

JEWISH FEDERATION OF GREATER ATLANTA, INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

(With Independent Auditor's Report Thereon)

JEWISH FEDERATION OF GREATER ATLANTA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Jewish Federation of Greater Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of the **Jewish Federation of Greater Atlanta, Inc.** (the "Federation"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States. This includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Federation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Greater Atlanta, Inc. as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

December 21, 2020

Windham Brannon, LLC
Certified Public Accountants

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Consolidated Statements of Financial Position

June 30, 2020 and 2019
(in Thousands)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 36,083	\$ 38,332
Pledges receivable, net of allowance for uncollectible accounts	10,853	10,554
Investments	307,187	300,765
Prepaid expenses and other assets	301	656
Land, building, and equipment, net of accumulated depreciation	<u>13,635</u>	<u>13,956</u>
Total assets	<u>\$ 368,059</u>	<u>\$ 364,263</u>
Liabilities and Net Assets		
Liabilities:		
Allocations payable:		
Domestic	\$ 12,705	\$ 12,863
Overseas	2,867	2,804
Donor designated	<u>1,387</u>	<u>1,273</u>
Total allocations payable	16,959	16,940
Accounts payable and accrued expenses	2,090	1,888
Obligations to other organizations for assets held in trust	48,728	45,830
Trust obligations	<u>1,636</u>	<u>1,780</u>
Total liabilities	<u>69,413</u>	<u>66,438</u>
Net assets:		
Without donor restrictions	274,581	276,626
With donor restrictions	<u>24,065</u>	<u>21,199</u>
Total net assets	<u>298,646</u>	<u>297,825</u>
Total liabilities and net assets	<u>\$ 368,059</u>	<u>\$ 364,263</u>

See accompanying notes to consolidated financial statements.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Consolidated Statement of Activities

Year ended June 30, 2020

(in Thousands)

	Year Ended June 30, 2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and other support:				
Pledges to campaigns	\$ 8,106	\$ 2,985	\$ 11,091	\$ 8,659
Endowment funds grants to campaigns	479	(479)	-	-
Less provision for uncollectible pledges	(488)	-	(488)	(549)
Net pledges and grants to campaigns	8,097	2,506	10,603	8,110
Contributions to supporting foundations and ALEF	27,809	5,844	33,653	39,445
Net assets released from restrictions	7,748	(7,748)	-	-
Total donor support	43,654	602	44,256	47,555
Investment income	1,828	37	1,865	9,505
Grants, program fees and other income	4,058	2,227	6,285	5,177
Total other support	5,886	2,264	8,150	14,682
Total revenues and other support	49,540	2,866	52,406	62,237
Allocations and expenses:				
Allocations:				
Domestic	39,829	-	39,829	38,291
Overseas	2,867	-	2,867	2,804
Programs	4,569	-	4,569	3,862
Support service expense:				
Administration of allocations & programs	707	-	707	869
Fund-raising	2,463	-	2,463	1,829
Management and general	2,185	-	2,185	2,070
Total support services	5,355	-	5,355	4,768
Endowment expenses	1,218	-	1,218	2,602
Total allocations and expenses	53,838	-	53,838	52,327
(Decrease) increase in net assets from operations	(4,298)	2,866	(1,432)	9,910
Other increases (decreases) in net assets:				
Pension-related expense other than net periodic pension cost	(309)	-	(309)	(170)
Transfer of assets from (to) entity not under Federation control	2,562	-	2,562	(111,872)
Total other items	2,253	-	2,253	(112,042)
Net increase (decrease) in net assets	(2,045)	2,866	821	(102,132)
Net assets at beginning of year	276,626	21,199	297,825	399,957
Net assets at end of year	\$ 274,581	\$ 24,065	\$ 298,646	\$ 297,825

See accompanying notes to consolidated financial statements.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Consolidated Statement of Activities

Year ended June 30, 2019

(in Thousands)

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Pledges to campaigns	\$ 8,659	\$ -	\$ 8,659
Endowment funds grants to campaigns	982	(982)	-
Less provision for uncollectible pledges	(549)	-	(549)
Net pledges and grants to campaigns	9,092	(982)	8,110
Contributions to supporting foundations and ALEF	31,774	7,671	39,445
Net assets released from restrictions	9,461	(9,461)	-
Total donor support	50,327	(2,772)	47,555
Investment income	8,623	882	9,505
Grants, program fees and other income	2,503	2,674	5,177
Total other support	11,126	3,556	14,682
Total revenues and other support	61,453	784	62,237
Allocations and expenses:			
Allocations:			
Domestic	38,291	-	38,291
Overseas	2,804	-	2,804
Programs	3,862	-	3,862
Support service expense:			
Administration of allocations & programs	869	-	869
Fund-raising	1,829	-	1,829
Management and general	2,070	-	2,070
Total support services	4,768	-	4,768
Endowment expenses	2,602	-	2,602
Total allocations and expenses	52,327	-	52,327
Increase in net assets from operations	9,126	784	9,910
Other decreases in net assets:			
Pension-related expense other than net periodic pension cost	(170)	-	(170)
Transfer of assets to entity not under Federation control	(111,872)	-	(111,872)
Total other items	(112,042)	-	(112,042)
Net decrease in net assets	(102,916)	784	(102,132)
Net assets at beginning of year	379,542	20,415	399,957
Net assets at end of year	\$ 276,626	\$ 21,199	\$ 297,825

