

Jewish Federation of Greater Dallas and Affiliate

Consolidated Financial Statements
July 31, 2023

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Independent Auditor's Report

The Board of Directors of
Jewish Federation of Greater Dallas and the Affiliate

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Jewish Federation of Greater Dallas and the Affiliate (collectively, the "Organization"), which comprise the consolidated statements of financial position as of July 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of July 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

The Board of Directors of
Jewish Federation of Greater Dallas and the Affiliate

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 1, 2024

Jewish Federation of Greater Dallas and the Affiliate
Consolidated Statement of Financial Position
July 31, 2023

| ASSETS | Federation | NCFC | Eliminations | Total |
|---|----------------------|----------------------|------------------------|----------------------|
| Cash and cash equivalents | \$ 6,242,142 | \$ - | \$ - | \$ 6,242,142 |
| Pledges receivable, net | 6,878,394 | - | (822,052) | 6,056,342 |
| Grant receivable | 102,460 | - | - | 102,460 |
| Other receivables | 30,404 | - | - | 30,404 |
| Prepaid expenses | 43,993 | - | - | 43,993 |
| Investments | 6,752,658 | - | - | 6,752,658 |
| Interest in Marx Fund | 281,631 | - | - | 281,631 |
| Property and equipment, net | 1,276,664 | 18,446,932 | (13,525,910) | 6,197,686 |
| TOTAL ASSETS | \$ 21,608,346 | \$ 18,446,932 | \$ (14,347,962) | \$ 25,707,316 |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 982,181 | \$ - | \$ - | \$ 982,181 |
| Agency liabilities | 135,850 | - | - | 135,850 |
| Allocations payable | 6,613,057 | - | - | 6,613,057 |
| Pledge payable | - | 2,989,552 | (822,052) | 2,167,500 |
| Deferred revenue | 212,758 | - | - | 212,758 |
| Total liabilities | 7,943,846 | 2,989,552 | (822,052) | 10,111,346 |
| NET ASSETS | | | | |
| Net Assets: | | | | |
| Without donor restrictions: | | | | |
| Undesignated | 7,929,131 | 15,457,380 | (12,703,857) | 10,682,654 |
| Board designated | 1,523,941 | - | - | 1,523,941 |
| Total without donor restrictions | 9,453,072 | 15,457,380 | (12,703,857) | 12,206,595 |
| With donor restrictions | 4,211,428 | - | (822,053) | 3,389,375 |
| Total net assets | 13,664,500 | 15,457,380 | (13,525,910) | 15,595,970 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 21,608,346 | \$ 18,446,932 | \$ (14,347,962) | \$ 25,707,316 |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate
Consolidated Statement of Financial Position
July 31, 2022

| ASSETS | Federation | NCFC | Eliminations | Total |
|---|----------------------|----------------------|------------------------|----------------------|
| Cash and cash equivalents | \$ 5,844,789 | \$ - | \$ - | \$ 5,844,789 |
| Pledges receivable, net | 5,808,828 | - | (949,089) | 4,859,739 |
| Other receivables | 45,300 | - | - | 45,300 |
| Prepaid expenses | 75,517 | - | - | 75,517 |
| Investments | 5,981,853 | - | - | 5,981,853 |
| Interest in Marx Fund | 282,048 | - | - | 282,048 |
| Property and equipment, net | 1,224,679 | 18,842,276 | (13,525,910) | 6,541,045 |
| TOTAL ASSETS | \$ 19,263,014 | \$ 18,842,276 | \$ (14,474,999) | \$ 23,630,291 |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 915,020 | \$ - | \$ - | \$ 915,020 |
| Agency liabilities | 79,950 | - | - | 79,950 |
| Allocations payable | 6,681,042 | - | - | 6,681,042 |
| Pledge payable | - | 3,499,089 | (949,089) | 2,550,000 |
| Deferred revenue | 86,118 | - | - | 86,118 |
| Total liabilities | 7,762,130 | 3,499,089 | (949,089) | 10,312,130 |
| NET ASSETS | | | | |
| Net Assets: | | | | |
| Without donor restrictions: | | | | |
| Undesignated | 6,791,174 | 15,343,187 | (12,576,821) | 9,557,540 |
| Board designated | 1,422,654 | - | - | 1,422,654 |
| Total without donor restrictions | 8,213,828 | 15,343,187 | (12,576,821) | 10,980,194 |
| With donor restrictions | 3,287,056 | - | (949,089) | 2,337,967 |
| Total net assets | 11,500,884 | 15,343,187 | (13,525,910) | 13,318,161 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 19,263,014 | \$ 18,842,276 | \$ (14,474,999) | \$ 23,630,291 |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Consolidated Statement of Activities

