The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Financial Statements

Year Ended June 30, 2021

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Contents

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Independent Auditor's Report

To the Board of Directors
The Jewish Federation of Greater Washington, Inc. and Subsidiary
North Bethesda, MD

We have audited the consolidated financial statements of The Jewish Federation of Greater Washington, Inc. and Subsidiary (the "Federation"), which comprise the consolidated statement of financial position as of June 30, 2021, 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 financial position of the Federation as of June 30, 2021, and the changes in their net assets and their 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 Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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.

Report on Summarized Comparative Information

We have previously audited the Federation’s 2020 consolidated financial statements, and our report dated May 10, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

July 22, 2022

Consolidated Financial Statements

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Financial Position

June 30,	2021	2020 Total (Summarized)
Assets		
Cash and cash equivalents	**$ 22,405,025**	$ 10,701,397
Receivables, net	**4,053,643**	5,822,906
Investments	**276,719,232**	217,380,477
Cash surrender value of life insurance	**7,473,210**	7,375,906
Other assets	**806,137**	1,077,420
Land, building and equipment, net	**17,011,102**	17,289,137
Donated assets - land and property	**553,959**	553,959
Total assets	**$ 329,022,308**	$ 260,201,202
Liabilities and net assets		
Liabilities		
Allocations to beneficiary organizations	**$ 10,534,906**	$ 10,690,290
Accounts payable and accrued expenses	**3,644,226**	4,393,898
Due to agencies and supporting organizations	**46,500,659**	32,267,204
Long-term debt, net	**17,599,314**	14,591,620
Split-interest agreements	**3,549,829**	3,876,326
Interest rate swap liability	**629,942**	970,376
Total liabilities	**82,458,876**	66,789,714
Commitments and contingencies		
Net assets		
Without donor restrictions	**98,831,001**	73,287,478
With donor restrictions	**147,732,431**	120,124,010
Total net assets	**246,563,432**	193,411,488
Total liabilities and net assets	**$ 329,022,308**	$ 260,201,202

See accompanying notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Activities for the Year Ended June 30, 2021 (With Summarized Comparative Information for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenue				
Contributions - Endowment Fund	$ 11,183,392	$ 611,145	$ 11,794,537	$ 12,715,648
Contributions - Federation	17,596,513	3,445,855	21,042,368	23,232,192
In-kind contribution	1,700,000	-	1,700,000	-
Other	48,645	-	48,645	203,969
Investment return, net	26,352,254	29,802,333	56,154,587	1,183,039
Net assets released from restrictions	6,407,013	(6,407,013)	-	-
Total support and revenue	63,287,817	27,452,320	90,740,137	37,334,848
Commercial building operations				
Revenues	1,225,147	-	1,225,147	1,306,674
Expenses	(1,738,816)	-	(1,738,816)	(1,957,384)
Net unrealized gain (loss) on interest rate swap	340,435	-	340,435	(649,604)
Net loss on commercial building operations	(173,234)	-	(173,234)	(1,300,314)
Total support, revenue and commercial building operations	63,114,583	27,452,320	90,566,903	36,034,534
Expenses				
Program services				
Allocations to beneficiary organizations	21,268,893	-	21,268,893	21,842,507
Community planning and outreach program	4,580,372	-	4,580,372	4,854,026
Total program services	25,849,265	-	25,849,265	26,696,533
Supporting services				
Fundraising	3,790,685	-	3,790,685	3,737,831
Management and central services	4,292,298	-	4,292,298	2,218,612
Total supporting services	8,082,983	-	8,082,983	5,956,443
Total operating expenses	33,932,248	-	33,932,248	32,652,976
Total support, revenue and commercial building operations before other revenue (expenses)	29,182,335	27,452,320	56,634,655	3,381,558
Change in value of split-interest agreements and annuity payments	(90,622)	-	(90,622)	2,114,150
Loss contingency	(2,918,992)	-	(2,918,992)	(2,919,000)
Provision for uncollectible promises to give	(264,427)	-	(264,427)	(294,198)
Other (expenses) revenue	(208,670)	-	(208,670)	92,632
Change in contributions received due to change in donors' intentions and circumstances	(156,101)	156,101	-	-
Change in net assets	25,543,523	27,608,421	53,151,944	2,375,142
Net assets, beginning of year	73,287,478	120,124,010	193,411,488	191,036,346
Net assets, end of year	$ 98,831,001	$ 147,732,431	$ 246,563,432	$ 193,411,488

See accompanying notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Functional Expenses for the Year Ended June 30, 2021
(With Summarized Comparative Information for the Year Ended June 30, 2020)

	Program Services			Supporting Services					
	Allocations to Beneficiary Organizations	Community Planning and Outreach Program	Total Program Services	Fundraising	Management and Central Services	Total Supporting Services	Commercial Building	2021 Total	2020 Total
Grant expenses	$ 21,268,893	$ -	$ 21,268,893	$ -	$ -	$ -	$ -	$ 21,268,893	$ 21,842,507
Salaries	-	2,159,505	2,159,505	2,438,721	834,870	3,273,591	-	5,433,096	5,599,724
Purchased services	-	508,766	508,766	455,683	954,693	1,410,376	210,716	2,129,858	1,675,294
In-kind contribution	-	442,000	442,000	13,011	1,244,989	1,258,000	-	1,700,000	-
Employee benefits	-	280,623	280,623	290,921	199,066	489,987	-	770,610	910,532
Facility and equipment rentals	-	18,533	18,533	19,699	129,666	149,365	493,344	661,242	781,749
Depreciation and amortization	-	3,478	3,478	1,632	182,246	183,878	415,463	602,819	772,298
Professional fees	-	130,972	130,972	3,855	368,910	372,765	35,000	538,737	132,995
Printing and stationery	-	413,970	413,970	60,198	629	60,827	838	475,635	391,553
Payroll taxes	-	156,248	156,248	167,195	61,725	228,920	-	385,168	396,126
Telephone and internet	-	48,184	48,184	66,067	27,684	93,751	3,990	145,925	114,071
Postage and mailing services	-	4,018	4,018	107,924	2,571	110,495	-	114,513	101,044
Insurance premium expenses	-	590	590	-	59,001	59,001	16,145	75,736	51,179
Missions	-	42,950	42,950	4,772	-	4,772	-	47,722	21,841
Office supplies and maintenance	-	5,991	5,991	3,263	15,845	19,108	6,470	31,569	59,552
Travel and conference	-	2,931	2,931	4,379	15,401	19,780	-	22,711	114,350
Publicity, promotion, and marketing	-	7,489	7,489	11,667	2,230	13,897	-	21,386	135,198
Banquets and functions	-	1,782	1,782	470	2,641	3,111	-	4,893	113,111
Other	-	352,342	352,342	141,228	190,131	331,359	556,850	1,240,551	1,397,236
Total operating expenses	21,268,893	4,580,372	25,849,265	3,790,685	4,292,298	8,082,983	1,738,816	35,671,064	34,610,360
Provision for uncollectible promises to give to give	-	-	-	-	264,427	264,427	-	264,427	294,198
Other expenses	-	-	-	-	208,670	208,670	-	208,670	-
Total expenses 2021	$ 21,268,893	$ 4,580,372	$ 25,849,265	$ 3,790,685	$ 4,765,395	$ 8,556,080	$ 1,738,816	$ 36,144,161	
Total expenses 2020	$ 21,842,507	$ 4,854,026	$ 26,696,533	$ 3,737,831	$ 2,512,810	$ 6,250,641	$ 1,957,384		$ 34,904,558