See accompanying notes to consolidated financial statements.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Consolidated Statement of Functional Expenses

Year ended June 30, 2020

(in Thousands)

	<u>Allocations</u>	<u>Programs</u>	<u>Allocations and Program Administration</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Endowment Expenses</u>	<u>Total Expenses</u>
Allocations							
Domestic	\$ 39,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,829
Overseas	2,867	-	-	-	-	-	2,867
Total Allocations	42,696	-	-	-	-	-	42,696
Expenses							
Personnel:							
Salaries and benefits	-	2,203	694	1,826	1,394	-	6,117
Contracted services	-	791	-	154	199	107	1,251
Total personnel	-	2,994	694	1,980	1,593	107	7,368
Travel, conferences and missions	-	209	4	55	18	23	309
General office	-	39	-	20	23	-	82
Occupancy	-	215	-	113	144	279	751
Other operating expenses	-	96	-	59	101	200	456
Programs & events	-	911	9	176	47	378	1,521
Depreciation	-	105	-	60	74	231	470
Asset impairment	-	-	-	-	185	-	185
Total allocations and expenses	<u>\$ 42,696</u>	<u>\$ 4,569</u>	<u>\$ 707</u>	<u>\$ 2,463</u>	<u>\$ 2,185</u>	<u>\$ 1,218</u>	<u>\$ 53,838</u>

See accompanying notes to consolidated financial statements.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Consolidated Statement of Functional Expenses

Year ended June 30, 2019

(in Thousands)

	<u>Allocations</u>	<u>Programs</u>	<u>Allocations and Program Administration</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Endowment Expenses</u>	<u>Total Expenses</u>
Allocations							
Domestic	\$ 38,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,291
Overseas	2,804	-	-	-	-	-	2,804
Total Allocations	41,095	-	-	-	-	-	41,095
Expenses							
Personnel:							
Salaries and benefits	-	1,814	803	1,276	1,369	-	5,262
Contracted services	-	707	51	129	304	117	1,308
Total personnel	-	2,521	854	1,405	1,673	117	6,570
Travel, conferences and missions	-	102	12	39	18	4	175
General office	-	47	-	23	25	-	95
Occupancy	-	76	-	101	127	363	667
Other operating expenses	-	58	-	34	95	228	415
Programs & events	-	950	3	165	56	328	1,502
Depreciation	-	108	-	62	76	230	476
Asset impairment	-	-	-	-	-	1,332	1,332
Total allocations and expenses	<u>\$ 41,095</u>	<u>\$ 3,862</u>	<u>\$ 869</u>	<u>\$ 1,829</u>	<u>\$ 2,070</u>	<u>\$ 2,602</u>	<u>\$ 52,327</u>

See accompanying notes to consolidated financial statements.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2020 and 2019
(in Thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 821	\$ (102,132)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Transfer of assets (from) to entity not under Federation control	(2,562)	111,872
Depreciation	470	476
Asset impairment	185	1,332
Contributions of real estate, limited partnerships, and limited liability company interests	(1,504)	(1,000)
Unrealized appreciation of investments	(3,280)	(8,492)
Increase in pledges receivable	(299)	(830)
Decrease in prepaid expenses and other assets	355	2,970
Increase in allocations payable	19	2,021
Increase in accounts payable and accrued expenses	202	162
Decrease in trust obligations	(144)	(70)
Net cash (used in) provided by operating activities	<u>(5,737)</u>	<u>6,309</u>
Cash flows from investing activities:		
Purchase of property and equipment	(149)	(48)
Proceeds from sale and maturities of investments	49,620	36,209
Purchase of investments	(48,881)	(178,942)
Increase in obligations to other organizations	2,898	5,314
Net cash provided by (used in) investing activities	<u>3,488</u>	<u>(137,467)</u>
Net decrease in cash and cash equivalents	(2,249)	(131,158)
Cash and cash equivalents at beginning of year	<u>38,332</u>	<u>169,490</u>
Cash and cash equivalents at end of year	<u>\$ 36,083</u>	<u>\$ 38,332</u>

See accompanying notes to consolidated financial statements.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies

(a) *Nature of Business*

The Jewish Federation of Greater Atlanta, Inc. (the “Federation”) is a not-for-profit organization which operates exclusively for charitable and educational purposes. Such purposes include meeting the needs of the Atlanta Jewish community and Jewish communities abroad. Federation conducts various campaigns to raise funds and maintains investments held for the benefit of the community. Federation is an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and, as such, is exempt from income taxation under IRC Section 501(a).