For the Year Ended July 31, 2023

| | Federation | | | NCFC | | Eliminations | | | Total | |
|---|----------------------------|-------------------------|----------------------|----------------------------|----------------------|----------------------------|-------------------------|------------------------|----------------------------|-------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Federation Total | Without Donor Restrictions | NCFC Total | Without Donor Restrictions | With Donor Restrictions | Eliminations Total | Without Donor Restrictions | With Donor Restrictions |
| REVENUES | | | | | | | | | | |
| Grants and contributions | \$ 12,207,744 | \$ 1,362,837 | \$ 13,570,581 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,207,744 | \$ 1,362,837 |
| Provisions for losses on uncollectable contributions | (605,326) | - | (605,326) | - | - | - | - | - | (605,326) | - |
| Special events, net of direct costs of \$68,064 | 185,371 | - | 185,371 | - | - | - | - | - | 185,371 | - |
| Investment income | 432,630 | - | 432,630 | - | - | - | - | - | 432,630 | - |
| Change in the value of assets held by DJCF | (148,837) | - | (148,837) | - | - | - | - | - | (148,837) | - |
| Change in the value of pledge payable | - | - | - | 509,537 | 509,537 | (127,036) | - | (127,036) | 382,501 | - |
| Other income | 11,296 | - | 11,296 | - | - | - | - | - | 11,296 | - |
| Net assets released from restrictions | 438,465 | (438,465) | - | - | - | (127,036) | 127,036 | - | 311,429 | (311,429) |
| Total revenue and support | 12,521,343 | 924,372 | 13,445,715 | 509,537 | 509,537 | (254,072) | 127,036 | (127,036) | 12,776,808 | 1,051,408 |
| EXPENSES AND DISTRIBUTIONS | | | | | | | | | | |
| Program Services | | | | | | | | | | |
| Allocations to national, international and local agencies | 5,048,276 | - | 5,048,276 | - | - | - | - | - | 5,048,276 | - |
| Community engagement | 1,686,846 | - | 1,686,846 | - | - | - | - | - | 1,686,846 | - |
| Jewish Education | 545,940 | - | 545,940 | - | - | - | - | - | 545,940 | - |
| Mission, Israel and Overseas | 590,481 | - | 590,481 | - | - | - | - | - | 590,481 | - |
| Community security | 199,852 | - | 199,852 | - | - | - | - | - | 199,852 | - |
| Shared and other | 250,194 | - | 250,194 | - | - | - | - | - | 250,194 | - |
| Jewish Federation of North America | 377,340 | - | 377,340 | - | - | - | - | - | 377,340 | - |
| Community Relations | 204,735 | - | 204,735 | - | - | - | - | - | 204,735 | - |
| Planning and allocations | 194,237 | - | 194,237 | - | - | - | - | - | 194,237 | - |
| Total program services | 9,097,901 | - | 9,097,901 | - | - | - | - | - | 9,097,901 | - |
| Fundraising | 1,007,598 | - | 1,007,598 | - | - | - | - | - | 1,007,598 | - |
| General and administrative | 1,176,600 | - | 1,176,600 | 395,344 | 395,344 | (127,036) | - | (127,036) | 1,444,908 | - |
| Total expenses and distributions | 11,282,099 | - | 11,282,099 | 395,344 | 395,344 | (127,036) | - | (127,036) | 11,550,407 | - |
| Change in net assets | 1,239,244 | 924,372 | 2,163,616 | 114,193 | 114,193 | (127,036) | 127,036 | - | 1,226,401 | 1,051,408 |
| NET ASSETS, beginning of year | <u>8,213,828</u> | <u>3,287,056</u> | <u>11,500,884</u> | <u>15,343,187</u> | <u>15,343,187</u> | <u>(12,576,821)</u> | <u>(949,089)</u> | <u>(13,525,910)</u> | <u>10,980,194</u> | <u>2,337,967</u> |
| NET ASSETS, end of year | <u>\$ 9,453,072</u> | <u>\$ 4,211,428</u> | <u>\$ 13,664,500</u> | <u>\$ 15,457,380</u> | <u>\$ 15,457,380</u> | <u>\$ (12,703,857)</u> | <u>\$ (822,053)</u> | <u>\$ (13,525,910)</u> | <u>\$ 12,206,595</u> | <u>\$ 3,389,375</u> |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Consolidated Statement of Activities

For the Year Ended July 31, 2022

| | Federation | | | NCFC | | Eliminations | | Total | | |
|---|----------------------------|-------------------------|----------------------|----------------------------|----------------------|----------------------------|-------------------------|------------------------|----------------------------|-------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Federation Total | Without Donor Restrictions | NCFC Total | Without Donor Restrictions | With Donor Restrictions | Eliminations Total | Without Donor Restrictions | With Donor Restrictions |
| REVENUES | | | | | | | | | | |
| Grants and contributions | \$ 12,039,693 | \$ 647,216 | \$ 12,686,909 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,039,693 | \$ 647,216 |
| Provisions for losses on uncollectable contributions | (217,620) | - | (217,620) | - | - | - | - | - | (217,620) | - |
| Special events, net of direct costs of \$68,064 | 122,574 | - | 122,574 | - | - | - | - | - | 122,574 | - |
| Investment income | (545,635) | - | (545,635) | - | - | - | - | - | (545,635) | - |
| Change in the value of assets held by DJCF | (88,653) | - | (88,653) | - | - | - | - | - | (88,653) | - |
| Change in the value of pledge payable | - | - | - | 504,650 | 504,650 | (122,150) | - | (122,150) | 382,500 | - |
| Other income | 28,579 | - | 28,579 | - | - | - | - | - | 28,579 | - |
| Net assets released from restrictions | 564,736 | (564,736) | - | - | - | (122,150) | 122,150 | - | 442,586 | (442,586) |
| Total revenue and support | 11,903,674 | 82,480 | 11,986,154 | 504,650 | 504,650 | (244,300) | 122,150 | (122,150) | 12,164,024 | 204,630 |
| EXPENSES AND DISTRIBUTIONS | | | | | | | | | | |
| Program Services | | | | | | | | | | |
| Allocations to national, international and local agencies | 5,248,884 | - | 5,248,884 | - | - | - | - | - | 5,248,884 | - |
| Community engagement | 1,559,701 | - | 1,559,701 | - | - | - | - | - | 1,559,701 | - |
| Jewish Education | 519,266 | - | 519,266 | - | - | - | - | - | 519,266 | - |
| Mission, Israel and Overseas | 538,698 | - | 538,698 | - | - | - | - | - | 538,698 | - |
| Community security | 185,447 | - | 185,447 | - | - | - | - | - | 185,447 | - |
| Shared and other | 156,024 | - | 156,024 | - | - | - | - | - | 156,024 | - |
| Jewish Federation of North America | 378,498 | - | 378,498 | - | - | - | - | - | 378,498 | - |
| Community Relations | 307,869 | - | 307,869 | - | - | - | - | - | 307,869 | - |
| Planning and allocations | 208,512 | - | 208,512 | - | - | - | - | - | 208,512 | - |
| Total program services | 9,102,899 | - | 9,102,899 | - | - | - | - | - | 9,102,899 | - |
| Fundraising | 793,791 | - | 793,791 | - | - | - | - | - | 793,791 | - |
| General and administrative | 949,880 | - | 949,880 | 396,715 | 396,715 | (123,521) | - | (123,521) | 1,223,074 | - |
| Total expenses and distributions | 10,846,570 | - | 10,846,570 | 396,715 | 396,715 | (123,521) | - | (123,521) | 11,119,764 | - |
| Change in net assets | 1,057,104 | 82,480 | 1,139,584 | 107,935 | 107,935 | (120,779) | 122,150 | 1,371 | 1,044,260 | 204,630 |
| NET ASSETS, beginning of year | 7,156,724 | 3,204,576 | 10,361,300 | 15,235,252 | 15,235,252 | (12,456,042) | (1,071,239) | (13,527,281) | 9,935,934 | 2,133,337 |
| NET ASSETS, end of year | \$ 8,213,828 | \$ 3,287,056 | \$ 11,500,884 | \$ 15,343,187 | \$ 15,343,187 | \$ (12,576,821) | \$ (949,089) | \$ (13,525,910) | \$ 10,980,194 | \$ 2,337,967 |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Consolidated Statement of Functional Expenses

