

# Jewish Federation of Greater Dallas

Financial Statements  
As of and For the Years Ended  
July 31, 2014 and 2013

# **Jewish Federation of Greater Dallas**

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**Financial Statements**  
As of and For the Years Ended July 31, 2014 and 2013

# 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 statement of financial position as of July 31, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 Northaven Campus 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 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, 2014, and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Other Matter*

The 2013 financial statements of the Federation were audited by other auditors, whose report dated February 6, 2014 expressed a qualified opinion on those statements consistent with the Basis for Qualified Opinion paragraph above.

*BDO USA, LLP*

Fort Worth, Texas  
January 22, 2015

## Financial Statements

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# Jewish Federation of Greater Dallas

## Statements of Financial Position

<i>July 31,</i>	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 3,951,973	\$ 3,908,482
Investments	2,786,296	2,660,528
Pledges receivable, net	4,470,291	4,585,070
Other receivables	8,623	15,150
Prepaid expenses	227,689	216,802
Interest in net assets of a foundation	304,203	292,290
Building and equipment, net	988,125	1,056,990
<b>Total assets</b>	<b>\$ 12,737,200</b>	<b>\$ 12,735,312</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and other liabilities	\$ 1,108,084	\$ 853,096
Agency liabilities	457,251	300,287
Allocations payable	6,233,687	6,089,392
Note payable to a foundation	914,018	934,130
Due to associated agencies	38,716	35,437
<b>Total liabilities</b>	<b>8,751,756</b>	<b>8,212,342</b>
<b>Commitments and contingencies</b>		
<b>Net Assets:</b>		
<b>Unrestricted:</b>		
Undesignated	1,981,483	2,325,671
Board designated	1,501,488	1,347,702
<b>Total unrestricted</b>	<b>3,482,971</b>	<b>3,673,373</b>
<b>Temporarily restricted</b>	<b>502,473</b>	<b>849,597</b>
<b>Total net assets</b>	<b>3,985,444</b>	<b>4,522,970</b>
<b>Total liabilities and net assets</b>	<b>\$ 12,737,200</b>	<b>\$ 12,735,312</b>

*See accompanying independent auditor's report and notes to financial statements.*

**Jewish Federation of Greater Dallas**

**Statements of Activities**

*For the Year Ended July 31,*

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>						
Grants and contributions	\$ 8,944,200	\$ 251,982	\$ 9,196,182	\$ 9,059,705	\$ 660,311	\$ 9,720,016
Special events income, net of donor benefit costs of \$199,319 and \$205,006, respectively	48,437	-	48,437	116,626	-	116,626
Investment income (loss)	139,802	-	139,802	(14,515)	-	(14,515)
Provision for losses on uncollectible contributions receivable	(293,891)	-	(293,891)	(305,624)	-	(305,624)
Rent income	3,094	-	3,094	18,565	-	18,565
Change in value of interest in net assets of a foundation	11,913	-	11,913	13,503	-	13,503
Net assets released from restrictions	599,106	(599,106)	-	151,716	(151,716)	-
<b>Total revenues and support</b>	<b>9,452,661</b>	<b>(347,124)</b>	<b>9,105,537</b>	<b>9,039,976</b>	<b>508,595</b>	<b>9,548,571</b>
<b>Expenses and Distributions</b>						
Program services:						
Allocations to national, international and local agencies	4,805,568	-	4,805,568	4,748,051	-	4,748,051
Center for Jewish Education	616,376	-	616,376	615,073	-	615,073
Community engagement	732,664	-	732,664	689,610	-	689,610
Community scan	10,424	-	10,424	158,924	-	158,924
Israel and Overseas	306,452	-	306,452	299,565	-	299,565
Jewish Community Relations Council	329,639	-	329,639	405,005	-	405,005
Jewish Federations of North America	339,077	-	339,077	329,792	-	329,792
Missions and leadership	16,615	-	16,615	20,093	-	20,093
Planning and allocations	152,016	-	152,016	143,421	-	143,421
Shared and other	138,444	-	138,444	427,092	-	427,092
Other programs	309,115	-	309,115	-	-	-
<b>Total program services</b>	<b>7,756,390</b>	<b>-</b>	<b>7,756,390</b>	<b>7,836,626</b>	<b>-</b>	<b>7,836,626</b>
Fundraising	983,996	-	983,996	847,167	-	847,167
General and administrative	902,677	-	902,677	1,015,200	-	1,015,200
<b>Total expenses and distributions</b>	<b>9,643,063</b>	<b>-</b>	<b>9,643,063</b>	<b>9,698,993</b>	<b>-</b>	<b>9,698,993</b>
Change in net assets	(190,402)	(347,124)	(537,526)	(659,017)	508,595	(150,422)
Net assets at beginning of year	3,673,373	849,597	4,522,970	4,332,390	341,002	4,673,392
Net assets at end of year	\$ 3,482,971	\$ 502,473	\$ 3,985,444	\$ 3,673,373	\$ 849,597	\$ 4,522,970

