

Jewish Federation of Greater Dallas and Affiliate

Consolidated Financial Report
July 31, 2022

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of July 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Consolidation

As discussed in Note 12 to the consolidated financial statements, the net assets of the Organization as of July 31, 2021 have been restated to reflect consolidation of Northaven Campus Facilities Corporation (the "Affiliate"). Our opinion is not modified with respect to this matter.

Other Matter - Prior Period Restatement

The financial statements of Jewish Federation of Greater Dallas were audited by another auditor who expressed a qualified opinion on those statements on January 7, 2022 for Jewish Federation of Greater Dallas.

As part of our audit of the July 31, 2022 consolidated financial statements, we also audited the adjustments described in Note 12 that were applied to restate the July 31, 2021 financial statements for the effects of consolidation of the Affiliate as of July 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2021 financial statements of Jewish Federation of Greater Dallas other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the July 31, 2021 financial statements as a whole.

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.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 / Fort Worth, Texas 76107
Main: 817.332.7905

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

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 financial statements are issued or available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 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 Federation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation'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
January 23, 2023

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 and other current assets	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 other liabilities	\$ 1,001,138	\$ -	\$ -	\$ 1,001,138
Agency liabilities	79,950	-	-	79,950
Allocations payable	6,681,042	-	-	6,681,042
Pledge payable	-	3,499,089	(949,089)	2,550,000
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 the Consolidated Financial Statements 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		Federation Total	NCFC		Eliminations		Eliminations Total	Total	
	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	NCFC Total	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions
REVENUES										
Grants and contributions	\$ 11,962,193	\$ 647,216	\$ 12,609,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,962,193	\$ 647,216
Provisions for losses on uncollectable contributions	(217,620)	-	(217,620)	-	-	-	-	-	(217,620)	-
Special events, net	122,574	-	122,574	-	-	-	-	-	122,574	-
Mission revenue	77,500	-	77,500	-	-	-	-	-	77,500	-
Investment income (loss)	(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	-
Center for 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	-
Jewish Community Relations Council	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, prior to restatement	7,156,724	2,133,337	9,290,061	15,235,252	-	(12,456,042)	-	(12,456,042)	9,935,934	2,133,337
Prior period restatement	-	1,071,239	1,071,239	-	-	-	(1,071,239)	(1,071,239)	-	-
Net assets, beginning of year, as restated	7,156,724	3,204,576	10,361,300	15,235,252	-	(12,456,042)	(1,071,239)	(13,527,281)	9,935,934	2,133,337
Net assets at end of year	<u>\$ 8,213,828</u>	<u>\$ 3,287,056</u>	<u>\$ 11,500,884</u>	<u>\$ 15,343,187</u>	<u>\$ 107,935</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>

The Notes to the Consolidated Financial Statements 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	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
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	7,845	2,076	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	6,179	-	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	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	-	26,076	-	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, pment and furniture and loss on disposal of fixed assets	-	81,472	35,318	100	7,274	727	-	14,518	18,032	157,441	37,197	24,081	218,719
Federation total	<u>\$ 5,248,884</u>	<u>\$ 1,559,701</u>	<u>\$ 519,266</u>	<u>\$ 538,698</u>	<u>\$ 185,447</u>	<u>\$ 156,024</u>	<u>\$ 378,498</u>	<u>\$ 307,869</u>	<u>\$ 208,512</u>	<u>\$ 9,102,899</u>	<u>\$ 793,791</u>	<u>\$ 949,880</u>	<u>\$ 10,846,570</u>
NCFC													
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	
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	<u>\$ 5,248,884</u>	<u>\$ 1,559,701</u>	<u>\$ 519,266</u>	<u>\$ 538,698</u>	<u>\$ 185,447</u>	<u>\$ 156,024</u>	<u>\$ 378,498</u>	<u>\$ 307,869</u>	<u>\$ 208,512</u>	<u>\$ 9,102,899</u>	<u>\$ 793,791</u>	<u>\$ 1,223,074</u>	<u>\$ 11,119,764</u>

The Notes to the Consolidated Financial Statements 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 and other assets	(15,912)	-	-	(15,912)
Accounts payable and other liabilities	(49,907)	-	-	(49,907)
Agency liabilities	(15,200)	-	-	(15,200)
Allocations payable	(660,209)	-	-	(660,209)
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 the Consolidated Financial Statements are an integral part of this statement.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

Note 1. Nature of Operations and Significant Accounting Policies Nature of Operations

The Jewish Federation of Greater Dallas (the "Federation") coordinates and implements fund-raising, planning, leadership development, education, and community relations for the Jewish community. Substantially all of the Federation's revenues are raised from individuals and organizations in the 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.