For the Year Ended July 31, 2023

| | Federation | | | | | | | | | | | | |
|--|---|-------------------------|-----------------------------------|-------------------------------------|-----------------------|---------------------|--|---|-----------------------------|------------------------------|---------------------|----------------------------------|----------------------|
| | Allocations to National, International and Local Agencies | Community Engagement | Jewish Education | Missions, Israel and Overseas | Community Security | Shared and Other | Jewish Federations of North America | Community Relations | Planning and Allocations | Total Program Services | Fundraising | General and Administrative | Total |
| Salaries | \$ - | \$ 1,083,377 | \$ 238,494 | \$ - | \$ 128,665 | \$ 13,240 | \$ - | \$ 111,018 | \$ 149,060 | \$ 1,723,854 | \$ 481,332 | \$ 409,536 | \$ 2,614,722 |
| Benefits | - | 97,907 | 18,494 | 63 | 4,888 | 1,467 | - | 3,437 | 10,381 | 136,637 | 44,277 | 29,491 | 210,405 |
| Taxes | - | 100,995 | 23,273 | - | 10,828 | 1,132 | - | 10,381 | 7,854 | 154,463 | 44,942 | 37,400 | 236,805 |
| Total payroll expenses | - | 1,282,279 | 280,261 | 63 | 144,381 | 15,839 | - | 124,836 | 167,295 | 2,014,954 | 570,551 | 476,427 | 3,061,932 |
| Allocations | 5,048,276 | 5,895 | 50,200 | 76,320 | - | - | - | - | - | 5,180,691 | 1,965 | 46,199 | 5,228,855 |
| Bank fees and credit discount fees | - | - | - | - | - | - | - | - | - | - | - | 74,655 | 74,655 |
| Cell phone reimbursement | - | 2,687 | 888 | - | - | 60 | - | 480 | 277 | 4,392 | 1,265 | 1,400 | 7,057 |
| Dues and subscriptions | - | 4,118 | 73,730 | - | 830 | - | 377,340 | 3,960 | 538 | 460,741 | 2,259 | 1,738 | 464,738 |
| Equipment and maintenance | - | 2,631 | 1,493 | 280 | 2,208 | 692 | - | 560 | 299 | 8,163 | 1,843 | 2,204 | 12,210 |
| Insurance | - | 15,378 | 7,676 | 1,436 | 1,199 | 2,657 | - | 2,876 | 1,533 | 32,755 | 9,200 | 13,260 | 55,215 |
| Meetings and conferences | - | 13,446 | 18,999 | 11,178 | 6,862 | 7,727 | - | 3,596 | 239 | 62,047 | 6,113 | 12,981 | 81,141 |
| Missions | - | - | - | 417,719 | - | - | - | - | - | 417,719 | 51,772 | - | 469,491 |
| Occupancy | - | 64,814 | 39,770 | 6,889 | 6,733 | 574 | - | 13,902 | 7,248 | 139,930 | 28,921 | 148,400 | 317,251 |
| Office supplies and materials | - | 8,618 | 475 | 609 | 1,608 | 155 | - | - | 27 | 11,492 | 3,315 | 15,423 | 30,230 |
| Other | - | 31,837 | 8,329 | 2,225 | - | 1,709 | - | 304 | - | 44,404 | 8,612 | 37,646 | 90,662 |
| Postage and shipping | - | 8,705 | 10 | - | - | 1,452 | - | 2 | - | 10,169 | 4,833 | 1,148 | 16,150 |
| Printing and related | - | 26,088 | 816 | 1,400 | 773 | 19,871 | - | 4,613 | - | 53,561 | 28,843 | 8,315 | 90,719 |
| Professional services | - | 133,014 | 14,804 | 56,456 | 24,329 | 77,082 | - | 3,039 | 21 | 308,745 | 109,780 | 236,299 | 654,824 |
| Rentals, facilities, and decorations for events | - | 822 | 2,250 | 6,937 | - | 85,634 | - | 30,156 | - | 125,799 | 100,788 | 1,822 | 228,409 |
| Software and Licenses | - | 9,968 | 1,272 | 91 | 4,159 | 35,811 | - | 21 | - | 51,322 | 43,359 | 73,516 | 168,197 |
| Travel | - | 293 | 274 | 8,878 | - | 32 | - | 156 | - | 9,633 | 153 | 220 | 10,006 |
| Total expense before depreciation and amortization | 5,048,276 | 1,610,593 | 501,247 | 590,481 | 193,082 | 249,520 | 377,340 | 188,501 | 177,477 | 8,936,517 | 973,572 | 1,151,653 | 11,061,742 |
| Depreciation and amortization of leasehold improvements, and furniture | - | 76,253 | 44,693 | - | 6,770 | 674 | - | 16,234 | 16,760 | 161,384 | 34,026 | 24,947 | 220,357 |
| Federation total | <u>\$ 5,048,276</u> | <u>\$ 1,686,846</u> | <u>\$ 545,940</u> | <u>\$ 590,481</u> | <u>\$ 199,852</u> | <u>\$ 250,194</u> | <u>\$ 377,340</u> | <u>\$ 204,735</u> | <u>\$ 194,237</u> | <u>\$ 9,097,901</u> | <u>\$ 1,007,598</u> | <u>\$ 1,176,600</u> | <u>\$ 11,282,099</u> |
| NCFC | | | | | | | | | | | | | |
| | Allocations to National, International and Local Agencies | Community Engagement | Jewish Education | Missions, Israel and Overseas | Community Security | Shared and Other | Jewish Federations of North America | Community Relations | Planning and Allocations | Total Program Services | Fundraising | General and Administrative | Total |
| Depreciation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 395,344 | \$ 395,344 |
| NCFC Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 395,344</u> | <u>\$ 395,344</u> |
| Eliminations | | | | | | | | | | | | | |
| | Allocations to National, International and Local Agencies | Community Engagement | Center for Jewish Education | Missions, Israel and Overseas | Community Security | Shared and Other | Jewish Federations of North America | Jewish Community Relations Council | Planning and Allocations | Total Program Services | Fundraising | General and Administrative | Total |
| Occupancy | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (127,036) | \$ (127,036) |
| Eliminations Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(127,036)</u> | <u>(127,036)</u> |
| TOTAL | <u>\$ 5,048,276</u> | <u>\$ 1,686,846</u> | <u>\$ 545,940</u> | <u>\$ 590,481</u> | <u>\$ 199,852</u> | <u>\$ 250,194</u> | <u>\$ 377,340</u> | <u>\$ 204,735</u> | <u>\$ 194,237</u> | <u>\$ 9,097,901</u> | <u>\$ 1,007,598</u> | <u>\$ 1,444,908</u> | <u>\$ 11,550,407</u> |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Consolidated Statement of Functional Expenses