*See accompanying independent auditor's report and notes to financial statements.*



## Jewish Federation of Greater Dallas

### Statement of Functional Expenses For the Year Ended July 31, 2014

	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	Other Programs	Total Program Services	Fundraising	General and Administrative	Total
Salaries	\$ -	\$ 324,601	\$ 420,375	\$ 1,475	\$ 47,842	\$ 227,390	\$ -	\$ 1,842	\$ 125,027	\$ 76,217	\$ 10,146	\$ 1,234,915	\$ 486,840	\$ 419,488	\$ 2,141,243
Employee benefits	-	33,247	36,069	-	6,839	12,711	-	-	4,883	8,437	-	102,186	42,680	44,522	189,388
Payroll taxes and related	-	22,492	35,977	112	3,664	18,288	-	114	7,418	5,525	760	94,350	39,507	33,779	167,636
<b>Total payroll expenses</b>	<b>-</b>	<b>380,340</b>	<b>492,421</b>	<b>1,587</b>	<b>58,345</b>	<b>258,389</b>	<b>-</b>	<b>1,956</b>	<b>137,328</b>	<b>90,179</b>	<b>10,906</b>	<b>1,431,451</b>	<b>569,027</b>	<b>497,789</b>	<b>2,498,267</b>
Allocations	4,805,568	23,500	-	-	130,250	-	12,000	-	-	-	20,500	4,991,818	-	95,579	5,087,397
Bank fees and credit card discount fees	-	-	-	-	-	-	-	-	-	-	-	-	-	87,254	87,254
Dues and subscriptions	-	47,779	271	95	-	5,375	327,077	-	-	-	175,000	555,597	223	438	556,258
Equipment and maintenance	-	4,178	-	-	-	-	-	-	-	671	-	4,849	671	17,307	22,827
Insurance	-	-	1,349	-	162	485	-	-	365	213	-	2,574	1,513	10,552	14,639
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	10,558	10,558
Meetings and conferences	-	14,646	32,748	1,345	16,366	14,168	-	621	2,310	1,215	4,098	87,517	34,712	15,670	137,899
Missions	-	15,720	-	-	23,514	-	-	-	-	-	-	39,234	-	-	39,234
Occupancy	-	47,283	28,827	-	3,449	10,338	-	-	7,766	4,530	-	102,193	32,320	36,743	171,256
Office supplies and materials	-	3,707	2,369	-	319	783	-	874	-	324	159	8,535	3,390	18,666	30,591
Other	-	2,909	944	-	457	533	-	4,728	-	223	616	10,410	3,513	10,621	24,544
Postage and shipping	-	2,621	5,628	-	31	448	-	-	51	286	-	9,065	14,200	3,555	26,820
Printing and related	-	15,932	32,004	970	135	2,212	-	4,028	-	3,386	-	58,667	78,378	11,448	148,493
Professional services	-	11,896	51,578	6,427	69,016	789	-	4,184	317	20,960	97,691	262,858	125,972	50,125	438,955
Rentals, facilities and decorations for events	-	17,482	49,840	-	-	20,887	-	-	-	4,945	-	93,154	72,562	247	165,963
Software and licenses	-	6,049	8,548	-	-	799	-	97	-	8,079	-	23,572	18,776	17,927	60,275
Travel	-	540	704	-	1,305	1,966	-	127	-	122	145	4,909	927	1,781	7,617
<b>Total expense before depreciation</b>	<b>4,805,568</b>	<b>594,582</b>	<b>707,231</b>	<b>10,424</b>	<b>303,349</b>	<b>317,172</b>	<b>339,077</b>	<b>16,615</b>	<b>148,137</b>	<b>135,133</b>	<b>309,115</b>	<b>7,686,403</b>	<b>956,184</b>	<b>886,260</b>	<b>9,528,847</b>
Depreciation of building and equipment	-	21,794	25,433	-	3,103	12,467	-	-	3,879	3,311	-	69,987	27,812	16,417	114,216
<b>Total expenses</b>	<b>\$ 4,805,568</b>	<b>\$ 616,376</b>	<b>\$ 732,664</b>	<b>\$ 10,424</b>	<b>\$ 306,452</b>	<b>\$ 329,639</b>	<b>\$ 339,077</b>	<b>\$ 16,615</b>	<b>\$ 152,016</b>	<b>\$ 138,444</b>	<b>\$ 309,115</b>	<b>\$ 7,756,390</b>	<b>\$ 983,996</b>	<b>\$ 902,677</b>	<b>\$ 9,643,063</b>

*See accompanying independent auditor's report and notes to consolidated financial statements.*