Federation meets the needs of the Atlanta community by working in partnership with and providing funding to many Atlanta Jewish organizations that deliver specific services. Those organizations that are formally associated with Federation by virtue of working agreements are referred to in these statements and notes as Affiliated Agencies.

(b) *Basis of Presentation*

The financial statements are presented in accordance with accounting principles generally accepted in the United States which establishes standards for general-purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets – without donor restrictions and with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. Certain net assets without donor restrictions are not subject to donor-imposed stipulations but are subject to purpose and time restrictions by virtue of being subject to board approval, making them board designated net assets without donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of Federation and/or the passage of time or that require the donated assets be maintained permanently by Federation. Generally, the donors of permanent net assets permit Federation to use all or part of the income earned on related investments for specific purposes.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies (continued)

(c) Principles of Consolidation

Net assets of Federation include various supporting foundations and ALEF Fund, Inc. (ALEF), which are each separate 501(c)(3) organizations. ALEF provides students with scholarships to attend private pre-k to grade 12 schools in Georgia. Supporting foundations and ALEF are included in the accompanying financial statements because Federation manages their operations and has majority control of their boards.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of demand accounts and money market accounts at banks and broker/dealers. Approximately 90% and 87% of such balances were maintained at eight and six financial institutions as of June 30, 2020 and 2019, respectively.

(e) Investments

Equity securities and funds traded on an exchange are reported at fair value based upon the last reported sales price. Corporate bonds and U.S. agency and government backed obligations are generally fair valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in proprietary funds of Russell Investments, Federation's current investment advisors, trade at the net asset value (NAV) per share practical expedient of each fund and are carried at NAV. Purchases and sales of securities are recorded on a trade-date basis. Interest, dividends (which are recorded on the ex-dividend date), as well as realized and unrealized gains and losses are included in the Consolidated Statement of Activities within Investment Income.

Interests in certain limited partnerships and limited liability companies that are not involved in real estate activities are initially recorded at fair value based principally on third party appraisals. Declines in the value of such interests and subsequent recoveries are recognized subject to the limitation that the carrying amount of such interests cannot exceed their initial value.

Interests in limited partnerships, limited liability companies and corporations that are involved in real estate activities are initially recorded at fair value based typically on third party appraisals and are then accounted for on the equity method.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies (continued)

Investments also include life insurance policies gifted to Federation. Federation records these policies at their cash surrender value. The change in cash surrender value is included in Investment Income on the Consolidated Statement of Activities.

(f) *Trust Assets and Obligations*

Federation is trustee of certain assets under split interest agreements which provide for payments to the donors or their beneficiaries of income earned on related investments or specified annuity amounts. Trust obligations represent such liability to donors or their beneficiaries computed at present value. Contribution revenue related to these split interest agreements is recognized at the date of the agreement after providing for the estimated present value of future payments. At June 30, 2020 and 2019, the fair market value of investments held by such trusts and included in Investments is \$2,498 and \$2,678, respectively.

(g) *Land, Building, and Equipment*

Land, building, and equipment represents property used in Federation's operations and are stated at cost at date of acquisition or fair value at date of donation in the case of gifts.

Depreciation of building and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. A summary of depreciable lives follows:

Building and land improvements	10 to 40 years
Furniture and equipment	5 to 20 years
Computer equipment and software	3 to 7 years

Federation reviews property for the existence of any indicators of impairment. If indicators of impairment are present, Federation calculates the expected undiscounted future cash flows to be derived from such assets. If the expected undiscounted future cash flows are less than the carrying amount of the asset, the asset is reduced to its then fair value. There was no impairment related to land, building, and equipment during the years ended June 30, 2020 and 2019.

Net rental income received from properties leased to third parties during the years ended June 30, 2020 and 2019 aggregated \$300 and \$203 and is included in Investment Income in the Consolidated Statement of Activities.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies (continued)

(h) *Revenues*

Federation conducts an annual campaign and solicits donations through other campaigns. Contributions are recognized when a donor makes a pledge to give to Federation that is, in substance, unconditional. Conditional promises to give are not included as support until such time as the conditions are substantially met. Provision is made for estimated losses on collection of unpaid pledges. The provision for uncollectible pledges is based, among other things, on Federation's past collection experience and the impact of changes in current economic conditions.