For the Year Ended July 31, 2022

| | Federation | | | | | | | | | | | | |
|--|---|----------------------|-----------------------------|-------------------------------|--------------------|-------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------|----------------------------|----------------------|
| | Allocations to National, International and Local Agencies | Community Engagement | Jewish Education | Missions, Israel and Overseas | Community Security | Shared and Other | Jewish Federations of North America | Community Relations | Planning and Allocations | Total Program Services | Fundraising | General and Administrative | Total |
| Salaries | \$ - | \$ 984,508 | \$ 267,318 | \$ 65,487 | \$ 124,099 | \$ 13,768 | \$ - | \$ 197,311 | \$ 159,284 | \$ 1,811,775 | \$ 442,217 | \$ 321,158 | \$ 2,575,150 |
| Benefits | - | 113,834 | 14,677 | 10,750 | 6,651 | 1,327 | - | 11,881 | 9,021 | 168,141 | 51,243 | 27,433 | 246,817 |
| Taxes | - | 70,583 | 20,847 | 5,298 | 10,004 | 970 | - | 16,035 | 9,102 | 132,839 | 32,072 | 23,087 | 187,998 |
| Total payroll expenses | - | 1,168,925 | 302,842 | 81,535 | 140,754 | 16,065 | - | 225,227 | 177,407 | 2,112,755 | 525,532 | 371,678 | 3,009,965 |
| Allocations | 5,248,884 | 3,182 | - | 80,000 | - | - | - | - | - | 5,332,066 | 1,061 | 6,364 | 5,339,491 |
| Bank fees and credit discount fees | - | - | - | - | - | - | - | - | - | - | - | 113,343 | 113,343 |
| Cell phone reimbursement | - | 4,624 | 1,236 | 400 | 16 | 60 | - | 960 | 549 | 7,845 | 2,076 | 1,319 | 11,240 |
| Dues and subscriptions | - | 1,549 | 71,934 | - | 650 | - | 378,498 | 8,330 | 959 | 461,920 | 1,198 | 287 | 463,405 |
| Equipment and maintenance | - | 1,962 | 1,118 | 210 | 175 | 712 | - | 419 | 224 | 4,820 | 1,571 | 2,022 | 8,413 |
| Insurance | - | 16,248 | 8,161 | 1,530 | 1,275 | 128 | - | 3,060 | 1,632 | 32,034 | 7,040 | 8,472 | 47,546 |
| Meetings and conferences | - | 12,531 | 7,613 | 3,137 | 6,840 | 3,349 | - | 4,316 | 438 | 38,224 | 6,252 | 5,194 | 49,670 |
| Missions | - | - | 2,809 | 266,206 | - | - | - | - | - | 269,015 | - | - | 275,194 |
| Occupancy | - | 75,203 | 45,444 | 7,969 | 7,327 | 665 | - | 15,731 | 8,718 | 161,057 | 33,543 | 147,106 | 341,706 |
| Office supplies and materials | - | 6,848 | - | 92 | 3,528 | 653 | - | 4,512 | 344 | 15,977 | 2,868 | 10,371 | 29,216 |
| Other | - | 19,864 | 8,874 | 48 | 582 | 1,751 | - | 1,583 | - | 32,702 | 5,605 | 27,973 | 66,280 |
| Postage and shipping | - | 6,599 | 416 | 8 | - | 2,955 | - | 91 | - | 10,069 | 3,416 | 556 | 14,041 |
| Printing and related | - | 23,069 | 617 | 193 | - | 26,074 | - | 5,787 | - | 55,742 | 21,886 | 4,760 | 82,388 |
| Professional services | - | 127,145 | 28,540 | 92,550 | 15,969 | 46,563 | - | 1,365 | 158 | 312,290 | 81,297 | 184,177 | 577,764 |
| Rentals, facilities, and decorations for events | - | 123 | 3,120 | 4,720 | 1,048 | 36,925 | - | 21,744 | - | 67,680 | 30,727 | 1,933 | 100,340 |
| Software and Licenses | - | 9,528 | 1,224 | - | - | 19,263 | - | - | - | 30,015 | 25,961 | 39,956 | 95,932 |
| Travel | - | 829 | - | - | 9 | 132 | - | 226 | 51 | 1,247 | 382 | 288 | 1,917 |
| Total expense before depreciation and amortization | 5,248,884 | 1,478,229 | 483,948 | 538,598 | 178,173 | 155,297 | 378,498 | 293,351 | 190,480 | 8,945,458 | 756,594 | 925,799 | 10,627,851 |
| Depreciation and amortization of leasehold improvements, and furniture | - | 81,472 | 35,318 | 100 | 7,274 | 727 | - | 14,518 | 18,032 | 157,441 | 37,197 | 24,081 | 218,719 |
| Federation total | \$ 5,248,884 | \$ 1,559,701 | \$ 519,266 | \$ 538,698 | \$ 185,447 | \$ 156,024 | \$ 378,498 | \$ 307,869 | \$ 208,512 | \$ 9,102,899 | \$ 793,791 | \$ 949,880 | \$ 10,846,570 |
| NCFC | | | | | | | | | | | | | |
| | Allocations to National, International and Local Agencies | Community Engagement | Jewish Education | Missions, Israel and Overseas | Community Security | Shared and Other | Jewish Federations of North America | Community Relations | Planning and Allocations | Total Program Services | Fundraising | General and Administrative | Total |
| Depreciation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 396,715 | \$ 396,715 |
| NCFC Total | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 396,715 | \$ 396,715 |
| Eliminations | | | | | | | | | | | | | |
| | Allocations to National, International and Local Agencies | Community Engagement | Center for Jewish Education | Missions, Israel and Overseas | Community Security | Shared and Other | Jewish Federations of North America | Jewish Community Relations Council | Planning and Allocations | Total Program Services | Fundraising | General and Administrative | Total |
| Occupancy | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (122,150) | \$ (122,150) |
| Depreciation | - | - | - | - | - | - | - | - | - | - | - | (1,371) | (1,371) |
| Eliminations Total | - | - | - | - | - | - | - | - | - | - | - | (123,521) | (123,521) |
| TOTAL | \$ 5,248,884 | \$ 1,559,701 | \$ 519,266 | \$ 538,698 | \$ 185,447 | \$ 156,024 | \$ 378,498 | \$ 307,869 | \$ 208,512 | \$ 9,102,899 | \$ 793,791 | \$ 1,223,074 | \$ 11,119,764 |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Consolidated Statement of Cash Flows