See accompanying notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Cash Flows

Year ended June 30,	**2021**	2020 Total (Summarized)
Cash flows from operating activities		
Change in net assets	**$ 53,151,944**	$ 2,375,142
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	**602,819**	772,298
Provision for uncollectible promises to give	**264,427**	294,198
Paycheck Protection Program loan forgiveness	**(1,034,700)**	-
Split-interest agreements liability	**(326,497)**	(2,690,814)
Unrealized and realized (gains) losses on investments	**(51,918,429)**	2,095,565
(Gain) loss on interest rate swaps	**(340,434)**	649,604
Endowment contributions	**(66,767)**	(180,893)
Amortization of debt issuance costs	**5,570**	5,570
Decrease (increase) in assets		
Receivables	**1,504,836**	(1,980,370)
Other assets	**271,283**	(284,621)
Increase (decrease) in liabilities		
Allocations to beneficiary organizations	**(155,384)**	(422,500)
Accounts payable and accrued expenses	**(749,672)**	463,941
Due to agencies and supporting organizations	**14,233,455**	(1,782,656)
Net cash provided by (used in) operating activities	**15,442,451**	(685,536)
Cash flows from investing activities		
Purchases of investments	**(78,148,841)**	(20,287,171)
Proceeds from sale of investments	**70,728,515**	25,542,117
Change in cash surrender value of life insurance	**(97,304)**	(72,969)
Purchases of land, building and equipment	**(324,784)**	(33,309)
Net cash (used in) provided by investing activities	**(7,842,414)**	5,148,668
Cash flows from financing activities		
Endowment contributions	**66,767**	180,893
Proceeds from paycheck protection program loan	**-**	1,034,700
Proceeds from long-term debt	**4,800,000**	-
Payment of long-term debt	**(763,176)**	(712,488)
Net cash provided by financing activities	**4,103,591**	503,105
Increase in cash and cash equivalents	**11,703,628**	4,966,237
Cash and cash equivalents, beginning of year	**10,701,397**	5,735,160
Cash and cash equivalents, end of year	**$ 22,405,025**	$ 10,701,397

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Nature of the Organization

The Jewish Federation of Greater Washington, Inc. (The Jewish Federation) began in 1925 as the Jewish Welfare Association. Today, The Jewish Federation and its United Jewish Endowment Fund support 61 local agencies and programs, 13 national organizations, 16 overseas partners and programs, and more than 90 congregations.

To accomplish its goals, The Jewish Federation works collaboratively with its partners to provide funding, community planning, and leadership development that impacts some 300,000 Jewish individuals, as well as many members of the general community throughout Washington, DC, suburban Maryland and Northern Virginia. Around the world, its efforts support rescue, relief, reconstruction, and renewal for tens of thousands more in Israel and in more than 70 countries around the world.

The Jewish Federation envisions an open, connected, and vibrant Jewish community that cares for each other, fosters Jewish learning and journeys, embraces Jewish peoplehood and Israel, and acts as a force for good in the world. As a mission-driven organization, The Jewish Federation works to inspire, build, and sustain vibrant Jewish life in a changing world by mobilizing the community in common purpose, intentional innovation, and effective action. From this work, The Jewish Federation knows that the Jewish community locally and abroad will continue to be a strong, thriving and welcoming place for generations to come.

JFGW Building LLC is a Maryland limited liability company incorporated on September 20, 2012 to acquire, own, finance, develop, manage, lease, operate and, if when appropriate, sell real or personal property, or interest therein, for its own account or together with others. The Jewish Federation has a 100% membership interest in JFGW Building LLC.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Jewish Federation and JFGW Building LLC (collectively the Federation). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Presentation

The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, "*Not-for-Profit Entities*".

Cash and Cash Equivalents

For the purposes of reporting cash flows, money market accounts and all highly liquid investments are considered to be cash equivalents. All cash and investments, regardless of maturity that are held by the investment advisor, are considered investments.

Credit and Financial Risk

Substantially all promises to give are derived from individual donors. These receivables are made on an unsecured basis. Historically, the Federation has not incurred significant credit related losses.

The Federation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Federation has not experienced any losses in such accounts. The Federation believes it is not exposed to any significant financial risk on cash.

The Federation invests in a professionally managed portfolio that contains mutual funds, equities, bonds and alternative investments. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Impairment of Long-Lived Assets

The Federation accounts for the valuation of long-lived assets under ASC 360, "*Property, Plant, and Equipment*". ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of, if any, are reportable at the lower of the carrying amount or fair value, less costs to sell.

Promises to Give and Other Receivables

Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are only recognized when the conditions on which they depend are substantially met.

Unconditional promises to give are carried at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. The provision for doubtful promises, based on management's evaluation of the historical collection of promises, is $1,029,148 (See Note 3).

Other receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of outstanding amounts on a monthly basis. The Federation believes that other receivables are fully collectible as of June 30, 2021.

Management determines the allowance for doubtful accounts unconditional promises to give or other receivables by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Interest is not recorded on any past due balances.

Investments

Investments are stated at fair value. Unrealized and realized gains and losses are included in the consolidated statement of activities.