Donations are made under numerous types of arrangements which may specify who receives the funds upon passage of time or other donor-imposed restrictions. Contributions received by Federation for its general purposes are classified as contributions without donor restrictions. Federation reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods.

When a donor restriction expires or purpose restriction is accomplished restricted net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

Contribution of non-cash assets are recorded at the estimated fair value of the donated assets at the time of their receipt. During the year ended June 30, 2020, one donor contributed amounts in excess of 10% of revenues.

Revenues from grants are recognized as conditions stated in the grant agreement are met and are included in contributions to supporting foundations and ALEF on the Consolidated Statement of Activities. A contribution is conditional if the agreement includes (1) a barrier that must be overcome and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. After the condition in a contribution has been met, the Federation then determines whether the contribution is restricted. The Federation considers all grants awarded during the years ended June 30, 2020 and 2019 to be contributions and not exchange transactions.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies (continued)

(i) *Allocations*

In the course of fulfilling its mission and purpose, each year Federation's Board of Trustees and the boards of the supporting foundations authorize the distribution of certain program funds to other not-for-profit organizations. These distributions are recorded as allocations in Federation's consolidated financial statements when they are approved.

(j) *Income Taxes*

Federation qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, if any as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. Management believes Federation met the requirements to maintain its tax-exempt status; therefore, no provision for income taxes on exempt purposes has been provided in these financial statements.

As of and for the years ended June 30, 2020 and 2019, Federation did not identify any uncertain tax positions that require adjustment to or disclosure in the accompanying financial statements. Federation's income tax returns for the prior three years are subject to examination by tax authorities, and may change upon examination.

(k) *Concentrations of Credit and Market Risk*

Financial instruments which potentially subject Federation to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio.

Federation maintains cash balances at several financial institutions, which at times may exceed the federally insured limits. Cash equivalents are maintained at high-quality financial institutions and credit exposure to any one institution is at times limited. Uninsured cash balances as of June 30, 2020 and 2019 aggregated \$31,258 and \$35,341, respectively.

Management considers credit risk associated with pledges receivable to be low due to the diversity of the donors and the recurring nature of many donations.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies (continued)

Investments are subject to both credit and market risks. Federation utilizes an investment policy and management oversight, which periodically reviews its investment portfolios, to monitor these risks.

(l) *Fair Value of Financial Instruments Other Than Investments*

The carrying values of cash and cash equivalents; prepaid expenses and other receivables; pledges receivable; accounts payable and accrued expenses; allocations payable; trust obligations; and obligations to other organizations are reflected in the financial statements at historical cost, which management estimates to approximate fair values because of the terms and relative short-term maturity of such items.

(m) *Use of Estimates and Allocated Expenses*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions which affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Federation and have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs such as salaries, contracted services, and programs and events have been allocated among the programs and supporting services based typically on headcount, space, or usage.

(n) *Reclassifications*

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. The reclassifications were (i) to report in the 2019 Statement of Activities under Revenues and Other Support with Donor Restrictions \$6,131 of Contributions to ALEF and a corresponding amount of Net Assets Released from Restrictions and (ii) to reclassify in the 2019 table included in Note 3 \$1,726 of assets from the column labeled Donor Imposed Restrictions to the column labeled Board Designations. These reclassifications had no effect on previously reported results of activities or net assets.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(1) Summary of Significant Accounting Policies (continued)

(o) *Subsequent Events*

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 21, 2020, which is the date the financial statements were available to be issued.

(2) Risks and Uncertainties

During the year ended June 30, 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as eroded consumer confidence and deepened unemployment. It is uncertain how this volatility in the financial markets and general economic conditions may affect the Federation's operations and the fair value of its investments in the future.

To assist in operational cash flow during the pandemic, in April 2020 the Federation received a conditional government grant in the amount of \$1,007, as further discussed in note 5.

While the Federation believes it has the resources to continue its programs, its ability to do so and the extent to which they each continue are heavily dependent on public support. The strength of public support is largely dependent on current and future overall economic conditions.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(3) Liquidity and Availability of Financial Assets

The Federation's financial assets at June 30, 2020 and June 30, 2019 (reduced by amounts not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

	2020 Consolidated Amounts	Not Available Due To			Net Available
		Board Designations	Donor Imposed Restrictions	Obligations to Others For Assets Held in Trust	
Cash and cash equivalents	\$ 36,083	\$ 20,120	\$ 5,146	\$ 8,371	\$ 2,446
Pledges receivable, net	10,853	8,139	2,714	-	-
Investments	<u>307,187</u>	<u>236,199</u>	<u>16,205</u>	<u>48,728</u>	<u>6,055</u>
Total	<u>\$ 354,123</u>	<u>\$ 264,458</u>	<u>\$ 24,065</u>	<u>\$ 57,099</u>	<u>\$ 8,501</u>