For the Year Ended July 31, 2023

| | <u>Federation</u> | <u>NCFC</u> | <u>Elimination</u> | <u>Total</u> |
|--|---------------------|-------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Change in net assets | \$ 2,163,616 | \$ 114,193 | \$ - | \$ 2,277,809 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | | | |
| Depreciation and amortization | 220,357 | 395,344 | - | 615,701 |
| Amortization of pledge payable | - | (509,537) | 127,036 | (382,501) |
| Provision for losses on uncollectible contributions receivable | 605,326 | - | - | 605,326 |
| Realized and unrealized gains in investments, net | (432,630) | - | - | (432,630) |
| Change in operating assets and liabilities: | | | | |
| Pledges receivable | (1,674,892) | - | (127,036) | (1,801,928) |
| Grant receivable | (102,460) | - | - | (102,460) |
| Other receivables | 14,896 | - | - | 14,896 |
| Prepaid expenses | 31,524 | - | - | 31,524 |
| Accounts payable and accrued expenses | 67,161 | - | - | 67,161 |
| Agency liabilities | 55,900 | - | - | 55,900 |
| Allocations payable | (67,985) | - | - | (67,985) |
| Deferred revenue | 126,640 | - | - | 126,640 |
| | <u>1,007,453</u> | <u>-</u> | <u>-</u> | <u>1,007,453</u> |
| Net cash provided by operating activities | 1,007,453 | - | - | 1,007,453 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of investments | (525,548) | - | - | (525,548) |
| Proceeds from sale of investments | 187,373 | - | - | 187,373 |
| Change in interest in Marx Fund | 417 | - | - | 417 |
| Purchases of fixed assets | (272,342) | - | - | (272,342) |
| | <u>(610,100)</u> | <u>-</u> | <u>-</u> | <u>(610,100)</u> |
| Net cash used in investing activities | (610,100) | - | - | (610,100) |
| Net change in cash and cash equivalents | 397,353 | - | - | 397,353 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>5,844,789</u> | <u>-</u> | <u>-</u> | <u>5,844,789</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 6,242,142</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,242,142</u> |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate
Consolidated Statement of Cash Flows
For the Year Ended July 31, 2022

| | <u>Federation</u> | <u>NCFC</u> | <u>Elimination</u> | <u>Total</u> |
|--|---------------------|-------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Change in net assets | \$ 1,139,584 | \$ 107,935 | \$ 1,371 | \$ 1,248,890 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | | | |
| Depreciation and amortization | 218,719 | 396,715 | (1,371) | 614,063 |
| Amortization of pledge payable | - | (504,650) | 122,150 | (382,500) |
| Provision for losses on uncollectible contributions receivable | 217,620 | - | - | 217,620 |
| Realized and unrealized losses in investments, net | 516,617 | - | - | 516,617 |
| Change in operating assets and liabilities: | | | | |
| Pledges receivable | (524,076) | - | (122,150) | (646,226) |
| Other receivables | (45,300) | - | - | (45,300) |
| Prepaid expenses | (15,912) | - | - | (15,912) |
| Accounts payable and accrued expenses | (136,025) | - | - | (136,025) |
| Agency liabilities | (15,200) | - | - | (15,200) |
| Allocations payable | (660,209) | - | - | (660,209) |
| Deferred revenue | 86,118 | - | - | 86,118 |
| Net cash provided by operating activities | 781,936 | - | - | 781,936 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of investments | (346,262) | - | - | (346,262) |
| Change in interest in Marx Fund | 29,018 | - | - | 29,018 |
| Purchases of fixed assets | (47,522) | - | - | (47,522) |
| Net cash used in investing activities | (364,766) | - | - | (364,766) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments of notes payable | (250,000) | - | - | (250,000) |
| Net cash used in financing activities | (250,000) | - | - | (250,000) |
| Net change in cash and cash equivalents | 167,170 | - | - | 167,170 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>5,677,619</u> | <u>-</u> | <u>-</u> | <u>5,677,619</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 5,844,789</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,844,789</u> |

The Notes to this Financial Statement are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies

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 greater Dallas Metropolitan area. The Federation is qualified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

For the year ended July 31, 2022, the Federation was noted as a Four-Star Charity by Charity Navigator related to Accountability & Finance.

Basis of Presentation

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. The Federation and a separate entity donated buildings, improvements and land to NCFC. The buildings were leased to the Federation and a separate entity.

The Federation and NCFC (collectively, the "Organization") meet the criteria for consolidation due to common board membership and identical management, which constitutes economic interest and control in accordance with generally accepted accounting principles. Therefore, the operations of NCFC are consolidated into the financial statements.

Programs

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.
- **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.
- **Jewish Education:** Jewish Education (JE) 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. JE works with other Federation departments particularly in areas involving educational planning.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

- **Mission, Israel and Overseas:** The Mission, 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. Missions 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.
- **Community Security:** Expenses related to providing security to the campus of the Federation and various other community initiatives.
- **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 consolidated financial statements.
- **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.
- **Community Relations:** Community Relations 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.
- **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.

Net Assets

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States ("GAAP") except as noted above. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions - Represents resources that are generally not subject to donor-imposed restrictions. Net assets without donor restrictions 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 net assets without donor restrictions.

Net Assets with Donor Restriction – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions, that expire by the passage of time, or net assets subject to donor-imposed restrictions that must be maintained in perpetuity by the Organization.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Revenue Recognition

Grants, contributions, and support are recorded as assets at fair value at the earlier of the date when unconditional pledge commitments are established or received. The related revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expirations of restrictions on net assets, either by fulfillment of the stipulated purpose or the passage of time, are reported as reclassifications (net assets released from restrictions) between the applicable classes of net assets. Contributions with donor-imposed restrictions that are met in the same year as the contributions are received are reported as revenues in the without donor restrictions classification. Contributions restricted for the acquisition of property and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets being placed in service.

