

Jewish Federation of Greater Dallas

Financial Statements
As of and For the Years Ended
July 31, 2018 and 2017

Jewish Federation of Greater Dallas

Financial Statements
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Jewish Federation of Greater Dallas

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Independent Auditor's Report

The Board of Directors
Jewish Federation of Greater Dallas
Dallas, Texas

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, 2018 and 2017, 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 described in Notes 1 and 8, the Federation has chosen not to combine the financial statements of Northaven Campus Facilities Corporation in its financial statements. This is consistent with the decision of the Federation from prior years. Under accounting principles generally accepted in the United States of America, a not-for-profit organization that has both an economic interest and control of another not-for-profit entity through a majority voting interest in the other entity's board should combine that entity's activities into its financial statements. However, the accompanying financial statements are not combined due to management's desire to present only the Federation's financial position and activities. Note 8 documents the unaudited financial statement impacts had the accounts of Northaven Campus Facilities Corporation been included in the accompanying financial statements.

Qualified Opinion

In our opinion, except for the effects of the matter 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, 2018 and 2017, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA LLP

February 14, 2019

Financial Statements

Jewish Federation of Greater Dallas

Statements of Financial Position

<i>July 31,</i>	2018	2017
Assets		
Cash and cash equivalents	\$ 4,377,369	\$ 4,942,150
Investments	3,594,149	2,802,294
Pledges receivable, net	4,902,396	4,965,089
Other receivables	2,000	38,842
Prepaid expenses	113,525	66,023
Interest in Marx Fund	286,996	285,389
Leasehold improvements and equipment, net	855,314	911,700
Total assets	\$ 14,131,749	\$ 14,011,487
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 1,076,526	\$ 1,130,674
Agency liabilities	629,500	692,600
Allocations payable	7,634,138	7,202,084
Due to associated agencies	26,092	28,288
Total liabilities	9,366,256	9,053,646
Commitments and contingencies		
Net Assets:		
Unrestricted:		
Undesignated	2,782,015	2,402,635
Board designated	1,672,037	2,013,462
Total unrestricted	4,454,052	4,416,097
Temporarily restricted	311,441	541,744
Total net assets	4,765,493	4,957,841
Total liabilities and net assets	\$ 14,131,749	\$ 14,011,487

See accompanying notes to financial statements.

Jewish Federation of Greater Dallas

Statements of Activities

<i>For the Year Ended July 31,</i>	2018		
	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 11,011,532	52,111	\$ 11,063,643
Special events income, net of donor benefit costs of \$146,260 and \$126,516, respectively	161,794	-	161,794
Investment income	200,772	-	200,772
Provision for losses on uncollectible contributions receivable	(278,652)	-	(278,652)
Change in value of interest in net assets of a foundation	240,104	-	240,104
Net assets released from restrictions	282,414	(282,414)	-
Total revenues and support	11,617,964	(230,303)	11,387,661
Expenses and Distributions			
Program services:			
Allocations to national, international and local agencies	5,689,214	-	5,689,214
Center for Jewish Education	663,664	-	663,664
Community engagement	852,461	-	852,461
Israel and Overseas	462,550	-	462,550
Jewish Community Relations Council	290,864	-	290,864
Jewish Federations of North America	357,176	-	357,176
Missions and leadership	306,250	-	306,250
Planning and allocations	149,281	-	149,281
Shared and other	189,192	-	189,192
Other programs	149,089	-	149,089
Total program services	9,109,741	-	9,109,741
Fundraising - One Night	300,038	-	300,038
Fundraising - other	1,215,310	-	1,215,310
General and administrative	954,920	-	954,920
Total expenses and distributions	11,580,009	-	11,580,009
Change in net assets	37,955	(230,303)	(192,348)
Net assets at beginning of year	4,416,097	541,744	4,957,841
Net assets at end of year	\$ 4,454,052	\$ 311,441	\$ 4,765,493

See accompanying notes to financial statements.