Investments in publicly traded equity and debt securities are stated at quoted market values. For all of these investments, the Federation has concluded that the net asset values reported by the individual fund managers approximates the fair value of the investments. Changes in fair values are reported as unrealized gains or losses in the accompanying consolidated statement of activities.

Alternative investments may include private equity, real estate, and hedge and absolute return funds for which there may be no ready market to determine fair value. For all of these investments, the Federation has concluded that the net asset values reported by the individual fund managers approximate the fair value of the investments. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed. Commingled trusts are funds of publicly traded equity securities traded on international exchanges.

Cash Surrender Value

The Federation is the owner and beneficiary of 77 life insurance policies. The cash surrender value of these policies was $7,473,210 at June 30, 2021. The sum of all death benefits, which will be added to Endowment Fund assets after the death of the insured, is approximately $33.6 million.

Land, Building and Equipment

The Federation capitalizes all land, building and equipment purchased with a cost of $2,000 or more. Land, building and equipment is recorded at cost and depreciated on the straight-line basis over estimated useful lives of 3 to 39 years. Land is not depreciated or amortized. Leasehold improvements are also recorded at cost and are being amortized over their estimated useful lives or the terms of the lease, whichever is shorter. The estimated useful life of tenant improvements is the lesser of the term of the lease or life of the asset.

Donated Land and Property

Donated land and property is recorded as a contribution at its estimated fair market value at the date of donation, based on a formal appraisal.

Bond Issuance Costs

Costs associated with issuance of bonds have been deferred and are amortized over the terms of the bonds. The Federation uses the straight-line method, which approximates the effective interest method. The bond issuance costs are presented as a direct deduction from the face amount of the related liability, consistent with the presentation of debt discounts, in accordance with Accounting Standards Update (ASU) 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*.

Net Assets

The Federation classifies its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Net assets available are for use in general operations and not subject to donor restrictions. These net assets generally result from providing services and receiving contributions without donor restrictions, less expenses incurred in providing services, raising contributions, and performing administrative functions.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Federation pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Federation to use the income earned on related investments for general or specific purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as released from restrictions.

Allocations to Beneficiary Organizations

Allocations are recorded when authorized by the Federation's Board of Directors and are accrued when the Federation makes a legally enforceable unconditional pledge to the other organization.

Due to Agencies and Supporting Organizations

These amounts represent funds held by the Federation for various local and national agencies for investment purposes.

Split-interest Agreements

The Federation receives contributions in the form of irrevocable split-interest agreements that include charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. The split-interest agreements have been valued based on discount rates approved by the Board of Directors, which is 2.85%.

The Federation serves as the administrator for all split-interest agreements. A third party holds amounts received and the Federation makes specified payments to annuitants. The excess in fair value of assets received over the liability assumed is recorded as revenue with donor restrictions. The assets are adjusted each year based on the fair value of the investments held by the third party. The liability is adjusted each year based on the adjusted life expectancies of the annuitants and discounted using the most recent discount rate approved by the Board of Directors. Changes in the liabilities are recorded in the accompanying consolidated statement of activities as change in value of split-interest agreements.

Assets held for charitable gift annuities as of June 30, 2021 amounted to $3,237,595. The liability for charitable gift annuities as of June 30, 2021 is $2,298,495. The liability is reported under split-interest agreements in the statement of financial position, which also includes the liability for charitable remainder unitrusts and charitable remainder annuity trusts.

In accordance with regulations, the Federation has $3,237,595 of assets held separately with restrictions reserved for annuity payments as of June 30, 2021, maintained in its investment portfolio.

In the event that future annuity liabilities exceeds the projected current liability for charitable gift annuities, the Federation holds net assets without donor restrictions as of June 30, 2021 of $98,831,001.

Support and Revenue

Contribution revenue – Federation and Endowment Fund

Contributions received are recorded as revenue with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Federation receives support from individuals, foundations, corporations, and other non-governmental organizations in support of its mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Federation receives promises to give that have certain conditions such as meeting specific performance-related barriers or limit the discretion on the Federation's use of the funds. Other contributions may have revocable features to the promise to give. Conditional promises to give are recognized when the conditions are substantially met.

Trusts and Bequests

Split-interest (trust) contributions are only recorded when the agreement becomes irrevocable. The Federation's remainder value is revalued every year. Bequest contributions are recorded only after probate and the legal process has been completed. Trust contributions are recorded under contribution revenue – endowment fund in the consolidated statement of activities.

Rent revenue is recorded on the straight-line basis.

In-Kind Contributions

Certain professional services were provided to the Federation at no charge. The estimated fair value of these services is based on estimates and forgone billing of the service provider and reported as in-kind contribution revenue and program expense in the period in which the services were received.

Functional Expense and Allocations

The Federation is organized into departmental cost centers. The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses.

Expenses are recognized during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period. The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Federation. These expenses were allocated based on total direct salaries of the cost centers. Such costs include salaries for executives involved in the direct conduct or supervision of program activities, facility costs including maintenance and depreciation, utilities such as telephone and internet, as well as printing and computer expenses.

Income Taxes

The Federation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Federation qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Federation and JFGW Building LLC paid $87,600 in federal and state income taxes during the fiscal year ended June 30, 2021, in connection with unrelated debt-financed income on certain partnerships owned by the Federation. No amounts were payable as of June 30, 2021.

The Federation 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. The Federation's management believes it has no material uncertain tax positions and; accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2021, the Federation did not pay interest and penalties.

The tax years ended June 30, 2019, 2020, and 2021 remain open to examination by the taxing jurisdictions to which the Federation is subject, and they have not been extended beyond the applicable statute of limitations. No examinations are currently in process.

Fair Value Measurements

The fair market value of a financial instrument is defined in ASC 825-10, "*Disclosures about Fair Value of Financial Instruments*", as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amounts reported in the accompanying consolidated statement of financial position for cash and cash equivalents and investments, approximate fair value given the nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

The following methods and assumptions were used by the Federation in estimating the fair value of other financial instruments, which consist of investments. As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Federation utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Federation primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Federation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Federation is able to classify fair value balances based on the observability of those inputs.

The Federation's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and net income.

ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Federation's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments valued at Net Asset Value (NAV) – The Federation reports certain investments using NAV per share as determined by investment managers under the so called "practical expedient". The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. These investment funds are held as units or interest in institutional funds or limited partnerships, which are stated at the NAV or its equivalent. The Federation uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV.