The Federation recognized revenue from special events and missions in the period the performance obligation is met. Any payments received prior to the event taking place is deferred as a liability on the statement of financial position. As of July 31, 2023 and 2022, \$150 and \$27,966, respectively, is recorded as deferred revenue related to special events. There were no collections as of July 31, 2021 for events which were scheduled to happen in the year ended July 31, 2022.

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

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Federation recognizes mission revenues when the performance obligations are satisfied. Deferred revenue related to missions as of July 31, 2023 and 2022 was \$212,608 and \$58,152. There were no contract liabilities or assets related to mission revenue as of July 31, 2023, 2022 or 2021.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Cash and Cash Equivalents

For purposes of cash flows, the Organization 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. Cash and cash equivalents held for long-term or restricted purposes are classified as investments.

Pledges Receivable

Pledges receivable, net consist of unconditional promises to give and are recognized in the year the unconditional promise is made, at their fair value. 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. As of July 31, 2023, \$500,000 was due to be received in more than one year.

At July 31, 2023 and 2022, the Federation's pledges receivable consists 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 \$936,522 and \$453,701, respectively. Amounts written off in 2023 and 2022 were \$605,326 and \$217,620, respectively.

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

Grant Receivable

Grant receivable consists of an amount due from a grantor related to applicable expenses incurred prior to year-end, and is recognized in the year the expenses are incurred and the revenue is earned. No grant receivable existed as of July 31, 2022.

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 (Note 3).

Property and Equipment

Buildings, land, leasehold improvements and equipment are stated at cost if purchased or at the estimated fair value at the date of donation if donated. The Organization capitalizes land, buildings and building improvements, leasehold improvements 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 buildings, building improvements and 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.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Impairment of Long-Lived Assets

The Organization 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, 2023 and 2022.

Agency Liabilities

Agency liabilities represent assets held for the benefit of other agencies. See Note 5.

Allocations Payable

The Federation makes allocations to constituent agencies 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. 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.

Pledge Payable

Pledge payable relates to a long-term agreement to charge below market rent to another not-for-profit entity. The pledge payable is carried at the fair value of the property contributed by the not-for-profit to NCFC at the date of donation, which was subsequently leased at below market rent to the not-for-profit by NCFC, amortized over the lease period of 25 years.

Deferred Revenue

Deferred revenue consists of amounts received prior to year-end that were not earned, primarily related to missions and special events scheduled in the subsequent year.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

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, primarily based on estimates of time and effort. Management reviews its functional allocation estimates annually, or more often if changes in circumstances indicate changes to the functional expense allocations may be necessary.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

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. The Federation has never experienced any loss to date on these financial instruments. Pledges receivable are due from individuals and organizations concentrated in the Dallas/Fort Worth area.

Investments and interest in Marx Fund 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 topics, Not-for-Profit Entities Revenue Recognition and, therefore, are not included in the consolidated financial statements.

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 and NCFC are 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 Organization 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 consolidated financial statements. The Organization does not believe there are any unrecognized tax benefits that should be recorded.

For the years ended July 31, 2023 and 2022, there were no interest or penalties recorded or included in the consolidated statements of activities related to taxes. The Federation and NCFC are not under examination for tax purposes by any jurisdiction.

Fair Value of Financial Instruments

FASB ASC topic Financial Instruments requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, pledges receivable, investments, notes payable, pledge payable and other short-term assets and liabilities, which are all stated at cost which approximates fair value in the Organization's financial statements. Note 3 provides further details regarding fair value.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Starting on August 1, 2022 (the "transition date"), with the adoption of Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), under the transition date method, once the Organization has determined an arrangement is a long-term lease (with a remaining lease term greater than 12 months), at inception (or transition date) it recognizes a right of use asset ("ROU asset") and lease liability based on the present value of the lease payments over the lease term. Adoption of this standard had no material impact to the consolidated financial statements of the Organization, as the Organization had no material leases at the time of adoption.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. Such reclassifications had no effect on net assets or change in net assets.

Subsequent Events

In the preparation of its financial statements, the Organization considered subsequent events through February 1, 2024, which was the date the Organization's consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of July 31, 2023 and 2022:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 6,242,142 | \$ 5,844,789 |
| Pledges receivable, net | 6,056,342 | 4,859,739 |
| Grant receivable | 102,460 | - |
| Other receivables | 30,404 | 45,300 |
| Investments appropriated for current use | 6,752,658 | 5,981,853 |
| Less: Board designated net assets | (1,523,941) | (1,422,654) |
| Less: With donor restrictions net assets | (3,389,375) | (2,337,967) |
| Total financial assets available for general expenditures within one year | <u>\$ 14,270,690</u> | <u>\$ 12,971,060</u> |

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

The Organization strives to run a balanced budget where its cash inflows equal its cash outflows on an annual basis. As part of the liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, mutual funds, bond funds, and equity securities.

Note 3. 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 Organization 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 the Marx Fund. Liabilities measured at fair value on a non-recurring basis include pledges payable.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value as of July 31, 2023 and 2022. There have been no changes in the methodologies during years ended July 31, 2023 and 2022.

Investments and interest in Marx Fund, absent of cash and cash equivalents, equities and fixed income funds, are carried at fair value as reported by the Foundation and are classified in Level 2 in the fair value hierarchy because all material inputs into the investment pools are observable. Cash and cash equivalents and equities are included in investments are valued at Level 1 in the fair value hierarchy based on nature of assets. Fixed income obligations are valued at Level 2 in the fair value hierarchy because all material inputs into the investment pools are observable.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Pledge payable is carried at the fair value of contributed property at date of donation, amortized over the lease period, which is considered to be classified in Level 3 of the fair value hierarchy because all material inputs are unobservable and significant. The valuation of the contributed property was based on the square footage of the property at the date of donation, rent rates, and other factors.

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 Organization 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.