Jewish Federation of Greater Dallas

Statements of Activities

<i>For the Year Ended July 31,</i>	2017		
	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 10,582,429	\$ 335,907	\$ 10,918,336
Special events income, net of donor benefit costs of \$146,260 and \$126,516, respectively	421,182	-	421,182
Investment income	170,055	-	170,055
Provision for losses on uncollectible contributions receivable	(269,584)	-	(269,584)
Change in value of interest in net assets of a foundation	6,731	-	6,731
Net assets released from restrictions	37,597	(37,597)	-
Total revenues and support	10,948,410	298,310	11,246,720
Expenses and Distributions			
Program services:			
Allocations to national, international and local agencies	5,411,169	-	5,411,169
Center for Jewish Education	855,902	-	855,902
Community engagement	805,795	-	805,795
Israel and Overseas	333,636	-	333,636
Jewish Community Relations Council	228,445	-	228,445
Jewish Federations of North America	357,176	-	357,176
Missions and leadership	71,745	-	71,745
Planning and allocations	116,996	-	116,996
Shared and other	179,846	-	179,846
Other programs	85,921	-	85,921
Total program services	8,446,631	-	8,446,631
Fundraising - One Night	419,920	-	419,920
Fundraising - other	1,096,906	-	1,096,906
General and administrative	955,695	-	955,695
Total expenses and distributions	10,919,152	-	10,919,152
Change in net assets	29,258	298,310	327,568
Net assets at beginning of year	4,386,839	243,434	4,630,273
Net assets at end of year	\$ 4,416,097	\$ 541,744	\$ 4,957,841

See accompanying notes to financial statements.

Jewish Federation of Greater Dallas

Statement of Functional Expenses For the Year Ended July 31, 2018

	Allocations to National, International and Local Agencies	Center for Jewish Education	Community Engagement	Israel and Overseas	Jewish Community Relations Council	Jewish Federations of North America	Missions and Leadership	Planning and Allocations	Shared and Other	Other Programs	Total Program Services	Fundraising One Night	Fundraising Other	General and Administrative	Total
Salaries	\$ -	\$ 314,479	\$ 573,045	\$ 72,462	\$ 183,444	\$ -	\$ 1,102	\$ 112,462	\$ 91,326	\$ 118,152	\$ 1,466,472	\$ -	\$ 653,653	\$ 495,780	\$ 2,615,905
Employee benefits	-	59,906	46,525	8,679	10,772	-	-	10,925	13,661	4,105	154,573	-	57,941	48,635	261,149
Payroll taxes and related	-	26,701	36,193	5,338	14,265	-	84	8,165	6,537	8,964	106,247	-	41,979	30,373	178,599
Total payroll expenses	-	401,086	655,763	86,479	208,481	-	1,186	131,552	111,524	131,221	1,727,292	-	753,573	574,788	3,055,653
Allocations	5,604,834	7,904	-	165,000	-	-	-	-	-	2,000	5,779,738	-	-	20,224	5,799,962
Bank fees and credit card discount fees	-	-	-	-	-	-	-	-	-	-	-	-	-	112,843	112,843
Cell phone reimbursement	-	840	2,175	408	960	-	-	612	60	506	5,561	-	2,147	1,112	8,820
Contract services	-	39,384	38,201	160,134	2,906	-	4,772	173	24,595	7,497	277,662	135,457	92,933	-	506,052
Dues and subscriptions	-	77,725	1,281	-	7,182	357,176	-	-	-	-	443,364	-	1,157	2,289	446,810
Equipment and maintenance	-	1,181	2,308	4	923	-	-	427	1,152	-	5,995	-	3,368	3,316	12,679
Insurance	-	-	2,787	79	1,115	-	-	441	528	-	4,950	6,783	3,204	14,312	29,249
Meetings and conferences	-	32,021	13,626	5,783	14,051	-	1,969	3,360	2,926	4,999	78,735	2,176	17,355	27,102	125,368
Missions	-	14,000	-	3,898	-	-	294,627	-	-	-	312,525	-	98,207	-	410,732
Occupancy	-	59,914	37,229	253	15,277	-	-	6,312	6,840	-	125,825	-	42,580	30,558	198,963
Office supplies and materials	-	3,055	1,507	395	230	-	792	156	247	-	6,382	542	2,109	24,588	33,621
Other	84,380	623	1,413	194	1,343	-	890	-	12,624	-	101,467	694	10,332	24,663	137,156
Postage and shipping	-	565	7,427	21	95	-	20	-	1,102	-	9,230	1,480	20,511	2,638	33,859
Printing and related	-	3,942	17,179	936	8,128	-	1,939	-	4,686	33	36,843	9,434	65,103	16,045	127,425
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	47,375	47,375
Rentals, facilities and decorations for events	-	10,409	28,858	38,839	15,481	-	35	-	5,736	2,202	101,560	143,460	45,803	1,912	292,735
Software and licenses	-	106	9,787	-	15	-	-	-	11,245	-	21,153	-	19,385	24,136	64,674
Travel	-	478	1,009	127	1,913	-	20	63	77	631	4,318	12	1,058	851	6,239
Total expense before depreciation and amortization	5,689,214	653,233	820,550	462,550	278,100	357,176	306,250	143,096	183,342	149,089	9,042,600	300,038	1,178,825	928,752	11,450,215
Depreciation and amortization of leasehold improvements and equipment	-	10,431	31,911	-	12,764	-	-	6,185	5,850	-	67,141	-	36,485	26,168	129,794
Total expenses	\$ 5,689,214	\$ 663,664	\$ 852,461	\$ 462,550	\$ 290,864	\$ 357,176	\$ 306,250	\$ 149,281	\$ 189,192	\$ 149,089	\$ 9,109,741	\$ 300,038	\$ 1,215,310	\$ 954,920	\$ 11,580,009