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

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

- **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 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.
- **Jewish Community Relations Council:** The Jewish Community Relations Council ("JCRC") seeks to build understanding and generate support for Israel, public policy and social issues which are important to the Dallas Jewish community. As the public affairs division of the Federation, its scope encompasses public policy, communications, education, issue management, interfaith and interethnic relations, and social action.
- **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 Federation 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 Federation is subject to donor-imposed restrictions that can be fulfilled by actions of the Federation 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 Federation. The Federation has no net assets held in perpetuity as of July 31, 2022 and 2021.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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. There are no collections as of July 31, 2021 or 2020, respectively, for events which will happen in the subsequent fiscal year. As of July 31, 2022, \$27,966 is recorded as deferred revenue related to special events.

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. Missions revenue was \$77,500 in the current year. Deferred revenue related to missions as of July 31, 2022 was \$58,152. There were no contract liabilities or assets related to mission revenue as of July 31, 2021 or 2020.

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. Cash and cash equivalents held for long-term or restricted purposes are classified as investments.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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.

At July 31, 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 \$453,701. Amounts written off in 2022 were \$217,620.

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

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.

Impairment of Long-Lived Assets

The Federation periodically reviews the carrying value of its long-lived assets, including leasehold improvements and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent fair value of a long-lived asset, determined based upon the estimated future cash inflows attributable to the asset, less estimated future cash outflows, are less than the carrying amount, an impairment loss is recognized. No such losses were recognized for the years ended July 31, 2022 and 2021.

Agency Liabilities

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

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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 below market rent charged to a 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, amortized over the lease period of 25 years.

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.

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 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.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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 financial statements. The Federation does not believe there are any unrecognized tax benefits that should be recorded.

For the year ended July 31, 2022, there were no interest or penalties recorded or included in the statements of activities related to taxes. The Federation and NCFC are not under examination for tax purposes by any jurisdiction. Tax filings for fiscal year 2018 through present are subject to examination.

Fair Value of Financial Instruments

FASB ASC topic Financial Instruments requires disclosure of an estimate of fair value of certain financial instruments. The Federation's significant financial instruments are cash and cash equivalents, pledges receivable, investments, notes 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.

New Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued new accounting guidance on lease arrangements, which, in an effort to increase transparency and comparability among organizations utilizing leasing, requires an entity that is a lessee to recognize the assets and liabilities arising from operating leases on the balance sheet. This guidance also requires disclosures about the amount, timing and uncertainty of cash flows arising from leases. In transition, the entity is required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Per ASU 2020-05, *Leases* (Topic 842) Effective Dates for Certain Entities, the effective date of this guidance has been extended for non-public entities for annual periods beginning after December 15, 2021. Early adoption is permitted. The Federation is currently evaluating the impact of the new guidance on its financial statements and will adopt the new guidance when required.

Subsequent Events

In the preparation of its financial statements, the Federation considered subsequent events through January 23, 2023, which was the date the Federation's financial statements were available to be issued.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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:

Cash and cash equivalents	\$	5,844,789
Pledges receivable, net		4,859,739
Other receivables		45,300
Investments appropriated for current use		5,981,853
Less: Board designated net assets		(1,422,654)
Less: With donor restrictions net assets		(2,337,967)

 Total financial assets available for general expenditures within one year	 \$	 12,971,060

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. For the year ended July 31, 2022, there were no significant adverse impacts from COVID-19 outbreak on the Organization's liquidity and availability of resources.

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 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.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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. There have been no changes in the methodologies during year ended July 31, 2022.

Investments and interest in Marx Fund are carried at fair value as reported by the Foundation and are classified in Level 2 of the fair value hierarchy because all material inputs into the investment pools are observable.

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 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.