The Federation's alternative investments are held in limited partnerships and investments in comingled funds which are valued based on NAV. Given the absence of market quotations, their fair value is estimated using information provided to the Federation by the investment manager. The values are based on estimates that require varying degrees of judgments. Individual holdings within the alternative investments may include investment in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinlytraded securities, and other investment vehicles. The investments may directly expose the Federation to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, the Federation's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors.

The Federation does not directly invest in the underlying securities of the investment funds and due to restrictions on transferability and timing of withdrawals from the investment funds, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Additional information is included in Note 14.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Accounting Pronouncements Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2020-05 that deferred the effective date for the Federation until annual periods beginning after December 15, 2019 (the Federation's 2021 fiscal year). Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The ASU is effective for the Federation's financial statements for fiscal years beginning after December 15, 2019. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

Accounting Pronouncements to be Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021 (the Federation's 2023 fiscal year). Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Federation is currently evaluating the impact of this ASU on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020. Early adoption may be selected for fiscal years beginning after December 15, 2018. The Federation must apply the amendments in ASU 2016-13 through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions. The Federation is currently evaluating the impact of this ASU on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*. This ASU removes specific exceptions to the general principals in Topic 740 and eliminates the need for an organization to analyze whether it applied certain provisions in a given period. This ASU is effective for the Federation's fiscal year ending June 30, 2022. The Federation is currently evaluating the impact of this ASU on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. This ASU is available to be adopted by the Federation from March 12, 2020 through December 31, 2022. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. This ASU must be applied on a retrospective basis and is effective for the Federation's fiscal year ending June 30, 2022.

Management continues to evaluate the potential impact of this update on the consolidated financial statements.

2. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the reporting date consist of the following:

June 30,	**2021**
Cash and cash equivalents	**$ 22,405,025**
Receivables, net	**4,053,643**
Investments	**276,719,232**
	303,177,900
Less:	
Funds subject to expenditure for a specified purpose (Note 10)	**(91,634,684)**
Funds subject to spending policy and appropriation (Note 10)	**(28,601,372)**
Funds subject to requirement to maintain corpus in perpetuity (Note 10)	**(27,447,328)**
Investments of agencies and supporting organizations (Note 4)	**(46,500,659)**
Investments related to Charitable Remainder Annuity Trust (CRAT) and Charitable Remainder Unitrust (CRUTs)	**(2,507,004)**
Illiquid alternative investments (Note 15)	**(30,357,924)**
Add:	
Internal projects and grants (Note 10)	**5,481,476**
Financial assets available to meet cash needs for general expenditures within one year	**$ 81,610,405**

The Federation manages liquidity through maintaining an operating budget. The operating budget (which includes the amount that the Federation intends to allocate to beneficiary agencies) is based on the results of the prior year annual campaign. This strategy allows the Federation to manage spending and limit allocations to beneficiary agencies and internal programs to the extent of the monies collected from the annual campaign. The budget is approved by the Board of Directors annually.

As part of the Federation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The structure includes conducting monthly financial forecasts that analyze contributions and expense projections, controlling operating and capital expenditures, and closely managing daily receipts and cash disbursements. The goal is to optimize the sources and uses of available funds for programs and operations based on the Federation's projected cash flow. The Federation also maintains a total of $6.5 million in lines-of-credit with a financial institution which is intended to cover unbudgeted spending or as a bridge on occasions where there is a timing difference between the budgeted and actual receipt of contributions.

3. Receivables

Receivables consist of the following at June 30, 2021:

Promises to give	$	4,855,749
Others		227,042
		5,082,791
Less provision for doubtful promises to give		(1,029,148)
Total	$	4,053,643

All promises to give for the year ended June 30, 2021 are collectible within one year.

4. Investments

Pooled investments: To obtain investment flexibility, certain assets are combined in a pooled investment account managed by outside investment firms. This pool consists of cash and cash equivalents, short-term, intermediate-term and long-term bonds, that consist primarily of U.S. Treasury and State of Israel bonds, mutual funds and publicly-traded stocks.

The Board of Directors directed the Endowment Fund to administer and manage all unrestricted bequests made to the Federation. The Endowment Fund invests these funds, unless otherwise directed by the Executive Committee, in the investment funds of the Endowment Fund. The principal of these funds may be distributed to the annual campaign and, upon a vote of a majority of the Federation Board of Directors or Executive Committee, principal and/or income may be distributed for other Federation budgetary needs. At June 30, 2021, the total Federation reserve funds invested in the Investments – Endowment Fund, were approximately $11.6 million, which is included in the $276,719,232 below.

Investments consist of the following at June 30, 2021:

Investment – Endowment Fund:	
Alternative Investments:	
Absolute Return	$ 19,323,715
Directional Hedge	45,688,945
Private Equity	8,234,558
Real Assets	1,183,611
Fund of Funds – Private Equity	20,939,755
Publicly Traded:	
Domestic Equity Funds	64,426,753
Fixed Income Fund	31,152,961
International Equity Fund	39,918,159
Global Equity	35,204,521
Domestic Equity	1,644,836
Other:	
Cash and cash equivalents and others	4,762,228
Israel Bonds	4,102,760
Total Endowment Fund investments	276,582,802
Investments – Federation:	
Others (including Israel bonds)	136,430
Total Federation investments	136,430
Total investments	276,719,232
Less: amounts due to agencies and supporting organizations	(46,500,659)
Total investments, net of agencies	$ 230,218,573

Amounts due to agencies and supporting organizations represent funds transferred to the Federation to be managed on behalf of certain local and national agencies. The receipt, allocation of investment gains and losses and subsequent distribution of these funds are accounted for as pass-through transactions, and thus are not reflected in the accompanying consolidated statement of activities.

Investment return is presented net of investment advisory fees in the consolidated statement of activities.