See accompanying notes to financial statements.

Jewish Federation of Greater Dallas

Statement of Functional Expenses For the Year Ended July 31, 2017

	Allocations to National, International and Local Agencies	Center for Jewish Education	Community Engagement	Israel and Overseas	Jewish Community Relations Council	Jewish Federations of North America	Missions and Leadership	Planning and Allocations	Shared and Other	Other Programs	Total Program Services	Fundraising One Night	Fundraising Other	General and Administrative	Total
Salaries	\$ -	\$ 351,700	\$ 547,889	\$ 49,095	\$ 138,483	\$ -	\$ 603	\$ 88,895	\$ 89,041	\$ 31,131	\$ 1,296,837	\$ -	\$ 626,235	\$ 533,245	\$ 2,456,317
Employee benefits	-	32,992	47,048	7,446	1,587	-	-	7,709	10,101	188	107,071	-	54,979	47,000	209,050
Payroll taxes and related	-	25,384	36,389	3,843	10,786	-	46	6,582	6,283	2,381	91,694	-	42,098	31,148	164,940
Total payroll expenses	-	410,076	631,326	60,384	150,856	-	649	103,186	105,425	33,700	1,495,602	-	723,312	611,393	2,830,307
Allocations	5,411,169	4,000	-	160,500	-	-	-	-	-	-	5,575,669	-	-	10,000	5,585,669
Bank fees and credit card discount fees	-	-	-	-	-	-	-	-	-	-	-	-	-	102,519	102,519
Cell phone reimbursement	-	1,200	1,935	340	600	-	-	600	60	120	4,855	-	1,927	998	7,780
Contract services	-	79,902	38,342	81,606	16,710	-	13	107	32,747	6,065	255,492	219,171	99,167	12,091	585,921
Dues and subscriptions	-	76,547	1,298	-	7,723	357,176	-	-	-	-	442,744	-	1,057	2,446	446,247
Equipment and maintenance	-	1,201	1,789	214	709	-	-	134	994	-	5,041	-	2,713	2,686	10,440
Insurance	-	-	3,494	397	1,397	-	-	256	641	-	6,185	10,671	3,995	13,550	34,401
Meetings and conferences	-	16,075	17,004	6,526	16,563	-	158	4,610	3,467	3,873	68,276	1,552	18,714	26,813	115,355
Missions	-	115,854	-	4,271	-	-	70,587	-	-	-	190,712	-	17,247	-	207,959
Occupancy	-	58,965	35,190	4,031	13,687	-	-	3,063	6,451	-	121,387	-	40,234	28,706	190,327
Office supplies and materials	-	2,011	1,377	37	773	-	-	25	428	-	4,651	1,054	1,957	24,780	32,442
Other	-	29,258	470	606	903	-	-	-	5,287	41,977	78,501	600	17,721	15,208	112,030
Postage and shipping	-	5,280	6,491	4	140	-	-	83	270	-	12,268	3,774	24,577	1,975	42,594
Printing and related	-	16,242	16,266	-	5,496	-	338	-	5,045	-	43,387	22,730	47,355	9,487	122,959
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	47,600	47,600
Rentals, facilities and decorations for events	-	14,619	18,696	11,168	690	-	-	-	4,294	-	49,467	160,234	51,897	1,431	263,029
Software and licenses	-	864	8,520	-	76	-	-	-	9,831	80	19,371	-	17,646	21,063	58,080