Assets measured at fair value on a recurring basis were as of July 31, 2023 and 2022:

| | Fair Value at July 31, 2023 | | | Total |
|---------------------------|-----------------------------|---------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | |
| Investments | | | | |
| Cash and cash equivalents | \$ 469,279 | \$ - | \$ - | \$ 469,279 |
| Equities | 277,462 | - | - | 277,462 |
| Fixed income | | 537,162 | - | 537,162 |
| Equity fund | - | 3,273,432 | - | 3,273,432 |
| Bond fund | - | 2,136,664 | - | 2,136,664 |
| Liquid alternative fund | - | 58,659 | - | 58,659 |
| Interest in Marx Fund | | | | |
| Equity fund | - | 135,182 | - | 135,182 |
| Bond fund | - | 61,959 | - | 61,959 |
| Liquid alternative fund | - | 14,082 | - | 14,082 |
| Illiquid alternative fund | - | 70,408 | - | 70,408 |
| | <u>\$ 746,741</u> | <u>\$ 6,287,548</u> | <u>\$ -</u> | <u>\$ 7,034,289</u> |
| | | | | |
| | Fair Value at July 31, 2022 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| Cash and cash equivalents | \$ 756,616 | \$ - | \$ - | \$ 756,616 |
| Equity fund | - | 3,287,969 | - | 3,287,969 |
| Bond fund | - | 1,879,409 | - | 1,879,409 |
| Liquid alternative fund | - | 57,859 | - | 57,859 |
| Interest in Marx Fund | | | | |
| Equity fund | - | 135,383 | - | 135,383 |
| Bond fund | - | 56,410 | - | 56,410 |
| Liquid alternative fund | - | 14,102 | - | 14,102 |
| Illiquid alternative fund | - | 76,153 | - | 76,153 |
| | <u>\$ 756,616</u> | <u>\$ 5,507,285</u> | <u>\$ -</u> | <u>\$ 6,263,901</u> |

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Activity in the pledge payable valued at Level 3 in the fair value hierarchy is as follows for years ended July 31, 2023 and 2022:

| | 2023 | 2022 |
|-------------------|--------------|--------------|
| Beginning balance | \$ 2,550,000 | \$ 2,932,500 |
| Amortization | (382,500) | (382,500) |
| Ending Balance | \$ 2,167,500 | \$ 2,550,000 |

Note 4. Property and Equipment, Net

Property and equipment, net, at July 31, 2023 and 2022 consist of:

| | 2023 | 2022 |
|--|--------------|--------------|
| <u>NCFC</u> | | |
| Land | \$ 230,452 | \$ 230,452 |
| Building and improvements | 12,255,666 | 12,255,666 |
| | 12,486,118 | 12,486,118 |
| Less accumulated depreciation and amortization | (7,565,096) | (7,169,752) |
| Total property and equipment, net - NCFC | 4,921,022 | 5,316,366 |
| <u>Federation</u> | | |
| Leasehold improvements | 2,316,774 | 2,063,799 |
| Furniture and equipment: | | |
| Computers | 360,256 | 342,099 |
| Telephone system | 26,755 | 26,755 |
| Office furniture and equipment | 518,876 | 517,518 |
| | 3,222,661 | 2,950,171 |
| Less accumulated depreciation and amortization | (1,945,997) | (1,725,492) |
| Total property and equipment, net - Federation | 1,276,664 | 1,224,679 |
| Total property and equipment, net | \$ 6,197,686 | \$ 6,541,045 |

Depreciation and amortization expense for the years ended July 31, 2023 and 2022 amounted to \$615,701 and \$614,063, respectively.

Note 5. Agency Liabilities and Transfers

Agency liabilities of \$135,850 and \$79,950 as of July 31, 2023 and 2022, respectively, consist of amounts recorded by the Federation from a resource provider that are designated for the benefit of another not-profit-organization or individual. These amounts are due to national, international, and local agencies supported by the Federation.

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Notes to the Consolidated Financial Statements

Note 6. Joint Cost Allocation

The Federation operates an annual campaign. Costs associated with operating the campaign were allocated approximately 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 fiscal year 2023 and 2022, total expense related to joint activities was approximately \$1.5 million and \$1.6 million, of which approximately \$0.5 million and \$0.8 million was allocated to fundraising. The amounts not allocated to fundraising were primarily allocated to program functions.

Note 7. Net Assets with Restrictions and Board Designated Net Assets

All net assets of NCFC are without donor restrictions as of July 31, 2023 and 2022. There were no releases of net assets with donor restrictions related to NCFC for the years ended July 31, 2023 and 2022.

Net assets with donor restrictions of the Federation are made up of the following as of July 31, 2023: net assets with donor restrictions – time and purpose of \$1,915,497 and net assets with donor restrictions – held in perpetuity of \$973,878. Net assets with donor restrictions are made up of the following as of July 31, 2022: net assets with donor restrictions – time and purpose of \$1,836,064 and net assets with donor restrictions – held in perpetuity of \$501,903.

Net assets with donor restrictions – time and purpose of the Federation were available for the following purposes at July 31, 2023 and 2022:

| | 2023 | 2022 |
|---|--------------|--------------|
| Honeymoon Israel | \$ 28,000 | \$ 28,000 |
| Schultz Educator | - | 51,133 |
| Jewish Education Tribute Event | - | 58,800 |
| Jewish Education Restricted Bequest | 262,397 | - |
| Community Relations Community Missions | 24,500 | 24,500 |
| Community Relations | | |
| Public Education Initiative/BDS Program | 54,704 | 20,852 |
| Winter Storm February 2021 | - | 120,714 |
| One Table | 40,000 | 40,000 |
| Tycher Library | | 18,008 |
| COVID-19 Emergency Campaign | 141,357 | 154,845 |
| Ukraine Emergency Campaign | 123,625 | 123,625 |
| Restricted PACE Gift | 1,117,000 | 1,167,000 |
| Israel Teen Tour | 93,488 | - |
| Time | 500,000 | - |
| Other | 30,426 | 28,587 |
| | \$ 2,415,497 | \$ 1,836,064 |

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Notes to the Consolidated Financial Statements

For the years ended July 31, 2023 and 2022, the Federation released the net assets from restrictions as follows:

| | 2023 | 2022 |
|---|------------|------------|
| Schultz Educator | \$ 51,133 | \$ 35,916 |
| Jewish Education Tribute Event | 58,800 | 20,000 |
| Community Relations | | |
| Public Education Initiative/BDS Program | - | 22,419 |
| Winter Storm | 120,000 | 25,000 |
| Tycher Library | 18,008 | 6,670 |
| PJ Library | - | 15,539 |
| COVID-19 Emergency Campaign | 13,488 | 9,042 |
| Restricted PACE Gift | 50,000 | 58,000 |
| JFGD Building Renovation | - | 250,000 |
| | \$ 311,429 | \$ 442,586 |