5. Land, Building and Equipment

Land, building and equipment, and accumulated depreciation and amortization at June 30, 2021, and depreciation and amortization expense for the year ended June 30, 2021 are as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation and Amortization	Net	Depreciation and Amortization Expense
Building	39 years	$ 17,991,086	$ 4,220,418	$ 13,770,668	$ 415,463
Land	n/a	2,534,100	-	2,534,100	-
Computers and software	3-7 years	1,411,559	1,242,980	168,579	95,478
Furniture and equipment	3-10 years	1,437,012	899,257	537,755	91,878
Total land, building and equipment		$ 23,373,757	$ 6,362,655	$ 17,011,102	$ 602,819

6. Allocations to Beneficiary Organizations

The Federation's Board of Directors authorizes all allocations from Federation funds and its endowment fund each fiscal year. Allocations for the year ended June 30, 2021, are as follows:

	Without Donor Restrictions	**Community Security**	**COVID Emergency Relief**	**Task Force Grants**	**Endowment**	**Total**
International Allocations						
Jewish Federations of North America	$ 2,726,474	$ -	$ -	$ -	$ 197,000	$ 2,923,474
Other International Beneficiaries	1,000	-	-	-	1,068,526	1,069,526
Total international allocations	**$ 2,727,474**	**$ -**	**$ -**	**$ -**	**$ 1,265,526**	**$ 3,993,000**

	Without Donor Restrictions	Community Security	COVID Emergency Relief	Task Force Grants	Endowment	Total
National Allocations						
Other National Agencies	$ -	$ -	$ -	$ -	$ 918,835	$ 918,835
Other Jewish National Agencies	188,425	-	-	-	573,828	762,253
Jewish Federations of North America Collective Responsibility	731,144	-	-	-	-	731,144
Birthright Israel Fair Share	119,900	-	-	-	-	119,900
Other Jewish Federations	-	-	-	-	83,718	83,718
Total national allocations	**$ 1,039,469**	**$ -**	**$ -**	**$ -**	**$ 1,576,381**	**$ 2,615,850**
Local Allocations						
Milton Gottesman Jewish Primary Day School	$ 209,155	$ 21,500	$ -	$ -	$ 2,084,028	$ 2,314,683
Bender Jewish Community Center of Greater Washington	759,731	-	352,000	50,000	65,120	1,226,851
Jewish Social Service Agency	915,502	-	61,048	-	126,638	1,103,188
Edlavitch DCJCC	416,932	-	380,000	50,000	167,132	1,014,064
Capital Camps and Retreat Centers	146,584	-	502,000	-	88,540	737,124
Charles E. Smith Day School	397,715	22,500	-	-	294,497	714,712
Jewish Community Relations Council	573,013	-	-	-	96,596	669,609
Jewish Community Center/NOVA	335,387	-	-	40,000	84,751	460,138
Jewish Council for the Aging	272,884	-	2,000	-	52,004	326,888
Campus Hillels	218,027	-	-	-	121,994	340,021
Melvin J. Berman Hebrew Academy	254,922	21,500	-	-	31,362	307,784
Jewish Foundation for Group Homes	185,104	-	-	-	112,083	297,187
Gesher Jewish Day School	57,666	21,500	-	38,000	115,922	233,088
Torah School of Greater Washington	159,727	21,500	-	-	21,040	202,267
Gather DC	-	-	-	160,000	38,080	198,080

	Without Donor Restrictions	Community Security	COVID Emergency Relief	Task Force Grants	Endowment	Total
Yeshiva of Greater Washington	$ 132,266	$ 8,000	$ -	$ -	$ 46,100	$ 186,366
Honeymoon Israel	45,000	-	-	80,000	-	125,000
Moishe House	25,000	-	-	38,700	54,950	118,650
Capital Jewish Museum	25,000	-	-	-	82,128	107,128
Jewish Coalition Against Domestic Abuse	49,719	-	-	-	39,180	88,899
One Happy Camper	87,000	-	-	-	-	87,000
Charles E. Smith Life Communities	-	-	-	-	74,535	74,535
Temple Micah	-	-	-	60,000	-	60,000
Youth Groups	52,235	-	-	-	-	52,235
Sulam	25,000	-	-	-	26,040	51,040
Initiative in Congregational Education	48,957	-	-	-	-	48,957
Avodah	25,000	-	-	-	15,500	40,500
Hill Havurah	-	-	314	35,000	360	35,674
Sunflower Bakery	25,000	-	-	-	8,030	33,030
One Table	-	-	-	20,000	-	20,000
Mesamorah DC	-		-	10,000	6,800	16,800
Hadar	-	-	-	16,000	-	16,000
Anti-Defamation League	-	-	-	-	14,159	14,159
Temple Rodef Shalom	-	-	6,925	1,752	-	8,677
Olam Tikvah Congregation	-	-	2,241	-	3,444	5,685
Congregation Share Torah	5,000	-	-	-	-	5,000
Other allocations to Jewish Organizations	48,658	-	25,067	-	1,580,123	1,653,848
Other allocations to Local Agencies	77,750	-	107,990	240,500	1,238,936	1,665,176
Total local allocations	**$ 5,573,934**	**$ 116,500**	**$ 1,439,585**	**$ 839,952**	**$ 6,690,072**	**$ 14,660,043**
Total allocations 2021	**$ 9,340,877**	**$ 116,500**	**$ 1,439,585**	**$ 839,952**	**$ 9,531,979**	**$ 21,268,893**

The amount allocated to Jewish Federations of North America from net assets without donor restrictions includes allocations to Jewish Agency for Israel and American Jewish Joint Distribution Committee. The allocations to other organizations are from recommendations of the donors of individual donor advised funds.

7. Lines-of-Credit

The Federation obtained two unsecured lines-of-credit from PNC Bank totaling to $6,500,000, which matured March 31, 2022 and May 31, 2022. The lines-of-credit bear interest at the London Inter-Bank Offered Rate (LIBOR) rate plus 1.25%. There was no outstanding balance under the lines-of-credit at June 30, 2021. The Federation did not draw from the lines-of-credit during the fiscal year ended June 30, 2021, hence, no interest expense was incurred on the lines-of-credit in 2021.

8. Long-term Debt

Long-term debt consist of the following at June 30, 2021:

Colorado Educational and Cultural Facilities Authority Variable Rate Demand Revenue Bonds	$	**8,600,000**
Taxable Variable Rate Demand Bond		**2,315,000**
Term Loan – The Morningstar Foundation		**6,805,264**
		17,720,264
Less: unamortized bond issue costs, net		**(120,950)**
Long-term debt, net		**17,599,314**
Less: current portion		**(1,669,138)**
Long-term debt, net of current portion	$	**15,930,176**

Bonds

To finance the building acquisition and additional improvements, The Jewish Federation and JFGW Building LLC issued as co-borrowers, a mix of tax-exempt bonds and taxable debt through the National Jewish Federation Bond Program and PNC Bank.

