the following purposes established by the Board of Directors of the Federation as of July 31,

	<u>2013</u>	<u>2012</u>
Feldman Building Capital Reserve	\$ 48,923	\$ 47,779
Future Campaigns	-	52,453
Israel and Overseas – JFGD	70,000	70,000
Israel Independence Day	22,200	22,196
JCRC Department	20,000	20,000
Jewish Education	-	13,019
Marx Fund	292,290	278,787
Partnership 2gether	373,968	294,157
Stabilization Fund	<u>520,321</u>	<u>520,341</u>
	<u>\$ 1,347,702</u>	<u>\$ 1,318,732</u>

7. RETIREMENT PLAN

An Internal Revenue Code Section 403(b) retirement plan was implemented on October 1, 1995. This plan authorizes the employees to make pre-tax contributions to the plan. Effective May 20, 2009, the plan was amended to revise the Federation matching contribution to a discretionary contribution. The Federation's discretionary contributions in 2013 and 2012 were \$23,003 and \$15,175, respectively.

8. NCFC COMBINED FINANCIAL INFORMATION

As further discussed in Note 1, NCFC is a supporting organization of the Federation at July 31, 2013 and 2012. NCFC and the Federation have shared control at the board level. Had the assets, liabilities, and net assets of NCFC and the Federation been combined at July 31, 2013 and 2012, the statements of financial position (in summary format) would have been as follows:

<u>2013</u>	<u>Federation</u>	(Unaudited) <u>NCFC</u>	<u>Total</u>
Assets	\$ <u>12,735,312</u>	\$ <u>20,887,085</u>	\$ <u>33,622,397</u>
Liabilities	8,212,342	-	8,212,342
Net Assets	<u>4,522,970</u>	<u>20,887,085</u>	<u>25,410,055</u>
Total Liabilities and Net Assets	<u>\$ 12,735,312</u>	<u>\$ 20,887,085</u>	<u>\$ 33,622,397</u>
<u>2012</u>	<u>Federation</u>	(Unaudited) <u>NCFC</u>	<u>Total</u>
Assets	\$ <u>13,019,587</u>	\$ <u>20,873,570</u>	\$ <u>33,893,157</u>
Liabilities	8,346,195	1,688	8,347,883
Net Assets	<u>4,673,392</u>	<u>20,871,882</u>	<u>25,545,274</u>
Total Liabilities and Net Assets	<u>\$ 13,019,587</u>	<u>\$ 20,873,570</u>	<u>\$ 33,893,157</u>

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

8. NCFC COMBINED FINANCIAL INFORMATION (Continued)

The assets of NCFC at July 31, 2013 and 2012 are primarily land, building and building improvements.

The Federation leases office space from NCFC under a 50-year lease, at substantially no cost to the Federation. Management estimates the value of this donated rent for 2013 and 2012 to be approximately \$165,000 per year; however, in kind income and expense for this donated facility use is excluded from the financial statements due to the nature of the relationship between NCFC and the Federation. Similarly, NCFC leases office space to a separate related party under a 50-year lease at substantially no cost to the related party. This lease commitment, estimated at \$1,870,000 per year, is not reflected in the NCFC liabilities or net assets above.

9. INTENTIONS TO GIVE

The Federation receives indications from donors of their intention to make recommendations to provide funding to the Federation through independent philanthropic funds. The Federation has not recognized these intentions to give in the accompanying financial statements since they are not unconditional pledges. The total of these intentions to give excluded from the financial statements were \$1,118,360 and \$958,584 for 2013 and 2012, respectively.

10. JOINT COST ALLOCATION

The Federation operates an annual campaign as further described in Note 1. Costs associated with operating the campaign were allocated approximately equally between fundraising and program expense in the statements of functional expenses. Similarly, the Federation operates various events throughout the year which have joint program and fundraising functions. For 2013, total expense related to joint activities was approximately \$1.8 million of which approximately \$801,000 was allocated to fundraising. For 2012, total expense related to joint activities was approximately \$1.2 million of which approximately \$647,000 was allocated to fundraising.

11. CAMPAIGN RECAP

Several of the preceding footnotes describe various facets of the core campaign of the Federation.

The following summarizes the cumulative campaign activities for the year ended July 31, 2013:

Grants and contributions reported on the statement of activities	\$ 9,720,016
Special events reported on the statement of activities	116,626
Agency transaction reported in Note 4	1,610,099
Less amounts restricted for future campaign reports in Note 6	(237,988)
Fiscal year 2013 intentions to give reported in Note 9	1,118,360
Fiscal year 2012 intentions to give reported in Note 9	<u>(958,584)</u>
Total funds raised	\$ <u>11,368,529</u>

JEWISH FEDERATION OF GREATER DALLAS
Notes to Financial Statements
As of and For the Years Ended July 31, 2013 and 2012

11. CAMPAIGN RECAP (Continued)

Program expense reported on the statement of activities	\$ 7,836,626
Agency transaction reported in Note 4	<u>1,610,099</u>
Total programmatic uses of funds	\$ <u>9,446,725</u>

The following summarizes the cumulative campaign activities for the year ended July 31, 2012:

Grants and contributions reported on the statement of activities	\$ 9,451,391
Special events reported on the statement of activities	188,125
Agency transaction reported in Note 4	1,875,402
Less amounts restricted for future campaign reports in Note 6	(151,322)
Fiscal year 2012 intentions to give reported in Note 9	958,584
Fiscal year 2011 intentions to give reported in the prior audit report	<u>(1,237,000)</u>
Total funds raised	\$ <u>11,085,180</u>
Program expense reported on the statement of activities	7,346,293
Agency transaction reported in Note 4	<u>1,875,402</u>
Total programmatic uses of funds	\$ <u>9,221,695</u>

12. SUBSEQUENT EVENTS

The date to which events occurring after July 31, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is February 6, 2014, which is the date on which the financial statements were available to be issued.