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, 2023 and 2022:

| | 2023 | 2022 |
|----------------------------------|--------------|--------------|
| Jewish Education "What If?" fund | \$ 27,441 | \$ 26,023 |
| Israel and Overseas | 70,000 | 70,000 |
| Israel Independence Day | 7,500 | 7,500 |
| Jewish Education | 81,045 | 11,920 |
| Marx Fund | 281,630 | 282,048 |
| Partnership 2gether | 269,940 | 461,353 |
| Stabilization Fund | 563,708 | 543,448 |
| PJ Library Connector Project | 35,314 | 10,362 |
| Department of Community Security | 167,363 | - |
| Rabbinical Association | - | 10,000 |
| Teen Israel Scholarship Fund | 15,000 | - |
| Indigent Burial Program | 5,000 | - |
| | \$ 1,523,941 | \$ 1,422,654 |

Note 8. Uniform Prudent Management of Institutional Funds Act

Net assets with donor restrictions held in perpetuity were \$973,878 and \$501,903 as of July 31, 2023 and 2022. The Federation's endowment funds consist of cash and cash equivalents, equities and fixed income obligations. These funds consist of contributions made to establish an endowment, the earnings from which are to be used to support different restricted purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

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Notes to the Consolidated Financial Statements

The investment policy is issued by the Board of the Federation. It articulates the principles by which the Federation governs the management of its investment assets. The Board is responsible for adopting investment objectives and policies, hiring and evaluating investment managers, establishing a controlled environment, and monitoring policy implementation and investment performance. The Board exercises its responsibility according to applicable fiduciary standards and in the exclusive interest of the Federation.

A reconciliation of the endowment funds' beginning and ending balances for the years ended July 31, 2023 and 2022 is as follows. There was no cumulative effect of any amounts by which net assets with donor restrictions – held in perpetuity have been reduced, or increased that were not specified by the donor, or in the absence of a donor stipulation, approved by the Board.

| | Net Assets without Donor Restrictions | Endowment Net Assets with Donor Restrictions Held in Perpetuity | Total Endowment Net Assets |
|--|---|---|----------------------------------|
| Endowment net assets, August 1, 2021 | \$ - | \$ - | \$ - |
| Interest and dividends | 1,788 | - | 1,788 |
| Net appreciation (realized and unrealized) | 139 | - | 139 |
| | 1,927 | - | 1,927 |
| Contributions | - | 501,903 | 501,903 |
| Appropriation of endowment assets for expenditure | (1,927) | - | (1,927) |
| Endowment net assets, July 31, 2022 | <u>\$ -</u> | <u>\$ 501,903</u> | <u>\$ 501,903</u> |
| | Net Assets without Donor Restrictions | Endowment Net Assets with Donor Restrictions Held in Perpetuity | Total Endowment Net Assets |
| Endowment net assets, August 1, 2022 | \$ - | \$ 501,903 | \$ 501,903 |
| Interest and dividends | 23,306 | - | 23,306 |
| Net appreciation (realized and unrealized) | 27,694 | - | 27,694 |
| | 51,000 | 501,903 | 552,903 |
| Contributions | - | 471,975 | 471,975 |
| Appropriation of endowment assets for expenditure | (44,082) | - | (44,082) |
| Endowment net assets, July 31, 2023 | <u>\$ 6,918</u> | <u>\$ 973,878</u> | <u>\$ 980,796</u> |

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Investment Objectives

The Federation assets are to be invested in a balanced portfolio composed of equity, fixed-income and cash equivalent securities. As such, it is intended to be more aggressive than fixed-income-oriented portfolios and less aggressive than equity-only-oriented portfolios. In this context, "aggressive" relates to such issues as expected long-term rates of return and return volatility, investment vehicles, diversification among economic and industry sectors and individual securities. Within this framework, the principal investment objectives are stated below. These objectives recognize the nature of the Federation, its purpose and its beneficiaries. The basic investment objective is long-term growth of capital and preservation of capital. In pursuing the investment objective, the Federation endeavors, over time, to outperform the investment return objectives.

Investment Philosophy

The primary investment objective of the Federation is long-term growth of capital. It is recognized that short-term fluctuations in the capital markets may result in the loss of capital on occasion (i.e., negative rates of return). However, the total asset value of the Federation, exclusive of contributions or withdrawals, should grow in the long-run. It should earn, through a combination of investment income and capital appreciation, a rate of return in excess of a balanced market index while incurring less risk than such index. The long-term growth of capital should also be greater than the spending policy.

The Board intends to maximize the portfolio's total return comprising income and net realized and unrealized gains and losses. This objective is to be accomplished by assuming a prudent level of risk in the investment of the Federation assets.

The Federation will engage well-qualified investment managers registered under the Investment Advisors Act of 1940. The investment manager will perform duties with the care, skill, prudence and diligence under the prevailing circumstance that a prudent expert acting in a like capacity and familiar with such matter would use in the conduct of an enterprise of a like character and of like aims.

Underwater Endowments

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Federation to retain as a fund of perpetual duration. No deficiencies of this nature exist as of July 31, 2023 and 2022.

Note 9. 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 years ended July 31, 2023 and 2022 were \$42,477 and \$61,998.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

Note 10. Lease Income

The Federation leases office space from NCFC under a 50-year lease, at substantially no cost to the Federation. Maintenance and operating costs, including insurance and taxes, of the office space is borne by the Federation. Management estimates the value of this donated rent for years ended July 31, 2023 and 2022 to be approximately \$165,000 per year; however, in kind income and expense for this donated facility use is excluded from the Organization's financial statements due to the nature of the relationship between NCFC and the Federation and the consolidation.

Similarly, NCFC leases space to the Jewish Community Center of Dallas, Inc. under a 50-year lease the commenced April 2004 at substantially no cost. This lease commitment is reflected in lease income in the consolidated statement of activities. A pledge payable of \$2,167,500 and \$2,550,000 is recorded on the consolidated statements of financial position as of July 31, 2023 and 2022, respectively, and is being amortized annually over the remaining lease period.

Note 11. Notes Payable

On October 14, 2020, the Federation entered into a promissory note with a bank for \$500,000, maturing in October 2023 related to the building renovation from the October 2019 Tornado. The note bore interest of 2.05% annually. The balance was paid in full during year ended July 31, 2022.

Note 12. Intentions to Give

The Federation receives indication 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 considered conditional pledges. The total of these intentions to give excluded from the consolidated financial statements were \$1,173,854 and \$1,363,441 as of July 31, 2023 and 2022, respectively.