On March 19, 2013, the Colorado Educational and Cultural Facilities Authority on behalf of the Federation issued an $8,600,000 tax-exempt bond which matures on March 1, 2043. The bond is subject to monthly interest at a rate of 70% of LIBOR plus 107 basis points which amounted to 1.13% as of June 30, 2021. Interest is payable monthly that commenced on April 1, 2013. The bond is subject to periodic principal redemption starting on October 1, 2027. On the same date, the Federation issued a $4,800,000 taxable bond which matures on April 1, 2027. The bond is subject to monthly interest at a rate of LIBOR plus 105 basis points which amounted to 1.14% as of June 30, 2021. Interest is payable monthly that commenced on April 1, 2013. The first principal payment date was on October 1, 2013. The Federation incurred bond issue costs on this debt amounting to $167,075. Interest expense incurred on the bonds in 2021 amounted to $129,813.

The Federation is required to comply, among others, every December 31 and June 30 a ratio of Unrestricted Liquid Assets to Funded Debt of not less than 1.00 to 1.00.

In relation to the above debt, on April 1, 2013, the Federation entered into two interest rate swaps to minimize cash flow fluctuations of interest payments caused by the volatility of LIBOR, which is the index rate upon which interest are calculated. The first swap has a notional value of $8.0 million and matures on March 1, 2028 and has fixed the interest rate of the tax-exempt bond at 2.82%. The second swap has an initial notional value of $4.4 million (current notional value of $2.3 million) and matures on October 1, 2026 and has fixed the interest rate on the taxable bonds at 2.72%. Interest expense incurred in relation to these swaps in 2021 amounted to $164,474.

Term Loan – The Morningstar Foundation
On October 11, 2018, the Federation entered into an eight-year term loan with the Morningstar Foundation for $3 million. The loan is subject to interest of 2.5% annually. The purpose of this term loan is to pay off remaining liabilities arising from the Federation's defined benefit plan which was terminated effective August 31, 2018. The term loan is subject to various financial reporting requirements. The Federation is in compliance with all the reporting requirements at June 30, 2021. On June 30, 2021, the Federation entered into another eight-year term loan with the Morningstar Foundation for $4.8 million. The loan is subject to interest of 2.5% annually. The purpose of this term loan is for working capital requirements. Total interest expense incurred in 2021 amounted to $55,107.

PPP Loan
The Federation received funds under the Paycheck Protection Program (PPP) in the amount of $1,034,700. The application for these funds requires the Federation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Federation. This certification further requires the Federation to take into account the Federation's current activity and the Federation's ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the Federation. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Federation having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after the appropriate time period as long as the borrower has initially qualified for the loan and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the appropriate time period.

The Federation was notified on April 1, 2021, that the loan was forgiven in full and was recorded as contribution in the consolidated statement of activities in 2021.

Maturities of debt are as follows:	
2022	$ 1,669,138
2023	1,341,281
2024	1,351,281
2025	1,361,281
2026	1,340,257
Thereafter	10,686,430
	$ 17,749,668

9. Net Assets Without Donor Restrictions

Internally designated quasi-endowment represents funds earmarked to be spent in accordance to the Federation's spending policy. These funds are included in the endowment fund and are intended to be invested to provide the Federation with long-term, stable and consistent funding.

The composition of net assets without donor restrictions by type as of June 30, 2021 are as follows:

Undesignated	$	66,891,590
Internally Designated Quasi-Endowment		31,939,411
Total net assets without donor restrictions	$	98,831,001

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2021:

Subject to expenditure for a specified purpose:		
Donor Designated and Donor Advised Funds	$	66,581,055
Field of Interest Funds		19,572,153
Internal Projects and Grants		5,481,476
Total subject to expenditure for a specified purpose		91,634,684
Subject to the passage of time:		
Assets held under split-interest agreements		49,047
Total subject to the passage of time		49,047
Subject to Federation's endowment spending policy and appropriation:		
Perpetual Annual Campaign Endowment Funds ("PACE Funds")		12,589,902
Lion of Judah Endowment Funds ("LOJE Funds")		8,305,654
General Support		7,705,816
Total subject to Federation's endowment spending policy and appropriation		28,601,372
Subject to requirement to maintain corpus in perpetuity:		
Original donor-restricted gift amount and amounts required to be retained by donor		27,447,328
Total subject to requirement to maintain corpus in perpetuity		27,447,328
Total net assets with donor restrictions	$	147,732,431

Donor designated funds are established by a donor to make distributions to one or a limited number of specified projects or grantee-organizations. Distributions are made in accordance with the donor's designation in the gift instrument.

Field of interest funds are established for a purpose specifically designated by a donor at the time the fund is established, or gifts are accepted. The chosen purpose must serve the general purposes of the Federation.

Internal projects and grants are funds already committed to various grantee-organizations and internal programs which are undistributed as of reporting date.

PACE funds are named endowment funds. The minimum gift for establishing a named PACE fund is $10,000. The Federation's spending policy is applied to the balance of a PACE fund at the end of the fiscal year to determine the amount to be distributed to the annual campaign contributions.

LOJE funds are endowment funds designed for women donors and require a minimum amount of $100,000. The Federation's spending policy is applied to the balance of a LOJE fund at the end of the fiscal year to determine the amount to be distributed to the annual campaign contributions.

Net assets are released from donor restrictions when expenditures are made in accordance with the purposes specified by the donor. The following net assets were released from restrictions during the year ended June 30, 2021:

Purpose restrictions accomplished	$	2,106,786
Release of appropriated endowment amounts with purpose restrictions		4,300,227
Total net assets released from restrictions	$	6,407,013

11. Endowment

Endowment Net Asset Classifications - In August 2008, FASB issued ASC 958-205, "*Reporting Endowment Funds*." ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization. The Federation is subject to the State of Maryland's Uniform Prudent Management of Institutional Funds Act (UPMIFA), and has adopted ASC 958-205 as of July 1, 2008, as required.

The Federation has interpreted the State of Maryland's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as net assets with donor restrictions (a) the original value of gifts donated to the fund, and (b) the original value of subsequent gifts to the fund. The associated gains and income on donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Federation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Federation
7. The investment policies of the Federation

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the fund ("underwater endowment").

These deficiencies result from unfavorable market fluctuations that erode the accumulated gains of the donor-restricted endowment funds. It is the policy of the Federation not to appropriate funds from donor-restricted underwater endowment funds. As of June 30, 2021, there were no donor-restricted endowment funds with a fair value less than their historical corpus value.