Travel	-	801	741	35	1,576	-	-	8	70	106	3,337	134	753	1,338	5,562
Total expense before depreciation and amortization	5,411,169	832,895	782,939	330,119	217,899	357,176	71,745	112,072	175,010	85,921	8,376,945	419,920	1,070,272	934,084	10,801,221
Depreciation and amortization of leasehold improvements and equipment	-	23,007	22,856	3,517	10,546	-	-	4,924	4,836	-	69,686	-	26,634	21,611	117,931
Total expenses	\$ 5,411,169	\$ 855,902	\$ 805,795	\$ 333,636	\$ 228,445	\$ 357,176	\$ 71,745	\$ 116,996	\$ 179,846	\$ 85,921	\$ 8,446,631	\$ 419,920	\$ 1,096,906	\$ 955,695	\$ 10,919,152

See accompanying notes to financial statements.

Jewish Federation of Greater Dallas

Statements of Cash Flows

<i>For the year ended July 31,</i>	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (192,348)	\$ 327,568
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	129,794	117,931
Provision for losses on uncollectible contributions receivable	278,652	269,584
Realized and unrealized gains on investments, net	(79,007)	(131,546)
Change in operating assets and liabilities		
Pledges receivable	(215,959)	(1,176,950)
Other receivables	36,842	(4,492)
Prepaid expenses	(47,502)	(13,847)
Accounts payable and other liabilities	(54,148)	86,041
Agency liabilities	(63,100)	488,246
Allocations payable	432,054	245,604
Due to associated agencies	(2,196)	(4,258)
Net cash provided by operating activities	223,082	203,611
Cash Flows from Investing Activities		
Purchases of investments	(712,848)	(134,677)
Change in interest in Marx Fund	(1,607)	(6,731)
Purchases of fixed assets	(73,408)	(85,245)
Net cash used in investing activities	(787,863)	(226,653)
Cash Flows from Financing Activities		
	-	-
Net decrease in cash and cash equivalents	(564,781)	(23,042)
Cash and cash equivalents at beginning of year	4,942,150	4,965,192
Cash and cash equivalents at end of year	\$ 4,377,369	\$ 4,942,150

See accompanying notes to financial statements.

Jewish Federation of Greater Dallas

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

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 convener 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.

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) seeks to build understanding and generate support for Israel, public policy and social issues which are important to the Dallas Jewish community. As the public affairs division of the Federation, its scope encompasses public policy, communications, education, issue management, interfaith and interethnic relations, and social action.