## Jewish Federation of Greater Dallas

### Statement of Functional Expenses For the Year Ended July 31, 2013

	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	Total Program Services	Fundraising	General and Administrative	Total
Salaries	\$ -	\$ 347,788	\$ 443,202	\$ 12,477	\$ 28,413	\$ 234,455	\$ -	\$ -	\$ 117,633	\$ 78,072	\$ 1,262,040	\$ 439,241	\$ 563,192	\$ 2,264,473
Employee benefits	-	30,209	43,679	-	6,499	111,636	-	-	12,514	8,344	212,881	42,595	65,643	321,119
Payroll taxes and related	-	27,088	30,155	955	2,071	26,717	-	-	8,018	5,329	100,333	29,690	43,426	173,449
<b>Total payroll expenses</b>	-	405,085	517,036	13,432	36,983	372,808	-	-	138,165	91,745	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	16,275	1,295	26,461	15,888	-	69	3,314	11,000	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	3,442	55	654	385	-	-	56	2,950	13,770	7,962	33,502	55,234
Other	-	35,083	12,553	40	95,955	2,191	-	-	-	481	146,303	11,864	28,435	186,602
Postage and shipping	-	12,713	7,328	-	87	92	-	5	229	4,609	25,063	21,307	3,163	49,533
Printing and related	-	18,840	23,941	2,554	538	707	-	-	27	13,846	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	431	3	506	955	-	7	4	263	2,492	1,029	1,652	5,173
<b>Total expense before depreciation</b>	4,748,051	601,859	678,940	158,924	298,264	399,773	329,792	20,093	141,795	389,977	7,767,468	818,944	989,140	9,575,552
Depreciation of building and equipment	-	13,214	10,670	-	1,301	5,232	-	-	1,626	37,115	69,158	28,223	26,060	123,441
<b>Total expenses</b>	\$ 4,748,051	\$ 615,073	\$ 689,610	\$ 158,924	\$ 299,565	\$ 405,005	\$ 329,792	\$ 20,093	\$ 143,421	\$ 427,092	\$ 7,836,626	\$ 847,167	\$ 1,015,200	\$ 9,698,993

*See accompanying independent auditor's report and notes to financial statements.*

# Jewish Federation of Greater Dallas

## Statements of Cash Flows

<i>For the year ended July 31,</i>	2014	2013
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (537,526)	\$ (150,422)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	114,216	123,441
Provision for losses on uncollectible contributions receivable	293,891	305,624
Realized and unrealized (gain) loss on investments	(101,988)	36,487
Donated investments	-	(53,503)
(Increase) decrease in operating assets :		
Pledges receivable	(179,112)	(367,130)
Due from associated agencies	3,279	28,051
Interest and other receivables	6,527	(14,673)
Prepaid expenses	(10,888)	(173,491)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	254,988	244,814
Allocations payable	144,295	(101,033)
Agency liabilities	156,964	(292,115)
<b>Net cash provided by (used in) operating activities</b>	<b>144,646</b>	<b>(413,950)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(31,503)	(11,844)
Change in interest in net assets of a foundation	(11,913)	(13,503)
Proceeds from sales and maturities of investments	7,725	4,374
Purchases of fixed assets	(45,352)	(44,368)
<b>Net cash used in investing activities</b>	<b>(81,043)</b>	<b>(65,341)</b>
<b>Cash Flows from Financing Activities</b>		
Principal payments on note payable	(20,112)	(13,570)
<b>Net cash used in financing activities</b>	<b>(20,112)</b>	<b>(13,570)</b>
Net increase (decrease) in cash and cash equivalents	43,491	(492,861)
Cash and cash equivalents at beginning of year	3,908,482	4,401,343
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,951,973</b>	<b>\$ 3,908,482</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ 10,558	\$ 10,980

*See accompanying independent auditor's report and notes to financial statements.*

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### 1. 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 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 the greater Dallas 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

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***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, 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 includes Wexner, Hartman Institute/Rabbi Partnership, PEJE/Leadership Fundraising Academy, and Schultz Grant.

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, 2014 and 2013; however, the combined statements of financial position in summary format for the Federation and NCFC are included in Note 8.

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### *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, 2014 and 2013.

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.

### *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, 2014 and 2013, 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 \$1,131,415 and \$1,602,296, respectively.

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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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 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 the Foundation are diversified and include cash equivalents, mutual funds, debt securities and equity securities.

### *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 \$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, 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.

### *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, 2014 and 2013.

### *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.

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### *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.

### *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 2014 and 2013.

### *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, 2014 and 2013, 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.



# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### *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 Federation's financial statements. Note 2 provides further details regarding fair value.

### *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.

## 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.

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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, 2014 and 2013.

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.