	2019 Consolidated Amounts	Not Available Due To:			Net Available
		Board Designations	Donor Imposed Restrictions	Obligations to Others For Assets Held in Trust	
Cash and cash equivalents	\$ 38,332	\$ 25,828	\$ 2,438	\$ 7,820	\$ 2,246
Pledges receivable, net	10,554	8,511	2,043	-	-
Investments	<u>300,765</u>	<u>231,778</u>	<u>16,718</u>	<u>45,830</u>	<u>6,439</u>
Total	<u>\$ 349,651</u>	<u>\$ 266,117</u>	<u>\$ 21,199</u>	<u>\$ 53,650</u>	<u>\$ 8,685</u>

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(3) Liquidity and Availability of Financial Assets (continued)

Federation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due; such liabilities aggregated \$2,090 and \$1,888 at June 30, 2020 and 2019, respectively. As part of its liquidity management, Federation invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. Furthermore, as described in Note 9, Federation also maintains a committed line of credit in the amount of \$4,000 which it could draw upon in the event of an unanticipated liquidity event.

(4) Pledges Receivable

Pledges receivable as of June 30, 2020 and 2019 are as follows:

	2020		2019	
	Contributions receivable	Allowance for uncollectible contributions	Contributions receivable	Allowance for uncollectible contributions
General campaign:				
Campaign year:				
2020	\$ 8,762	\$ 480	\$ -	\$ -
2019	669	404	8,784	442
2018	252	252	655	421
2017	117	117	187	187
2016	304	304	339	339
2015	157	157	248	158
2014	-	-	123	123
	10,261	1,714	10,336	1,670
Overnight Camping Targeted Priority	343	11	297	10
Birthright Targeted Priority Campaign	239	-	57	-
Jewish Innovation Fund	304	-	249	-
Other pledges receivable	1,853	14	1,463	13
Unapplied receipts	(408)	-	(155)	-
Totals	12,592	\$ 1,739	12,247	\$ 1,693
Less allowance for uncollectible accounts	(1,739)		(1,693)	
Total pledges receivable:	\$ 10,853		\$ 10,554	

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(5) Conditional Grants

Paycheck Protection Program

In April 2020, the Federation received a \$1,007 loan under the Paycheck Protection Program (“PPP”) which was established as part of the U.S. government’s Coronavirus Aid, Relief and Economic Security Act in March 2020. The loan bears annual interest at 1%, is unsecured, and may be forgiven as long as the Federation uses the loan proceeds for eligible purposes (including payroll, related benefits, rent and utilities) during a defined period. The amount of loan forgiveness could be reduced if the Federation terminated employees or reduced salaries during the defined period. The unforgiven portion of the loan is payable over two years with a deferral of payments for the first ten months and may be prepaid at any time without penalty.

The Federation has accounted for the PPP loan as a conditional grant. As of June 30, 2020, the Federation believes it has used the PPP proceeds for eligible purposes and, therefore, the conditions of the grant have been substantially met. Accordingly, the Federation has recognized the proceeds advanced under the PPP as grant revenue in the accompanying Consolidated Statement of Activities for the year ended June 30, 2020.

Other Conditional Grants

As of June 30, 2020 and 2019, the Federation had a total of \$2,291 and \$3,630, respectively, in conditional grants which will be recorded as revenue in the Consolidated Statements of Activities when the conditions of the grants have been substantially met. The purpose of these conditional grants are as follows as of June 30, 2020 and 2019:

Grant	2020	2019
Annual	\$ -	\$ 334
Jewish Education	185	283
Jumpspark	879	1,571
Making Jewish Places	600	800
Other	252	442
PJ Library	375	200
	\$ 2,291	\$ 3,630

The Federation received refundable advances of \$155 and \$83 as of June 30, 2020 and 2019, respectively, for the purpose of certain of the above-mentioned grants. These funds are expected to be recognized as revenue in the following fiscal year as the conditions of these grants are substantially met.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(6) Investments

The investments of Federation are managed by professional advisors under the general direction of two senior volunteer committees of the Board of Trustees: the Atlanta Jewish Foundation and the Investment Committee. Certain of Federation's investments are proprietary funds managed by the professional advisor. Federation's current primary investment advisor is Russell Investments.