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.

Jewish Federation of Greater Dallas

Notes to Financial Statements

Missions and Leadership: Missions and leadership activities include programs and trips sponsored by the Federation to explore Jewish life in other communities, Israel and other countries, 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 as well as allocation of the dollars raised in the annual campaign.

Shared and Other: Occupancy, professional services, and other expenses shared by the 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.

Other Programs: Various activities related to other major programs for which the programs do not share expenses between other functions. Other Programs primarily includes the Community Security Initiative and special allocations.

Northaven Campus Facilities Corporation (NCFC) was established to oversee the maintenance, operation, 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, 2018 and 2017; however, the combined statements of financial position in summary format for the Federation and NCFC are included in Note 8.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). 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.

Jewish Federation of Greater Dallas

Notes to Financial Statements

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, 2018 and 2017.

Revenue Recognition

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. The Federation recognized revenue from special events in the period events happened. Collections for events which will happen in the subsequent fiscal year are recorded as deferred revenues which are included in accounts payable and other liabilities in the statements of financial position.

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.

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.

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, 2018 and 2017, 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 \$1,694,433 and \$1,544,285, respectively. Amounts written off in 2018 and 2017 were \$110,071 and \$194,655, respectively.

The allowance for doubtful pledges is based on the collection experience of the Federation and analysis of specific promises made.

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.

Investments and Interest in Marx Fund

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

Jewish Federation of Greater Dallas

Notes to Financial Statements

Leasehold Improvements and Equipment

Leasehold improvements 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 \$1,000 or more 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, amortization 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.

Impairment of Long-Lived Assets

The Federation periodically reviews the carrying value of its long-lived assets, including leasehold improvements 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, 2018 and 2017.

Agency Liabilities

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

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.

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. Management reviews its functional allocation estimates annually, or more often if changes in circumstances indicate changes to the functional expense allocations may be necessary.

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 organizations 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.

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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 topics, *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 recorded as the amount were not material during fiscal years 2018 or 2017.

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.

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 follows FASB ASC topic *Accounting for Uncertainty in Income Taxes*. 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. 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, 2018 and 2017, 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 filings for fiscal year 2015 through present are subject to examination.

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 and cash equivalents, pledges receivable, and other short-term assets and liabilities, which are all stated at cost which approximates fair value in the Federations financial statements. Note 2 provides further details regarding fair value.

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:

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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 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, 2018 and 2017.

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 because all material inputs into the investment pools are observable.

Assets measured at fair value on a recurring basis were as following for the years ended July 31, 2018 and 2017:

Description	Fair Value at July 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ 3,594,149	\$ -	\$ 3,594,149
Interest in Marx Fund	-	286,996	-	286,996
	\$ -	\$ 3,881,145	\$ -	\$ 3,881,145

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Description	Fair Value at July 31, 2017			Total
	Level 1	Level 2	Level 3	
Investments	\$ -	\$ 2,802,294	\$ -	\$ 2,802,294
Interest in Marx Fund	-	285,389	-	285,389
	\$ -	\$ 3,087,683	\$ -	\$ 3,087,683

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 income for the years ended July 31 consists of:

	2018	2017
Interest and dividend income	\$ 107,596	\$ 38,509
Realized and unrealized gain, net	79,007	131,546
	\$ 186,603	\$ 170,055

3. Leasehold Improvements and Equipment

Leasehold improvements and equipment consists of the following at July 31,

	2018	2017
Leasehold improvements	\$ 1,559,699	\$ 1,557,260
Furniture and equipment:		
Computers	313,757	390,491
Telephone system	18,754	59,694
Office furniture and equipment	285,330	246,961
	2,177,540	2,254,406
Less accumulated depreciation and amortization	1,322,226	1,342,706
	\$ 855,314	\$ 911,700

Depreciation and amortization expense for the years ended July 31, 2018 and 2017 amounted to \$129,794 and \$117,931, respectively.