Endowment Investment and Spending Policies – Endowment assets include those assets of donor-restricted funds that the Federation must hold in perpetuity or for a donor-specified period. The Federation has adopted investment and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

The primary financial objective of the investment policy is to maintain intergenerational equity by preserving and enhancing real purchasing power, while at all times keeping in mind the utmost importance of protecting capital. The primary investment objective of the investment policy is to secure sufficient income and portfolio growth over time to meet the ongoing requirements of the Federation. The Federation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Federation’s spending policy governs the use of resources in the various endowment funds for program expenses and administrative costs. Endowment funds are used for the specified purpose, or over the specified time period, as indicated by the donor. Endowment funds for which there is some discretion in how the funds are expended are not used to cover operating deficits in specific units.

The annual amount made available for spending, also known as the annual “spending rate”, from endowment funds is determined as 4% of the 20-quarter trailing average market value of the endowment.

The Federation’s endowment consists of funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table represents the changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 65,258,760	$ 115,981,604	$ 181,240,364
Investment return, net	26,300,463	29,802,333	56,102,796
Contributions	11,183,392	611,145	11,794,537
Amounts appropriated for expenditures	(12,863,023)	(4,300,228)	(17,163,251)
Change in contributions received due to changes in donors’ intention and circumstances	(156,101)	156,101	-
Transfer to/from Federation/Endowment	(4,047,606)	-	(4,047,606)
Endowment net assets, end of year	$ 85,675,885	$ 142,250,955	$ 227,926,840

The amounts shown in this footnote only reflect the endowment net assets and the classification of the components. Thus, the amounts shown in the footnote as without donor restrictions and with donor restrictions do not appear in the consolidated statement of financial position as separate amounts. These amounts are included in the totals shown in the consolidated statement of financial position for these net asset classes.

12. Retirement Plans

Defined Contribution Plan: The Federation has a defined contribution pension plan. Employees are eligible to participate after one year of service and 21 years of age. The Federation contributes 5% of eligible salaries for all employees annually. Total pension expense for the year ended June 30, 2021 was $207,780.

Deferred Compensation Plan: The Federation has a frozen deferred compensation plan to provide supplemental retirement benefits to nine former employees. The Federation recorded an actuarially calculated reserve, which is included in accounts payable and accrued expenses. The total reserve for the deferred compensation plan at June 30, 2021 was $457,702. Total deferred compensation expense recognized in 2021 amounted to $38,855.

13. Commitments and Contingencies

Commitments

Alternative investments, which include private equity investments, have rolling lockups ranging from one to five years. The Federation is obligated under certain limited partnership agreements to fund certain partnership investments periodically up to a specified level. At June 30, 2021, the Federation had unfunded commitments of $10,756,432. Such commitments are generally called over periods of up to seven years and contain fixed expiration dates or other termination clauses.

Tenant Income

The minimum future lease rental income is as follows:

Years ending June 30,	
2022	$ 1,198,920
2023	1,160,930
2024	1,142,366
2025	643,668
2026	538,461
Thereafter	4,307,688
Total	$ 8,992,033

Loss Contingency

Beginning in at least June 2020 and continuing until August 2020, the Federation was a victim of a cyber incident. As of June 30, 2021, a total of $7,510,700 in endowment funds co-invested with the Federation on behalf of a community agency were compromised. The incidents were discovered on August 5, 2020 and the Federation immediately engaged a law firm to investigate the attacks. Mitigation efforts undertaken by the law firm resulted in the return of $3,244,137 seized from overseas accounts between February and April 2021. The Federation signed an agreement with the community agency in May 2021 agreeing to repay all diverted funds as well as lost investment performance and legal fees. Management recorded a loss contingency in the amount $2,919,000 for the year ended June 30, 2020 and $2,918,992 for the year ended June 30, 2021 in the consolidated statement of activities for a total recognized loss of $5,837,992.

Diverted funds	$	7,510,700
Lost investment performance		1,499,429
Reimbursed legal fees of the community agency		72,000
Total initial loss		9,082,129
Less: amounts clawed back from overseas		(3,244,137)
Total recognized loss as of June 30, 2021	$	5,837,992

Subsequent to June 30, 2021, the Federation received insurance proceeds of $2,850,000 in settlement of claims related to this matter, and is continuing to pursue additional insurance recoveries.

14. Fair Value Disclosure of Financial Instruments

The estimated fair values of the financial instruments of the Federation are as follows at June 30, 2021:

Description		Carrying Amount		Fair Value
Assets:				
Cash and cash equivalents	$	22,405,025	$	22,405,025
Promises to give, net of allowance	$	4,053,643	$	4,053,643
Investments	$	276,719,232	$	276,719,232
Liabilities:				
Long-term debts, net of costs	$	17,599,314	$	17,599,314
Split-interest agreements	$	3,549,829	$	3,549,829
Interest rate swap liability	$	629,942	$	629,942

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying value is considered to be a reasonable estimate of the fair value.

Promises to give: Promises to give are recorded at fair value when the notice of intent is received. The fair value of promises to give is estimated by discounting the estimated future cash flows to their present values, using the risk-free rates of interest at the date of the consolidated statement of financial position.

Investments:
Mutual Funds - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include government securities, bonds and global equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments, which would generally be classified within Level 2 of the valuation hierarchy, include Israel bonds.

Alternative Investments - These investments include absolute return, directional hedge, private equity, real assets, international equity, fund of funds - private equity, and fixed income fund global, which are subject to certain restrictions and generally, have no established trading market. Fair value is determined based on the fund's NAV as provided by the investee fund management or general partner of the respective entity, unless other factors lead to a determination of a fair value at a different amount. These adjustments are made in cases where certain features and conditions of the investment warrant a further adjustment, either a discount or premium, to NAV, such as recent financial information received. These alternative investments are reported investments valued at NAV per share as determined by investment managers under the so called "practical expedient".

Included in the alternative investments is $19,323,715 in absolute return. The strategies of the absolute return investments is to make positive returns by employing investment management techniques that differ from traditional mutual funds using short selling, futures, options, derivatives, leverage and unconventional assets.

$45,688,945 of alternative investments are in directional hedge funds. The objective of the directional hedge funds is to maintain exposure to the stock market seeking higher returns over the long run. Also included in the alternative investments are investments in real assets of $1,183,611 which are invested in areas that offer strong relative performance in rising inflation environments.