Investments at June 30, 2020 and 2019 consisted of the following:

	2020	2019
<i>Investments Carried at Fair Value</i>		
<i>Level 1</i>		
Marketable equity securities	\$ 19,156	\$ 18,050
Money market, mutual and exchange traded funds	152,601	146,897
US Treasury, agency and government backed obligations	686	1,015
<i>Total Level 1</i>	172,443	165,962
<i>Level 2</i>		
Corporate bonds	4,414	6,048
Israel bonds	4,746	4,406
<i>Total Level 2</i>	9,160	10,454
<i>Investments Carried at Net Asset Value</i>		
Russell Investments proprietary funds	119,268	117,319
Other funds	659	-
<i>Total Investments Carried at Net Asset Value</i>	119,927	117,319
<i>Investments Maintained at Other Than Fair Value</i>		
Limited liability companies (LLCs)	72	868
Entities engaged in real estate	1,284	1,532
Life insurance	3,963	3,635
Other interests	338	995
<i>Total Investments Maintained at Other Than Fair Value</i>	5,657	7,030
Total Investments	\$ 307,187	\$ 300,765

Investments carried at fair value are classified in one of three categories based on measurement inputs:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(6) Investments (continued)

Level 2 – Valuations based on other than quoted market prices in inactive markets, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical investments as of the reporting date.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment or estimation.

Investments in proprietary funds of Russell Investments and other funds are carried at NAV and are not categorized in the fair value hierarchy.

Following is a roll forward of Level 3 investments for the year ended June 30, 2019:

	2019			
	SSF	CPF	EDF	Total
Beginning Balance	\$ 551	\$ 496	\$ 3,043	\$ 4,090
Total gains or losses included in earnings	4	4	(377)	(369)
Purchases	-	-	-	-
Sales	(555)	(500)	(2,666)	(3,721)
Ending Balance	\$ -	\$ -	\$ -	\$ -

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(Dollars in Thousands)

(6) Investments (continued)

Federation's investments at June 30, 2020 and 2019 in proprietary funds of Russell Investments are not publicly traded and are summarized as follows:

	2020	2019
<p>Multi asset fund seeks to provide long-term growth of capital over a market cycle by offering a diversified portfolio of funds and separate accounts investing in global stocks, return seeking fixed income, commodities, global real estate and opportunistic investments. This fund is traded daily and requires 1 business day notice for purchases and redemptions.</p>	\$ 79,773	\$ 75,080
<p>Fixed income funds that invest primarily in corporate debt securities, securitized instruments, U.S. and non-U.S. government obligations, and emerging markets debt. The strategy of each fund varies based on duration and risk. These funds are traded daily and require 1 business day notice for purchases and redemptions.</p>	34,380	32,973
<p>Real estate fund employs a multi-advisor investment approach to real estate located across the United States. This fund accepts purchase and redemption requests on a quarterly basis. The redemption request pre-notification period is 110 calendar days and purchase requests require a 35 calendar day pre-notification.</p>	4,882	4,764
<p>Hedge fund that seeks to offer investors low correlation to traditional assets, and aims to provide diversification, lower volatility and higher risk-adjusted returns at the portfolio level. This fund accepts purchase requests on a monthly basis and redemption requests on a quarterly basis. The redemption request pre-notification period is 65 calendar days and purchase requests require a 5 calendar day pre-notification.</p>	233	4,502
<p>Total</p>	\$119,268	\$117,319

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
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(6) Investments (continued)

LLCs represent unit interests of limited liability companies that each hold an ownership interest in an operating company. Federation's units are generally entitled to various preferences from the sale or change of control (as defined) of the operating company. Certain of the LLCs contain a dividend preference; the Federation received dividends of \$0 and \$17 during the years ended June 30, 2020 and 2019, respectively, from such LLCs. During the years ended June 30, 2020 and 2019, Federation recognized impairment of \$185 and \$1,332, respectively, on certain of these interests. There have been no other declines in the fair value of such interests from their dates of contribution to June 30, 2020. During the year ended June 30, 2019, LLCs supported by the same underlying publicly-traded operating company aggregating \$111,872 were transferred to an entity not under Federation's control.

Investments include certain donations that are restricted by either purpose or time. See Note 10 for information on these asset restrictions.

Investments include funds that are being invested on behalf of Affiliated Agencies with a corresponding liability titled "Obligations to other organizations for assets held in trust". Changes in the fair value of these investments are reflected as a change in the corresponding liability on the Statement of Financial Position. These transactions are not included in the Statement of Activities. As of June 30, 2020, and 2019, these investments and liabilities total \$48,728 and \$45,830 respectively.

Interest and dividends included in Investment Income was approximately \$3,684 and \$4,384 for the years ended June 30, 2020 and 2019, respectively.

(7) Land, Building, and Equipment

Land, building, and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 14,608	\$ 14,596
Land	4,205	4,205
Furniture and equipment	1,067	930
Total cost	19,880	19,731
Less accumulated depreciation	<u>(6,245)</u>	<u>(5,775)</u>
	<u>\$ 13,635</u>	<u>\$ 13,956</u>

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(7) Land, Building, and Equipment (continued)

Depreciation expense for the years ended June 30, 2020 and 2019 was \$470 and \$476, respectively.