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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, \$629,500 and \$692,600 of such donations are reflected as agency liabilities as of July 31, 2018 and 2017, respectively. These amounts are due to national, international, and local agencies supported by the Federation. For the years ended July 31, 2018 and 2017, the total amount of agency transactions paid out by the Federation was \$868,400 and \$1,126,791, respectively.

5. Joint Cost Allocation

The Federation operates an annual campaign. 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 2018, total expense related to joint activities was approximately \$1.8 million of which approximately \$1.0 million was allocated to fundraising. For 2017, total expense related to joint activities was approximately \$1.7 million of which approximately \$900,000 was allocated to fundraising. The amounts not allocated to fundraising were primarily allocated to program functions.

6. Restrictions and Board Designations on Net Assets

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

	2018	2017
Campaign Rothschild Funds	\$ 13,287	\$ 13,287
Center for Jewish Education - Partnership for Excellence in Jewish Education Program	-	10,616
Center for Jewish Education Tribute Event	138,800	177,350
Community Security Initiative	60,097	171,186
Jewish Community Relations Council Community Missions	24,500	24,500
Jewish Community Relations Council Public Education Initiative / BDS Program	22,963	52,932
Insurance premiums	12,795	19,192
PJ Library	-	27,945
Tycher Library	37,199	41,541
YAD Special Events	-	-
Other	1,800	3,195
	\$ 311,441	\$ 541,744

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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,

	2018	2017
Center for Jewish Education "What If?" fund	\$ 22,636	\$ 21,440
Israel and Overseas	70,000	70,000
Israel Independence Day	25,000	25,000
Jewish Community Relations Council	31,885	25,000
Jewish Education	14,625	17,011
Jewish Identity Initiative	-	40,000
Marx Fund	286,996	285,389
Partnership 2gether	526,383	618,932
Stabilization Fund	527,512	910,690
Outreach & Engagement Initiative	118,000	-
Community Security Initiative	49,000	-
	\$ 1,672,037	\$ 2,013,462

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 2018 and 2017 were \$62,200 and \$55,589, respectively.

8. NCFC Combined Financial Information

As further discussed in Note 1, NCFC is a supporting organization of the Federation at July 31, 2018 and 2017. 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, 2018 and 2017, the statements of financial position (in summary format) would have been as follows:

		(Unaudited) NCFC	
2018	Federation		Total
Assets	\$ 14,131,749	\$ 18,803,779	\$ 32,935,528
Liabilities	9,366,256	-	9,366,256
Net Assets	4,765,493	18,803,779	23,569,272
	\$ 14,131,749	\$ 18,803,779	\$ 32,935,528

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2017	Federation	(Unaudited) NCFC	Total
Assets	\$ 14,011,487	\$ 19,150,113	\$ 33,161,600
Liabilities	9,053,646	-	9,053,646
Net Assets	4,957,841	19,150,113	24,107,954
Total Liabilities and Net Assets	\$ 14,011,487	\$ 19,150,113	\$ 33,161,600

The assets of NCFC at July 31, 2018 and 2017 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. Maintenance and operating costs of the office space is borne by the Federation. Management estimates the value of this donated rent for 2018 and 2017 to be approximately \$165,000 per year; however, in kind income and expense for this donated facility use is excluded from the Federation's financial statements due to the nature of the relationship between NCFC and the Federation. Similarly, NCFC leases space to the Jewish Community Center of Dallas, Inc. under a 50-year lease commencing April 2004 at substantially no cost. 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 \$1,541,663 and \$1,662,417 as of July 31, 2018 and 2017, respectively.

10. Subsequent Events

The date to which events occurring after July 31, 2018, the date of the most recent statement of financial position, have been evaluated by management for possible adjustment to the financial statements or disclosure is February 14, 2019, which is the date on which the financial statements were available to be issued.