Private equity makes up $8,234,558 of alternative investments which seek to acquire a diversified portfolio of private investments, leveraged buyouts, mezzanine and venture capital funds.

Included in the alternative investments is $20,939,755 in commingled funds. The strategies of the commingled funds are to seek capital appreciation by allocating assets among private investments to produce an absolute return. These investments are often called "Fund of Funds."

Long-term debt: The fair value of the long-term debt approximates the amount payable at the reporting date as the interest rate varies with current rates.

Split-interest agreements: Split-interest agreements are calculated at the present value of future cash flows which approximates fair market value.

Interest rate swap liability: The estimate of fair value of the interest rate swap receive at year end approximates its carrying amount, which represents the amount the Federation would receive to exit the swap agreement taking into account current interest rates. Given that the swaps do not have quoted market prices and are not actively traded, their valuation is based on Level 3 inputs within the hierarchy used in measuring fair value.

The following table sets forth the fair values of financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2021:

Description	Level 1	Level 2	Level 3	Total
Investment - Endowment Fund:				
Publicly Traded:				
Domestic Equity Funds	$ 64,426,753	$ -	$ -	$ -
Fixed Income Fund	30,260,889	892,072	-	-
International Equity Fund	39,918,159	-	-	-
Global Equity	35,204,521	-	-	-
Domestic Equity	1,644,836	-	-	-
Other:				
Cash and cash equivalents and others	4,762,228	-	-	-
Israel Bonds	-	4,102,760	-	-
Investment – Federation:				
Others (including Israel Bonds)	-	136,430	-	-
	$ 176,217,386	$ 5,131,262	$ -	$ -
Investment measured at Net Asset Value (NAV)*				95,370,584
Total assets, at fair value				$ 276,719,232
Split-interest agreements	$ -	$ -	$ (3,549,829)	$ (3,549,829)
Interest rate swap liability	-	-	(629,942)	(629,942)
Total liabilities, at fair value	$ -	$ -	$ (4,179,771)	$ (4,179,771)

**Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy table to the investment balance in the consolidated statement of financial position.*

The Federation recorded a gain on interest rate swap liability of $340,434 and had a net repayment to participants on split interest agreements for $326,497.

Quantitative Information - Quantitative information as of June 30, 2021, with respect to assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value as of June 30, 2021	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Split-interest agreements	**$ (3,549,829)**	Income Approach	Discount Rates Life Expectancies Payouts Allocation Percentages	N/A
Interest rate swap liability	**$ (629,942)**	Counterparty Valuation without Credit Valuation Adjustment	Floating Swap Rate (Libor) Projection	N/A

Quantitative unobservable inputs are not developed by the Federation in the valuation of its investments or swap liabilities. The Federation uses the values reported by each fund manager as the basis for valuation noting that the valuation techniques and unobservable inputs vary widely among its fund managers. The swap liabilities are non-complex instruments and are valued using standard yield curves adjusted to mid-market values as deemed appropriate by the counterparties.

Level 3 and NAV Valuation Process - Absent a solid, reliable quantitative model to assess the reasonableness of investment manager reported valuations, management applies qualitative measures which consist of various informational analyses including:

- Comparisons of reported performance to benchmark performances.
- Reviews of external audit reports of each fund.
- Reviews of SSAE16 reports of each fund where available.
- Monitoring and evaluations of relevant news in the financial press.
- Participation in conference calls, presentations, or investor meetings conducted by investment managers.
- Consideration and review of non-public information available through subscription financial information services and/or communications from individual fund managers.
- Consideration of fund managers' delivery of quality and timely fund performance information, risk analysis, market outlook analysis and overall responsiveness to investor queries and requests for information.

The Federation's investment advisor also performs on-going due diligence of the funds which includes evaluation of each fund manager's investment process, organizational changes, compliance with applicable rules and regulations, review of fees and charges, and analysis of performance, leverage, return patterns, volatility over time, drawdowns and recovery periods, gross and net exposures, and other factors as determined to be appropriate. The investment advisor also has regular calls with management of the funds and meets periodically with the Federation's investment committee and reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2021.

For interest rate swap liabilities, the Federation tracks quoted values for each instrument monthly to assess the reasonableness of reported values. Management also ensures that there have not been any changes in the underlying terms of each swap during the year.

15. Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, "*Fair Value Measurements and Disclosures (Topic 820) – Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*", the Federation expanded disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable, as of June 30, 2021. For the Federation, such assets include the alternative investments.

The following table sets forth a summary of the Federation's investments with a reported NAV as of June 30, 2021:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Alternative Investments				
Absolute Return	$ 19,323,715	$ 2,013,600	monthly, quarterly, annually	45-120
Directional Hedge	45,688,945	-	monthly, quarterly, annually	45-120
Private Equity	8,234,558	3,771,142	No immediate liquidity*	n/a
Real Assets	1,183,611	828,078	No immediate liquidity*	n/a
Fund of Funds – Private Equity	20,939,755	4,143,612	No immediate liquidity*	n/a
	$ 95,370,584	$ 10,756,432		

Non-marketable alternative assets (NMAA), or alternative investments, included above have varying withdrawal restrictions. The typical NMAA fund cycle provides for an initial investment period of 1-5 years, a growth management phase of 2-7 years, and realization/distribution of investment returns over years 7-10.

16. Supplemental Disclosures of Cash Flow Information

The Federation and Subsidiary paid $349,393 for interest for the year ended June 30, 2021.

The Federation and Subsidiary paid $87,600 for income taxes for the year ended June 30, 2021.

The Federation's $1,034,700 PPP loan was extinguished for the year ended June 30, 2021.

17. Risk and Uncertainties

The Federation's financial condition, operations and liquidity have not been significantly impacted by the global pandemic. The global pandemic of COVID-19 continues to rapidly evolve, and the Federation will continue to monitor the COVID-19 situation closely. Although the Federation cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse impact on the Federations' result of future operations, financial position and liquidity in fiscal year 2022.

18. Subsequent Events

On June 2, 2022, the Federation received renewal for its lines-of-credit. The lines-of-credit maturity dates have been extended to May 31, 2023.

The Federation evaluated subsequent events through July 22, 2022 which is the date the consolidated financial statements were issued. No other subsequent events were noted that required disclosure in the consolidated financial statements apart from that described above and what was described in Note 13.