(8) Employee Benefit Plans

Defined Contribution Plan

Federation maintains a defined contribution plan (a 403(b) plan) which covers substantially all of its employees. Employees may elect to contribute a portion of their compensation to this plan; Federation currently matches a portion of such employee contributions. Federation's expense for its matching contributions was \$90 and \$79 for the years ended June 30, 2020 and 2019, respectively.

Frozen Defined Benefit Plan

Federation also has a noncontributory defined benefit plan (the "DB Plan") that (prior to July 1, 2013) covered substantially all employees. Benefits are based generally on years of service and final average salary. Federation's policy is to contribute amounts based on periodic actuarial valuations and recommendations, but never less than the minimum required contribution. Federation uses a June 30th measurement date for its Plan.

The DB Plan was frozen as of July 1, 2013; as a result of this Plan curtailment, then existing DB Plan participants no longer accrue benefits for future service and new Federation employees hired on or after that date are no longer eligible to participate in the DB Plan.

Financial and actuarial information regarding the DB Plan is as follows:

Changes in projected benefit obligation:	Year Ended June 30,	
	2020	2019
Beginning of the year	\$ 3,204	\$ 3,101
Service cost	8	8
Interest cost	96	110
Assumption changes	182	18
Actuarial loss	83	82
Expense charges	(8)	-
Benefits disbursed	(117)	(115)
End of the year	<u>\$ 3,448</u>	<u>\$ 3,204</u>

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(8) Employee Benefit Plans (continued)

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Plan Status at end of year:		
Plan assets at fair value	\$ 3,354	\$ 3,320
Projected benefit obligation	3,448	3,204
Overfunded (underfunded) status	<u>\$ (94)</u>	<u>\$ 116</u>
Accumulated benefit obligation	<u>\$ 3,448</u>	<u>\$ 3,204</u>

As of June 30, 2020 and 2019, Federation recognized a liability and an asset, respectively, for the above-noted (underfunded) overfunded status of its DB Plan which are included in prepaid expenses and other assets in the accompanying Consolidated Statements of Financial Position.

	<u>Year Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Components of net periodic pension credit :		
Service cost	\$ (8)	\$ (8)
Interest cost	(96)	(110)
Return on plan assets	218	220
Amortization of actuarial losses	(15)	(4)
Net periodic pension credit	<u>\$ 99</u>	<u>\$ 98</u>
Items not yet recognized as a component of net periodic pension cost	<u>\$ 856</u>	<u>\$ 547</u>

A roll forward of accrued pension cost is as follows:

	<u>Year Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Accrued pension asset at beginning of year	\$ 116	\$ 188
Net periodic pension credit	99	98
Contributions paid	-	-
Additional pension credit for change in plan's underfunded status	(309)	(170)
Accrued pension (liability) asset at end of the year	<u>\$ (94)</u>	<u>\$ 116</u>

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(8) Employee Benefit Plans (continued)

	<u>2020</u>	<u>2019</u>
Assumptions used to determine benefit obligations at year end		
Discount rate	2.40%	3.30%
Rate of compensation increase	0%	0%
Assumptions used to determine net periodic cost for the year		
Discount rate	3.30%	4.00%
Expected long-term return on assets	7.25%	7.50%
Rate of compensation increase	0%	0%

The DB Plan's asset allocations at June 30, 2020 and 2019 by asset category were as follows:

Asset Category	<u>2020</u>	<u>2019</u>
Equity securities	65.4%	67.9%
Debt securities	16.1%	32.1%
Other - General Account	18.5%	0.0%
Total	<u>100.0%</u>	<u>100.0%</u>

The DB Plan is a prototype plan of the Mutual of America Insurance Company (MOA) and under the agreement with MOA investments are limited to mutual funds in MOA's Pooled Separate Account No. 1 and interest-bearing deposits with MOA. The use of mutual funds allows the DB Plan to achieve investment diversification while minimizing transaction costs.

Performance of the funds is monitored against appropriate market indexes on a quarterly basis. The allocation among asset categories is designed to provide adequate liquidity while obtaining the desired investment returns.

At June 30, 2020, the following annual benefit payments were expected to be paid by the DB Plan:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 725
2022	303
2023	231
2024	254
2025	200
2026-2030	1,511

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(9) Credit Agreement

In October 2010, Federation entered into a \$4,000 unsecured line of credit. Advances carry interest at LIBOR plus 1.25% per annum with a minimum rate of 2.25%. As of June 30, 2020, Federation has not drawn any amount on this line of credit and, accordingly, no amounts were owed at June 30, 2020 or 2019. The line of credit expires on January 31, 2022.