Description	Fair Value at July 31, 2014			Total
	Level 1	Level 2	Level 3	
Investments	\$ -	\$ 2,786,296	\$ -	\$ 2,786,296
Interest in net assets of a foundation	-	304,203	-	304,203
	\$ -	\$ 3,090,499	\$ -	\$ 3,090,499

Description	Fair Value at July 31, 2013			Total
	Level 1	Level 2	Level 3	
Investments	\$ -	\$ 2,660,528	\$ -	\$ 2,660,528
Interest in net assets of a foundation	-	292,290	-	292,290
	\$ -	\$ 2,952,818	\$ -	\$ 2,952,818

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

	2014	2013
Interest and dividend income	\$ 37,814	\$ 21,972
Realized and unrealized gain (loss)	101,988	(36,487)
	\$ 139,802	\$ (14,515)

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### 3. Building and Equipment

Building and equipment consists of the following at July 31,

	2014	2013
Leasehold improvements	\$ 1,453,859	\$ 1,452,609
Furniture and equipment:		
Computers	400,403	463,984
Telephone system	58,564	47,329
Office furniture and equipment	243,309	237,870
	2,156,135	2,201,792
Less accumulated depreciation	1,168,010	1,144,802
	\$ 988,125	\$ 1,056,990

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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, \$457,251 and \$300,287 of such donations are reflected as agency liabilities as of July 31, 2014 and 2013, respectively. These amounts are due to national, international and local agencies supported by the Federation. For the years ended July 31, 2014 and 2013, the total amount of agency transactions paid out by the Federation was \$909,876 and \$1,309,812, respectively.

### 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 NCFE 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 2014 and 2013, the Federation paid debt service costs of \$10,558 and \$10,980, respectively, on the note payable and received grants of \$30,890 and \$24,619, respectively, from the Foundation which it used to pay such costs and related principal during 2014 and 2013.

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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

2015	\$	20,011
2016		20,011
2017		20,011
2018		26,871
2019		33,446
Thereafter		793,668
		\$ 914,018

### 6. Restrictions and Board Designations on Net Assets

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

	2014	2013
2015 Campaign	\$ 39,160	\$ 28,095
2014 Campaign	-	209,893
Campaign Rothschild Funds	13,287	13,287
Center for Jewish Education Tribute Event	113,460	109,206
Center for Jewish Education Partnership for Excellence in Jewish Education	-	28,811
Debt Service	44,000	44,000
Jewish Community Relations Council Community Missions	24,500	34,500
Jewish Community Relations Council -Public Education Initiative	71,930	10,663
Missions	20,000	20,000
PJ Library	-	45,970
Tycher Library	38,255	31,888
Wexner Program	108,399	267,417
Other	29,482	5,867
		\$ 849,597
		\$ 502,473

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,

	2014	2013
Feldman Building Capital Reserve	\$ 48,923	\$ 48,923
Israel and Overseas	104,176	70,000
Israel Independence Day	25,000	22,200
Jewish Community Relations Council	20,000	20,000
Jewish Education	41,050	-
Marx Fund	304,203	292,290
Partnership 2gether	437,836	373,968
Stabilization Fund	520,300	520,321
		\$ 1,347,702
		\$ 1,501,488

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### 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 2014 and 2013 were \$8,042 and \$23,003, respectively.

### 8. NCFC Combined Financial Information

As further discussed in Note 1, NCFC is a supporting organization of the Federation at July 31, 2014 and 2013. 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, 2014 and 2013, the statements of financial position (in summary format) would have been as follows:

2014	Federation	(Unaudited) NCFC	Total
Assets	\$ 12,737,200	\$ 20,197,666	\$ 32,934,866
Liabilities	8,751,756	-	8,751,756
Net Assets	3,985,444	20,197,666	24,183,110
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,737,200</b>	<b>\$ 20,197,666</b>	<b>\$ 32,934,866</b>

2013	Federation	(Unaudited) NCFC	Total
Assets	\$ 12,735,312	\$ 20,887,085	\$ 33,622,397
Liabilities	8,212,342	-	8,212,342
Net Assets	4,522,970	20,887,085	25,410,055
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,735,312</b>	<b>\$ 20,887,085</b>	<b>\$ 33,622,397</b>

The assets of NCFC at July 31, 2014 and 2013 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 2014 and 2013 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 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.

# Jewish Federation of Greater Dallas

## Notes to Financial Statements

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### 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 \$1,181,215 and \$1,118,360 for 2014 and 2013, respectively.

### 10. 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 2014, total expense related to joint activities was approximately \$1.9 million of which approximately \$805,000 was allocated to fundraising. For 2013, total expense related to joint activities was approximately \$1.8 million of which approximately \$801,000 was allocated to fundraising.

### 11. Subsequent Events

The date to which events occurring after July 31, 2014, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is January 22, 2015, which is the date on which the financial statements were available to be issued.