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

	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
	\$ 756,616	\$ 5,507,285	\$ -	\$ 6,263,901

Activity in the pledge payable valued at Level 3 in the fair value hierarchy is as follows:

Beginning balance	\$ 2,932,500
Amortization	(382,500)
Ending Balance	\$ 2,550,000

Jewish Federation of Greater Dallas and the Affiliate
Notes to the Consolidated Financial Statements
For the Year Ended July 31, 2022

Note 4. Property and Equipment, Net

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

Land	\$	230,452
Building and improvements		12,255,666
Leasehold improvements		2,063,799
Furniture and equipment:		
Computers		342,099
Telephone system		26,755
Office furniture and equipment		517,518
		<u>15,436,289</u>
Less accumulated depreciation and amortization		<u>(8,895,244)</u>
		<u><u>\$ 6,541,045</u></u>

Depreciation and amortization expense for the year ended July 31, 2022 amounted to \$614,063.

Note 5. Agency Liabilities and Transfers

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

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 2022, total expense related to joint activities was approximately \$1.6 million of which approximately \$0.8 million was allocated to fundraising. The amounts not allocated to fundraising were primarily allocated to program functions.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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

Net assets with donor restrictions of the Federation were available for the following purposes at July 31, 2022:

Schultz Educator	\$	51,133
Honeymoon Israel		28,000
Center of Jewish Education Tribute Event		58,800
Jewish Community Relations Council Community Missions		24,500
Jewish Community Relations Council Public Education Initiative/BDS Program		20,852
Winter Storm February 2021		120,714
One Table		40,000
Tycher Library		18,008
COVID-19 Emergency Campaign April 2020		154,845
Ukraine Emergency Campaign March 2022		123,625
Ike and Candy Brown gift		501,903
Restricted PACE Gift		1,167,000
Other		28,587
		<hr/>
	\$	<u>2,337,967</u>

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

Schultz Educator	\$	35,916
Center of Jewish Education Tribute Event		20,000
Jewish Community Relations Council Public Education Initiative/BDS Program		22,419
Winter Storm February 2021		25,000
Tycher Library		6,670
PJ Library		15,539
COVID-19 Emergency Campaign April 2020		9,042
JFGD Building Renovation from October 2019 Tornado		250,000
Restricted PACE Gift		58,000
		<hr/>
	\$	<u>442,586</u>

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

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, 2022:

	2022
Center for Jewish Education "What If?" fund	\$ 26,023
Israel and Overseas	70,000
Israel Independence Day	7,500
Jewish Education	11,920
Rabbinical Association	10,000
Marx Fund	282,048
Partnership 2gether	461,353
Stabilization Fund	543,448
PJ Library Connector Project	10,362
	\$ 1,422,654

Note 8. 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 year ended July 31, 2022 were \$61,998

Note 9. 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 year ended July 31, 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 commencing April 2004 at substantially no cost. This lease commitment is reflected in lease income in the consolidated statement of activities. A pledge payable of \$2,550,000 is recorded on the consolidated statement of financial position, and will be amortized annually over the remaining lease period.

Note 10. 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 due bears interest of 2.05% annually. The balance was paid in full during year ended July 31, 2022.

Jewish Federation of Greater Dallas and the Affiliate

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 2022

Note 11. 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 financial statements were \$1,363,441 as of July 31, 2022.

Note 12. Prior Period Restatement

During the year ended July 31, 2022, the Federation reassessed GAAP related to consolidation. As a result of this review, Organization management determined that the financial statements of NCFC should be consolidated with those of the Federation and included in the Organization's reporting entity due to controlling financial interest and common control. In previous years, the Federation had received a qualified opinion on the financial statements due to not consolidating NCFC, and NCFC was not audited.

The following notes the impact of the restatement on the overall financial statements as of July 31, 2021:

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>
Net assets as of July 31, 2021, as previously reported		
Federation	\$ 7,156,724	\$ 2,133,337
Plus:		
Federation	1,071,239	
NCFC	15,235,252	-
Eliminations	<u>(13,527,281)</u>	<u>-</u>
Consolidated net assets as of July 31, 2021, as restated	<u>\$ 9,935,934</u>	<u>\$ 2,133,337</u>

The amount related to the Federation above relates to the pledge payable between NCFC and the Federation related to below market rent, which is valued at present value.

The change in net assets for the Organization for the year ended July 31, 2021, as previously reported, was \$1,847,689. On a consolidated basis, the change in net assets of the Organization for year ended July 31, 2021 was \$1,834,845.