(10) Net Assets

The major portion of Federation's net assets with donor restrictions relates to various kinds of endowment funds as follows:

- Donor restricted endowment funds are the result of an agreement between the donor and Federation; the agreement specifies the purpose and the annual amount to be granted.
- Donor Advised Funds are board designated funds that are contributed by the donor who may recommend grants to qualified organizations; the Federation board reviews all recommendations and makes the final decision.
- Supporting Foundations (SF) are board designated funds which receive proposals for grants. Each SF board reviews the proposals and chooses qualifying organizations who will receive grants.
- Permanently restricted funds are included in net assets with donor restrictions on the consolidated statements of financial position. Permanently restricted funds are contributions from donors which Federation considers to be subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the State of Georgia. Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of a donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(10) Net Assets (continued)

Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of Federation and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of Federation
- g. The investment policies of Federation.

Federation's Investment Policy is designed to achieve an average return of 8% per year while minimizing risk. The typical endowment fund has a spending policy of 5% per year.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(10) Net Assets (continued)

A rollforward of endowment funds for the years ended June 30, 2020 and 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment balance, June 30, 2019	\$ 261,025	\$ 16,860	\$ 277,885
Investment income	1,828	37	1,865
Contributions	27,808	153	27,961
Grants	(34,389)	(243)	(34,632)
Transfer	2,562	-	2,562
Other	742	(550)	192
Endowment balance, June 30, 2020	259,576	16,257	275,833
All other funds	15,005	7,808	22,813
Total net assets	<u>\$ 274,581</u>	<u>\$ 24,065</u>	<u>\$ 298,646</u>
Endowment balance, June 30, 2018	\$ 365,150	\$ 16,998	\$ 382,148
Investment income	8,537	882	9,419
Contributions	32,532	279	32,811
Grants	(32,589)	(983)	(33,572)
Transfer	(111,872)	-	(111,872)
Other	(733)	(316)	(1,049)
Endowment balance, June 30, 2019	261,025	16,860	277,885
All other funds	15,601	4,339	19,940
Total net assets	<u>\$ 276,626</u>	<u>\$ 21,199</u>	<u>\$ 297,825</u>

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019
(Dollars in Thousands)

(10) Net Assets (continued)

A detail of the unrestricted and board designated net assets by type of fund is as follows:

	June 30,	
	2020	2019
Unrestricted:		
Endowment Funds		
Undesignated Endowment	\$ 5,962	\$ 6,439
Other balances	6,281	4,005
Total Endowment	12,243	10,444
All Other Funds		
Property used in operations	5,762	5,924
Accumulated pension loss	(856)	(547)
ALEF	370	292
Other balances	311	1,838
Total Other Funds	5,587	7,507
Total	\$ 17,830	\$ 17,951
Board Designated:		
Endowment Funds		
Donor Advised Funds (A)	\$ 207,368	\$ 207,507
Supporting Foundations (B)	39,965	43,074
Total Endowment	247,333	250,581
All Other Funds		
Prior Campaign (C)	5,538	5,183
General Fund	2,040	1,913
Community Capital Campaign	55	55
Other balances	1,785	943
Total Other Funds	9,418	8,094
Total	\$ 256,751	\$ 258,675

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(Dollars in Thousands)

(10) Net Assets (continued)

(A) 446 and 415 individual funds at June 30, 2020 and 2019, respectively

(B) 7 foundations at June 30, 2020 and 2019

(C) Funds raised during campaign of each respective year and designated for Federation operations in the succeeding year

No Donor Advised Fund or Supporting Foundation represented more than 10% of Federation's total net assets at June 30, 2020 or 2019, except for one Donor Advised Fund which had net assets of \$146,405 and \$149,333 at June 30, 2020 and 2019, respectively.

Net assets with donor restrictions are restricted for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Charitable remainder trusts (A)	\$ 689	\$ 721
ALEF Fund, Inc. (B)	7	7
Other restricted funds (C)	11,115	11,686
Permanently restricted	4,454	4,454
Pledges and grants	7,800	4,331
	<u>\$ 24,065</u>	<u>\$ 21,199</u>

(A) 12 trusts at June 30, 2020 and 2019

(B) 20 and 18 schools at June 30, 2020 and 2019, respectively

(C) 92 and 114 funds at June 30, 2020 and 2019, respectively

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$4,573 and \$9,461 for the years ended June 30, 2020 and 2019, respectively.

JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(Dollars in Thousands)

(11) Additional Detailed Information

A summary of expenses for Programs in the Consolidated Statement of Activities for the years ended June 30, 2020 and 2019 is as follows:

	Year Ended June 30,	
	2020	2019
Community engagement	\$ 1,387	\$ 1,121
Community services	263	350
Internal outreach programs	1,964	1,629
Israel	104	23
Jewish Federations of North America	547	547
Leadership development	304	192
Total Programs	<u>\$ 4,569</u>	<u>\$ 3,862</u>